

Gudeng Precision Industrial Co.,  
Ltd. and Subsidiaries

Consolidated Financial Statements  
and Independent Auditors' Report  
For the Nine Months Ended September 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 September 30, 2023 and 2022, the consolidated statements of comprehensive income from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to September 30, 2023 and 2022, and the notes to the consolidated financial statements, including the summary of significant accounting policies. The 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 TWSRE 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 September 30, 2023 and 2022, the total assets of these non-significant subsidiaries were NT\$1,860,473 thousand and NT\$1,129,175 thousand, respectively, representing 12.44% and 10.08%, respectively, of the consolidated total assets; the total liabilities of these non-significant subsidiaries were NT\$345,614 thousand and NT\$382,903 thousand, respectively, representing

4.49% and 6.47%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the total comprehensive income of these non-significant subsidiaries were NT\$21,203 thousand, NT\$57,662 thousand, NT\$84,309 thousand and NT\$127,619 thousand, respectively, representing 6.32%, 20.25%, 7.91% and 19.74% 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\$164,475 thousand and NT\$103,204 thousand as of September 30, 2023 and 2022, respectively. The share of profit of associates accounted for using the equity method was NT\$1,069 thousand, NT\$679 thousand, NT\$3,475 thousand and NT\$5,301 thousand for the three months ended September 30, 2023 and 2022, and for the nine months ended September 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. The relevant information disclosed in Note 42 to the consolidated financial statements, as well as the information on non-significant subsidiaries and invested associates accounted for using the equity methods as stated above, has not been reviewed either.

### **Qualified Conclusion**

Based on our review, 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 Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, and their consolidated financial performance for the three months ended September 30, 2023 and 2022, as well as their consolidated financial performance and consolidated cash flows for the nine months ended September 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.

Deloitte & Touche

CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

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

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

November 8, 2023

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

**Consolidated Balance Sheets**

**As of September 30, 2023, December 31, 2022 and September 30, 2022**

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 2,728,368	18	\$ 2,270,488	19	\$ 1,925,256	17
1110	Financial assets at fair value through profit or loss - current (Note 7)	177,063	1	142,562	1	112,387	1
1136	Financial assets at amortized cost - current (Note 9)	806,648	6	329,760	3	120,750	1
1150	Notes receivable from unrelated parties (Note 10)	2,328	-	1,433	-	1,861	-
1160	Notes receivable from related parties (Notes 10 and 38)	772	-	615	-	928	-
1172	Trade receivables from unrelated parties (Notes 10 and 28)	1,161,704	8	1,077,420	9	859,535	8
1181	Trade receivables from related parties (Notes 10, 28 and 38)	31	-	275	-	435	-
1200	Other receivables (Note 10)	37,788	-	6,850	-	1,735	-
1210	Other receivables from related parties (Notes 10 and 38)	997	-	9	-	135	-
1220	Current tax assets (Note 4)	2,190	-	9	-	2	-
130X	Inventories (Note 11)	1,785,226	12	1,645,942	13	1,507,997	13
1410	Prepayments (Notes 19 and 38)	207,897	1	166,918	1	96,966	1
1479	Other current assets (Note 20)	3,995	-	4,901	-	4,204	-
11XX	Total current assets	<u>6,915,007</u>	<u>46</u>	<u>5,647,182</u>	<u>46</u>	<u>4,632,191</u>	<u>41</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	692,982	5	403,475	3	408,748	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)	164,475	1	103,678	1	103,204	1
1600	Property, plant and equipment (Notes 14 and 38)	5,585,009	37	4,737,362	39	3,218,295	29
1755	Right-of-use assets (Note 15)	91,934	1	92,468	1	82,590	1
1760	Investment property, net (Note 16)	656,099	4	780,755	6	2,080,105	18
1805	Goodwill (Note 17)	65,383	1	65,383	1	65,383	1
1821	Other intangible assets (Note 18)	142,281	1	103,569	1	103,558	1
1840	Deferred tax assets	59,987	-	49,762	-	40,652	-
1915	Prepayments for business facilities (Note 40)	453,822	3	216,846	2	437,535	4
1920	Refundable deposits	126,944	1	28,945	-	30,602	-
1990	Other non-current assets - others (Note 20)	1,379	-	1,453	-	1,265	-
15XX	Total non-current assets	<u>8,042,848</u>	<u>54</u>	<u>6,586,242</u>	<u>54</u>	<u>6,574,479</u>	<u>59</u>
1XXX	Total assets	<u>\$ 14,957,855</u>	<u>100</u>	<u>\$ 12,233,424</u>	<u>100</u>	<u>\$ 11,206,670</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 21)	\$ 725,000	5	\$ 28,000	-	\$ 75,000	1
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	1,447	-	2,000	-
2150	Notes payable to unrelated parties (Note 23)	291	-	8,753	-	18,439	-
2160	Notes payable to related parties (Notes 23 and 38)	-	-	100	-	44	-
2170	Trade payable to unrelated parties (Note 23)	541,408	4	541,279	5	521,950	5
2180	Trade payable to related parties (Notes 23 and 38)	27,875	-	13,616	-	16,776	-
2219	Other payables (Note 24)	543,281	4	954,093	8	577,393	5
2220	Other payables to related parties (Notes 24 and 38)	4,262	-	-	-	-	-
2230	Current tax liabilities (Note 4)	57,104	-	202,458	2	122,972	1
2250	Provisions - current (Note 25)	34,847	-	26,618	-	38,869	1
2280	Lease liabilities - current (Note 15)	31,351	-	28,827	-	28,690	-
2131	Contract liabilities - current (Notes 28 and 38)	916,380	6	709,026	6	695,398	6
2320	Current portion of long-term borrowings (Note 21)	507,461	4	154,638	1	103,092	1
2399	Other current liabilities (Note 24)	12,919	-	13,696	-	13,541	-
21XX	Total current liabilities	<u>3,402,179</u>	<u>23</u>	<u>2,682,551</u>	<u>22</u>	<u>2,214,164</u>	<u>20</u>
	Non-current liabilities						
2530	Bonds payable (Note 22)	-	-	922,582	8	951,991	8
2540	Long-term borrowings (Note 21)	4,178,038	28	3,169,205	26	2,656,770	24
2570	Deferred tax liabilities	14,616	-	4,140	-	7,107	-
2580	Lease liabilities - non-current (Note 15)	64,101	-	65,674	-	55,661	1
2640	Net defined benefit liabilities (Note 4)	26,403	-	26,110	-	26,932	-
2645	Deposits received (Note 38)	8,523	-	8,538	-	8,570	-
25XX	Total non-current liabilities	<u>4,291,681</u>	<u>28</u>	<u>4,196,249</u>	<u>34</u>	<u>3,707,031</u>	<u>33</u>
2XXX	Total liabilities	<u>7,693,860</u>	<u>51</u>	<u>6,878,800</u>	<u>56</u>	<u>5,921,195</u>	<u>53</u>
	Equity attributable to owners of parent (Note 27)						
	Share capital						
3110	Common stock	883,844	6	840,973	7	840,973	7
3140	Capital collected in advance	1,128	-	1,521	-	-	-
3100	Total share capital	<u>884,972</u>	<u>6</u>	<u>842,494</u>	<u>7</u>	<u>840,973</u>	<u>7</u>
3200	Capital surplus	<u>4,221,228</u>	<u>29</u>	<u>3,248,341</u>	<u>26</u>	<u>3,215,153</u>	<u>29</u>
	Retained earnings						
3310	Legal reserve	261,984	2	216,567	2	168,792	1
3320	Special reserve	146,666	1	157,093	1	5,909	-
3350	Unappropriated earnings	<u>818,856</u>	<u>5</u>	<u>560,545</u>	<u>5</u>	<u>868,864</u>	<u>8</u>
3300	Total retained earnings	<u>1,227,506</u>	<u>8</u>	<u>934,205</u>	<u>8</u>	<u>1,043,565</u>	<u>9</u>
3400	Other equity	<u>140,679</u>	<u>1</u>	<u>( 146,666 )</u>	<u>( 1 )</u>	<u>( 134,365 )</u>	<u>( 1 )</u>
31XX	Total equity attributable to owners of parent	<u>6,474,385</u>	<u>44</u>	<u>4,878,374</u>	<u>40</u>	<u>4,965,326</u>	<u>44</u>
36XX	Non-controlling interests (Note 27)	<u>789,610</u>	<u>5</u>	<u>476,250</u>	<u>4</u>	<u>320,149</u>	<u>3</u>
3XXX	Total equity	<u>7,263,995</u>	<u>49</u>	<u>5,354,624</u>	<u>44</u>	<u>5,285,475</u>	<u>47</u>
	Total liabilities and equity	<u>\$ 14,957,855</u>	<u>100</u>	<u>\$ 12,233,424</u>	<u>100</u>	<u>\$ 11,206,670</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's audit report on November 8, 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 September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022**

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

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 28 and 38)	\$ 1,336,952	100	\$ 1,069,102	100	\$ 3,756,001	100	\$ 3,160,547	100
5000	Operating costs (Notes 11, 29 and 38)	<u>704,259</u>	<u>53</u>	<u>535,506</u>	<u>50</u>	<u>1,974,810</u>	<u>53</u>	<u>1,620,544</u>	<u>51</u>
5900	Gross profit	<u>632,693</u>	<u>47</u>	<u>533,596</u>	<u>50</u>	<u>1,781,191</u>	<u>47</u>	<u>1,540,003</u>	<u>49</u>
	Operating expenses (Notes 29 and 38)								
6100	Selling and marketing expenses	76,539	6	46,742	4	178,405	5	130,438	4
6200	General and administrative expenses	180,231	14	157,332	15	491,282	13	473,289	15
6300	Research and development expenses	125,894	9	59,166	6	329,801	9	183,432	6
6450	Expected credit loss	<u>14,847</u>	<u>1</u>	<u>8,811</u>	<u>1</u>	<u>8,591</u>	<u>-</u>	<u>9,499</u>	<u>-</u>
6000	Total operating expenses	<u>397,511</u>	<u>30</u>	<u>272,051</u>	<u>26</u>	<u>1,008,079</u>	<u>27</u>	<u>796,658</u>	<u>25</u>
6900	Net operating income	<u>235,182</u>	<u>17</u>	<u>261,545</u>	<u>24</u>	<u>773,112</u>	<u>20</u>	<u>743,345</u>	<u>24</u>
	Non-operating revenue and expenses								
7100	Interest income (Note 29)	7,951	1	315	-	23,377	1	1,229	-
7190	Other income (Notes 29 and 38)	21,769	2	17,218	2	77,779	2	67,285	2
7020	Other gains and losses (Notes 29 and 38)	29,627	2	47,518	4	102,264	3	121,528	4
7050	Finance costs (Note 29)	( 22,683 )	( 2 )	( 15,022 )	( 1 )	( 64,155 )	( 2 )	( 37,494 )	( 1 )
7060	Share of profit or loss from associates and joint ventures accounted for using the equity method	<u>1,069</u>	<u>-</u>	<u>679</u>	<u>-</u>	<u>3,475</u>	<u>-</u>	<u>5,301</u>	<u>-</u>
7000	Total non-operating revenue and expenses	<u>37,733</u>	<u>3</u>	<u>50,708</u>	<u>5</u>	<u>142,740</u>	<u>4</u>	<u>157,849</u>	<u>5</u>
7900	Net income before tax	272,915	20	312,253	29	915,852	24	901,194	29
7950	Income tax expense (Notes 4 and 30)	( <u>56,885</u> )	( <u>4</u> )	( <u>50,178</u> )	( <u>4</u> )	( <u>152,397</u> )	( <u>4</u> )	( <u>126,216</u> )	( <u>4</u> )
8200	Net income for the period	<u>216,030</u>	<u>16</u>	<u>262,075</u>	<u>25</u>	<u>763,455</u>	<u>20</u>	<u>774,978</u>	<u>25</u>
	Other comprehensive income								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gain/loss on investments in equity instruments at fair value through other comprehensive income	105,157	8	18,951	2	298,809	8	( 134,764 )	( 5 )
8360	Items that may be reclassified to profit or loss								
8361	Exchange differences on translating financial statements of foreign operations	<u>14,124</u>	<u>1</u>	<u>3,777</u>	<u>-</u>	<u>3,873</u>	<u>-</u>	<u>6,308</u>	<u>-</u>
8300	Total other comprehensive income for the period (net of income tax)	<u>119,281</u>	<u>9</u>	<u>22,728</u>	<u>2</u>	<u>302,682</u>	<u>8</u>	( <u>128,456</u> )	( <u>5</u> )
8500	Total comprehensive income for the period	<u>\$ 335,311</u>	<u>25</u>	<u>\$ 284,803</u>	<u>27</u>	<u>\$ 1,066,137</u>	<u>28</u>	<u>\$ 646,522</u>	<u>20</u>
	Net income attributable to								
8610	Owners of parent	\$ 170,584	13	\$ 227,030	21	\$ 652,425	17	\$ 704,783	23
8620	Non-controlling interests	<u>45,446</u>	<u>3</u>	<u>35,045</u>	<u>4</u>	<u>111,030</u>	<u>3</u>	<u>70,195</u>	<u>2</u>
8600		<u>\$ 216,030</u>	<u>16</u>	<u>\$ 262,075</u>	<u>25</u>	<u>\$ 763,455</u>	<u>20</u>	<u>\$ 774,978</u>	<u>25</u>
	Total comprehensive income attributable to								
8710	Owners of parent	\$ 289,865	22	\$ 249,758	24	\$ 955,107	25	\$ 576,327	18
8720	Non-controlling interests	<u>45,446</u>	<u>3</u>	<u>35,045</u>	<u>3</u>	<u>111,030</u>	<u>3</u>	<u>70,195</u>	<u>2</u>
8700		<u>\$ 335,311</u>	<u>25</u>	<u>\$ 284,803</u>	<u>27</u>	<u>\$ 1,066,137</u>	<u>28</u>	<u>\$ 646,522</u>	<u>20</u>
	Earnings per share (Note 31)								
9750	Basic	<u>\$ 1.94</u>		<u>\$ 2.70</u>		<u>\$ 7.51</u>		<u>\$ 8.41</u>	
9850	Diluted	<u>\$ 1.89</u>		<u>\$ 2.55</u>		<u>\$ 7.38</u>		<u>\$ 7.96</u>	

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's audit report on November 8, 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

For the nine months ended September 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Attributable to owners of the company							Other equity		Treasury stock	Total	Non-controlling interests	Total equity
		Common stock				Retained earnings			Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss on financial assets at fair value through other comprehensive income				
Code		Number of shares	Share capital	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings						
A1	Balance at 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 and distribution of retained earnings for the year 2021													
B1	Provision for legal reserve	-	-	-	-	25,365	-	( 25,365 )	-	-	-	-	-	-
B3	Provision for special reserve	-	-	-	-	-	( 18,728 )	18,728	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 167,437 )	-	-	-	( 167,437 )	-	( 167,437 )
M7	Changes in ownership interests in subsidiaries (Note 35)	-	-	-	-	-	-	( 493 )	-	-	-	( 493 )	-	( 493 )
	Other changes in capital surplus:													
C5	Equity component of convertible bonds issued by the Company	-	-	-	42,872	-	-	-	-	-	-	42,872	-	42,872
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	-	178	-	-	-	-	-	-	178	147	325
N1	Employee stock options issued by the Company	-	-	-	77,497	-	-	-	-	-	15,289	92,786	-	92,786
O1	Changes (increase/decrease) in non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	-	-	-	168	168
M5	Acquisition of part of the equity of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	-	145,058	145,058
D1	Net income for the nine months ended September 30, 2022	-	-	-	-	-	-	704,783	-	-	-	704,783	70,195	774,978
D3	Other comprehensive income after tax for the nine months ended September 30, 2022	-	-	-	-	-	-	-	6,308	( 134,764 )	-	( 128,456 )	-	( 128,456 )
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	704,783	6,308	( 134,764 )	-	576,327	70,195	646,522
Z1	Balance at September 30, 2022	84,097	\$ 840,973	\$ -	\$ 3,215,153	\$ 168,792	\$ 5,909	\$ 868,864	( \$ 12,360 )	( \$ 122,005 )	\$ -	\$ 4,965,326	\$ 320,149	\$ 5,285,475
A1	Balance at 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 and distribution of retained earnings for the year 2022													
B1	Provision for legal reserve	-	-	-	-	45,417	-	( 45,417 )	-	-	-	-	-	-
B3	Provision for special reserve	-	-	-	-	-	( 10,427 )	10,427	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	( 346,353 )	-	-	-	( 346,353 )	-	( 346,353 )
M7	Changes in ownership interests in subsidiaries	-	-	-	-	-	-	( 28,108 )	-	-	-	( 28,108 )	-	( 28,108 )
	Other changes in capital surplus:													
M5	Acquisition or disposal of partial equity of subsidiaries (Note 35)	-	-	-	92,064	-	-	-	-	-	-	92,064	203,981	296,045
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	-	( 106 )	-	-	-	-	-	-	( 106 )	-	( 106 )
I1	Conversion of convertible corporate bonds	4,287	42,871	( 393 )	880,929	-	-	-	-	-	-	923,407	-	923,407
O1	Changes (increase/decrease) in non-controlling interests (Note 27)	-	-	-	-	-	-	-	-	-	-	-	( 1,651 )	( 1,651 )
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	-	-	652,425	-	-	-	652,425	111,030	763,455
D3	Other comprehensive income after tax for the nine months ended September 30, 2023	-	-	-	-	-	-	-	3,873	298,809	-	302,682	-	302,682
D5	Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	652,425	3,873	298,809	-	955,107	111,030	1,066,137
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	15,337	-	( 15,337 )	-	-	-	-
Z1	Balance at September 30, 2023	88,384	\$ 883,844	\$ 1,128	\$ 4,221,228	\$ 261,984	\$ 146,666	\$ 818,856	( \$ 14,616 )	\$ 155,295	\$ -	\$ 6,474,385	\$ 789,610	\$ 7,263,995

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's audit report on November 8, 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**

**For the nine months ended September 30, 2023 and 2022**

Unit: In Thousands of New Taiwan Dollars

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from operating activities		
A10000	Net income before tax for the period	\$ 915,852	\$ 901,194
A20010	Adjustments for		
A20100	Depreciation expenses	226,031	169,738
A20200	Amortization expenses	14,312	16,999
A20300	Expected credit loss	8,591	9,499
A20400	Net (gain) loss on financial assets and liabilities at fair value through profit or loss	( 38,467 )	8,498
A20900	Finance costs	64,155	37,494
A21200	Interest income	( 23,377 )	( 1,229 )
A21300	Dividend income	( 36,028 )	( 31,626 )
A21900	Compensation costs of share-based payment	-	77,497
A22300	Share of profit or loss from associates and joint ventures accounted for using the equity method	( 3,475 )	( 5,301 )
A22800	Gain on bargain purchase	-	( 36 )
A23200	Gain on disposal of subsidiaries	-	( 54,936 )
A22500	Loss (gain) on disposal of property, plant and equipment	12,815	( 1,340 )
A22900	Gain on lease modification	( 435 )	-
A23800	Inventory valuation and obsolescence loss	26,157	23,103
A29900	Income from the conversion of bonds into fractional shares	( 30 )	-
A30000	Net Changes in operating assets and liabilities		
A31130	Notes receivable	( 1,052 )	6,011
A31150	Trade receivables	( 92,639 )	( 200,640 )
A31180	Other receivables	( 31,587 )	638
A31200	Inventories	( 161,501 )	( 552,139 )
A31230	Prepayments	( 40,979 )	( 5,881 )
A31240	Other current assets	906	( 1,104 )
A32130	Notes payable	( 8,562 )	( 30,186 )
A32150	Trade payables	14,388	106,734
A32180	Other payables	( 43,902 )	42,473
A32200	Provisions	8,229	38,833
A32125	Contract liabilities	207,354	248,080
A32230	Other current liabilities	( 777 )	5,992
A32240	Net defined benefit liabilities	<u>293</u>	( <u>26</u> )

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Code		January 1 to September 30, 2023	January 1 to September 30, 2022
A33000	Cash generated from (used in) operations	\$ 1,016,272	\$ 808,339
A33100	Interest received	23,038	1,229
A33200	Dividend received	36,028	31,626
A33300	Interest paid	( 63,481 )	( 34,038 )
A33500	Income tax paid	( 300,963 )	( 70,258 )
AAAA	Net cash inflow from operating activities	<u>710,894</u>	<u>736,898</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 15,037 )	( 67,814 )
B00020	Disposal of Financial assets at fair value through other comprehensive income	25,535	-
B00040	Acquisition of financial assets at amortized cost	( 476,895 )	( 98,834 )
B00100	Acquisition of financial assets at fair value through profit or loss	( 27,025 )	( 101,046 )
B00200	Proceeds from sale of financial assets at fair value through profit or loss	26,149	30,408
B01800	Acquisition of long-term equity investments accounted for using the equity method	( 71,466 )	-
B02300	Net cash inflow from disposal of subsidiaries (Note 34)	-	208,129
B02700	Purchase of property, plant and equipment	( 859,854 )	( 685,969 )
B02800	Proceeds from disposal of property, plant and equipment	8,677	9,875
B03700	Increase in refundable deposits	( 97,999 )	( 659 )
B04200	Decrease in other receivables	-	103,026
B04500	Purchase of intangible assets	( 53,030 )	( 12,221 )
B06700	Decrease (increase) in other non-current assets	74	( 838 )
B07600	Dividends received from associates	3,500	3,500
B07100	Increase in prepayments for business facilities	( 340,610 )	( 181,397 )
B02200	Net cash outflow from acquisition of subsidiaries (Note 33)	-	( 23,664 )
BBBB	Net cash outflow from investment activities	<u>( 1,877,981 )</u>	<u>( 817,504 )</u>
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	1,300,000	585,984
C00200	Repayments of short-term borrowings	( 603,000 )	( 657,568 )
C01200	Issuance of corporate bonds	-	994,720
C01600	Proceeds from long-term borrowings	1,580,080	1,136,780
C01700	Repayments of long-term borrowings	( 218,424 )	( 1,544,958 )
C03100	Refund of guarantee deposits received	( 15 )	( 384 )
C04020	Repayment of lease principal	( 25,965 )	( 15,649 )
C05100	Treasury stocks purchased by employees	-	15,289

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Code		January 1 to September 30, 2023	January 1 to September 30, 2022
C04500	Cash dividends distribution	( \$ 683,351 )	( \$ 234,715 )
C05400	Acquisition of ownership interests in subsidiaries	( 450 )	-
C05500	Disposal of ownership interests in subsidiaries	113,538	-
C05800	Cash dividends paid to non-controlling interests	( 22,515 )	-
C09900	Changes in non-controlling interests	<u>182,896</u>	<u>12,495</u>
CCCC	Net cash inflow from financing activities	<u>1,622,794</u>	<u>291,994</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>2,173</u>	<u>6,539</u>
EEEE	Net increase in cash and cash equivalents	457,880	217,927
E00100	Cash and cash equivalents at beginning of period	<u>2,270,488</u>	<u>1,707,329</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,728,368</u>	<u>\$ 1,925,256</u>

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's audit report on November 8, 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**

#### **For the nine months ended September 30, 2023 and 2022**

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise )

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#### **1. Company Overview**

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

The Company began trading as over-the-counter (OTC) stocks at Taipei Exchange (TPEX) in August 2011.

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

#### **2. Authorization Date and Procedures of Financial Statements**

The consolidated financial statements were released after being reported to the Board of Directors on November 8, 2023.

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

- a. The first-time adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter collectively referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The first-time adoption of IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the Group).

- b. IFRSs endorsed by the FSC that will be applied beginning from 2024

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

Note 1: Unless stated otherwise, these new, amended and revised standards and interpretations will come into effect for annual periods beginning on and after their respective effective dates as stated above.

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

Note 3: Certain disclosure requirements are exempted for the initial application of this amendment.

As of the date the consolidated financial statements were authorized for issue, the Group continues in evaluating the impact of the aforementioned amendments to standards and interpretations on its financial position and financial performance. The related impact will be disclosed when the evaluation is completed.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17 Insurance Contracts	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9—Comparative Information	January 1, 2023
Amendment to IAS 21 - Lack of Exchangeability	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, these new, amended and revised standards and interpretations will come into effect for annual periods beginning on and after their respective effective dates as stated above.

Note 2: The amendment shall be applied for the annual reporting periods beginning on and after January 1, 2025. For the initial application of this amendment, the effects are recognized in the retained earnings at the date of initial application. When the Group uses a non-functional currency as the presentation currency, the effects are recognized in the exchange differences on translation of foreign operations under the equity section of the date of initial application.

As of the date the consolidated financial statements were authorized for issue, the Group continues in evaluating the impact of the aforementioned amendments to standards and interpretations on its financial position and financial performance. The related impact will be disclosed when the evaluation is completed.

#### **4. Summary of Significant Accounting Policies**

##### **a. Statement of Compliance**

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

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

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

The fair value measurements are grouped into Levels 1 to 3 based on the observability and significance of the relevant inputs as follows:

- 1) Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- 2) Level 2: Inputs other than quoted prices included within Level 1 that are observable inputs for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- 3) Level 3: Inputs that 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 for the current period. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. 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 owners of parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the change in the Group's ownership interests in the subsidiary does not result in loss of control, it shall be treated as an equity transaction. The carrying amounts of

the Group and non-controlling interests have been adjusted to reflect the changes in their relative ownership 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 owners of parent.

For details on subsidiaries, ratio of shareholding, and operations, please refer to Note 12 and Tables VII and VIII.

d. Other Significant Accounting Policies

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

1) Post-employment defined 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 fiscal year, adjusted for significant market fluctuations and significant plan amendments, settlements, or other significant one-off events for the period.

2) Income tax

Income tax expense represents the sum of current income tax and deferred income tax. Interim period income taxes are assessed on an annual basis and calculated on profit before tax for the interim period at the tax rate that is applicable for anticipating total annual earnings.

**5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimations, and Assumptions**

In the implementation of the Group's accounting policies, the management must make judgments, estimations and assumptions based on historical experience and other critical factors for information that is not readily apparent from other resources. Actual results might be different from the estimation.

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

**6. Cash and Cash Equivalents**

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and working capital	\$ 828	\$ 940	\$ 997
Bank checks and demand deposits	2,695,540	2,249,548	1,804,259
Cash equivalents (investments with an original maturity of 3 months or less)			
Bank time deposits	32,000	20,000	120,000
	<u>\$ 2,728,368</u>	<u>\$ 2,270,488</u>	<u>\$ 1,925,256</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivatives (not designated for hedging)			
— Forward foreign exchange contracts (I)	\$ -	\$ 460	\$ 5,646
— Conversion options (Note 22)	-	2,605	4,200
Non-derivative financial assets			
— Domestic publicly traded shares	177,063	139,497	80,176
Hybrid financial assets			
— Structured deposits (II)	-	-	22,365
	<u>\$ 177,063</u>	<u>\$ 142,562</u>	<u>\$ 112,387</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not designated for hedging)			
— Conversion options (Note 22)	\$ -	\$ 1,447	\$ 2,000

- a. The outstanding foreign exchange forward contracts that are not under hedge accounting and not matured at the balance sheet date are as follows:

December 31, 2022

	Currency	Maturity period	Contractual amount (in thousands)
Forward exchange bought	TWD to USD	January 2022 to January 2023	NTD 4,145/USD 150

September 30, 2022

	Currency	Maturity period	Contractual amount (in thousands)
Forward exchange bought	TWD to USD	October 2021 to January 2023	NTD 40,909/USD 1,470

The Group entered into forward foreign exchange contracts to hedge the exposure risk arising from exchange rate fluctuations for foreign-currency denominated assets and liabilities.

- b. The Group entered into structured time deposit contracts with the bank. The structured time deposits have an embedded derivative that is not closely related to the host contract. Since the host contract included in the hybrid contract is an asset within the scope of IFRS 9, the measurement of the entire hybrid contract shall be mandatorily classified as measured at fair value through profit or loss.

## **8. Financial Assets Measured at Fair Value through Other Comprehensive Income**

### Investments in equity instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Domestic investment			
Publicly traded private placement shares			
Symtek Automation Asia Co., Ltd.	\$ 394,398	\$ 251,124	\$ 244,962
Publicly traded shares			
Asia Neo Tech Industrial Co., Ltd.	229,383	83,150	79,491
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	44,674
	<u>\$ 692,982</u>	<u>\$ 403,475</u>	<u>\$ 408,748</u>

The Group invests in publicly and non-publicly traded ordinary shares for medium- and long-term strategic purposes and expects to make a profit through long-term investment. The management of the Group considers that if the short-term fair value of these investments is recognized in the profit or loss, it would not be consistent with the long-term investment planning as stated above. Therefore, these investments are designated as measured at fair value through other comprehensive income.



The shares of Symtek Automation Asia Co., Ltd. held by the Group 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**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Pledged certificates of deposit	\$ 179,000	\$ 126,500	\$ 5,000
Time deposits with an original maturity of more than 3 months	<u>627,648</u>	<u>203,260</u>	<u>115,750</u>
	<u>\$ 806,648</u>	<u>\$ 329,760</u>	<u>\$ 120,750</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 measured at amortized cost pledged as collateral.

**10. Notes Receivable, Trade Receivable, Other Receivables and Non-accrual loans**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 2,328	\$ 1,433	\$ 1,861
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,328</u>	<u>\$ 1,433</u>	<u>\$ 1,861</u>
Arising from operations	<u>\$ 2,328</u>	<u>\$ 1,433</u>	<u>\$ 1,861</u>
<u>Notes receivable from related parties (Note 38)</u>			
Measured at amortized cost			
Total carrying amount	\$ 772	\$ 615	\$ 928
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 772</u>	<u>\$ 615</u>	<u>\$ 928</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,178,320	\$ 1,084,009	\$ 862,441
Less: allowance for loss	<u>( 16,616)</u>	<u>( 6,589)</u>	<u>( 2,906)</u>
	<u>\$ 1,161,704</u>	<u>\$ 1,077,420</u>	<u>\$ 859,535</u>

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	September 30, 2023	December 31, 2022	September 30, 2022
<u>Trade receivables from related parties</u> (Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 31	\$ 275	\$ 435
Less: allowance for loss	-	-	-
	<u>\$ 31</u>	<u>\$ 275</u>	<u>\$ 435</u>
<u>Other receivables</u>			
Other receivable from non-related parties			
Business tax refund receivable	\$ 14,568	\$ -	\$ 221
Stock settlements receivable	16,293	-	-
Others	<u>6,927</u>	<u>6,850</u>	<u>1,514</u>
	<u>\$ 37,788</u>	<u>\$ 6,850</u>	<u>\$ 1,735</u>
Other receivables from related parties (Note 38)	<u>\$ 997</u>	<u>\$ 9</u>	<u>\$ 135</u>
<u>Non-accrual loans</u>			
Measured at amortized cost			
Total carrying amount	\$ 18,820	\$ 20,248	\$ 11,741
Less: allowance for loss	( <u>18,820</u> )	( <u>20,248</u> )	( <u>11,741</u> )
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### Trade receivables

The average credit period of the Group for commodity sales is 60 to 120 days. In assessing the recoverability of trade receivables, the Group takes into account any change in the credit quality of trade receivables from the original value date to the balance sheet date. To mitigate the credit risk, the management of the Group has designated a dedicated team for determination of credit lines, credit approvals, and other monitoring procedures, so as to ensure that appropriate action is taken to collect overdue receivables. In addition, the Group will review the recoverable amount of each receivable on the balance sheet date to ensure appropriate allowance for impairment loss on the unrecoverable receivables. Accordingly, the management of the Company believes that the Group's credit risk has been significantly reduced.

The Group applies the simplified approach of IFRS 9 and recognizes allowance for loss on trade receivables at lifetime expected credit loss. The lifetime expected credit loss is

determined using a provision matrix which refers to the client's historical defaults and current financial position, as well as industrial economic situations. The Group's historical credit losses indicate that there is no significant difference in the loss pattern among different client bases. For this reason, the provision matrix does not further distinguish between customer bases and sets the expected credit loss rate based solely on the overdue days of notes receivable and days sales outstanding of trade receivables.

If there is evidence indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as when the counterparty is under liquidation or the debt is overdue for over 365 days, the Group will directly reclassify the non-accrual loans and continue to engage in enforcement activity, with the recovered amounts used to offset corresponding non-accrual loans.

The Group calculated allowance for loss on notes receivable and trade receivables using the provision matrix as follows:

Notes receivable

September 30, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 3,100
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Amortized cost	<u>\$ 3,100</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>
Amortized cost	<u>\$ 2,048</u>

September 30, 2022

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 2,789
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Amortized cost	<u>\$ 2,789</u>

Trade receivables

September 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	0.27%	1.94%	5.9%	13.83%	
Total carrying amount	\$ 893,722	\$ 145,356	\$ 99,255	\$ 40,018	\$1,178,351
Allowance for losses (lifetime expected credit losses)	( <u>2,414</u> )	( <u>2,815</u> )	( <u>5,852</u> )	( <u>5,535</u> )	( <u>16,616</u> )
Amortized cost	<u>\$ 891,308</u>	<u>\$ 142,541</u>	<u>\$ 93,403</u>	<u>\$ 34,483</u>	<u>\$1,161,735</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> )
Amortized cost	<u>\$ 990,647</u>	<u>\$ 76,900</u>	<u>\$ 5,849</u>	<u>\$ 4,299</u>	<u>\$1,077,695</u>

September 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	0.2%	0.9%	1.7%	3.9%	
Total carrying amount	\$ 749,060	\$ 87,840	\$ 18,411	\$ 7,565	\$ 862,876
Allowance for losses (lifetime expected credit losses)	( <u>1,535</u> )	( <u>756</u> )	( <u>320</u> )	( <u>295</u> )	( <u>2,906</u> )
Amortized cost	<u>\$ 747,525</u>	<u>\$ 87,084</u>	<u>\$ 18,091</u>	<u>\$ 7,270</u>	<u>\$ 859,970</u>

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

Changes in allowance for loss on trade receivables are as follows:

	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Beginning Balance	\$ 6,589	\$ 2,861
Plus: allowance for impairment loss for the period	16,109	9,499
Plus: proceeds from business combinations	-	399
Less: amounts transferred out due to reclassification for the period	( 6,084 )	( 9,456 )
Less: disposal of subsidiaries (Note 34)	-	( 25 )
Less: actual write-off for the period	-	( 398 )
Foreign currency translation differences	<u>2</u>	<u>26</u>
Ending Balance	<u>\$ 16,616</u>	<u>\$ 2,906</u>

Changes in allowance for loss on non-accrual loans are as follows:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning Balance	\$ 20,248	\$ 2,228
Plus: amounts transferred in due to reclassification for the period	6,084	9,456
Less: reversal of impairment loss for the period	( 7,518 )	-
Foreign currency translation differences	6	57
Ending Balance	<u>\$ 18,820</u>	<u>\$ 11,741</u>

## 11. Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 370,514	\$ 383,578	\$ 423,818
Semi-finished products	245,007	259,513	204,623
Work in process	619,079	643,849	654,000
Finished goods	413,154	242,117	204,132
Merchandise inventory	<u>15,338</u>	<u>2,807</u>	<u>21,424</u>
	1,663,092	1,531,864	1,507,997
<u>Land for construction</u>			
Sanxia District, New Taipei City	<u>122,134</u>	<u>114,078</u>	<u>-</u>
	<u>\$ 1,785,226</u>	<u>\$ 1,645,942</u>	<u>\$ 1,507,997</u>

The nature of cost of goods sold is as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Cost of inventory sold	\$ 702,541	\$ 516,420	\$ 1,940,560	\$ 1,579,468
Loss on price decline in (gain on price recovery of) inventory	( 9,255 )	1,001	26,157	23,103
Loss on inventory scrap	22,584	17,107	22,584	17,107
Others	( <u>11,611</u> )	<u>978</u>	( <u>14,491</u> )	<u>866</u>
	<u>\$ 704,259</u>	<u>\$ 535,506</u>	<u>\$ 1,974,810</u>	<u>\$ 1,620,544</u>

## 12. Subsidiaries

### Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements are listed as follows:

Investor company	Subsidiary	Nature of business	Percentage of ownership			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
Gudeng Precision Industrial Co., Ltd. ("the Company")	Gudeng Venture Capital Co., Ltd. ("Gudeng Venture")	Venture capital and management consulting business	100%	100%	100%	-
	We Solutions Technology Co., Ltd. ("We Solutions")	Trading, repair, and maintenance of various precision instruments	83.33%	83.33%	100%	Notes 1 and 2
	Gudeng Equipment Co., LTD. (hereinafter "Gudeng Equipment")	Manufacturing, 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")	Engage in various investment business	100%	100%	100%	Note 1
	Partner one Ltd.	Engage in various investment business	-	-	-	Note 3
	Gudeng Inc. (USA)	Engage in various electronic components business	51%	100%	100%	Notes 1 and 12
	Gudeng Aerospace Technologies Corporation (hereinafter "Gudeng Aerospace")	Retail, wholesale, and manufacturing of aircrafts and related components	100%	-	-	Notes 1 and 13
Gudeng Venture	Jia Shuo Construction, Inc. (hereinafter "Jia Shuo Construction")	Development and rental of industrial plants, residential housing and commercial buildings, real estate business, and rental business	100%	100%	100%	Note 1
Rich Point	Hengyang Green Energy Co., Ltd. (hereinafter "Hengyang")	Piping works and electrical installations	45%	45%	45%	Notes 1 and 8
	Sun Park Development Limited (hereinafter "Sun Park")	Engage in various investment business	100%	100%	100%	Note 1
	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engage in various investment business	100%	100%	100%	-
Sun Park	Shanghai Gudeng Trading Co., Ltd. (hereinafter "Shanghai Gudeng")	Sales of plastic and electronic products	100%	100%	100%	Note 1
	Suzhou Kunju Trading Co., Ltd. (hereinafter "Suzhou Kunju")	Sale and maintenance of automobiles, trading of various alcoholic beverages, and aluminum foil business	-	100%	100%	Notes 1 and 14
Gudeng Investment	Suzhou City Wu Jiang Start-up Automobile Trading Co., Ltd. (hereinafter "Wu Jiang Start-up")	Sale and maintenance of automobiles	-	-	-	Note 5
Partner one Ltd.	Gudeng Investment (HK)	Engage in various investment business	-	-	-	Note 3
Gudeng Investment (HK)	Welton Technology Co., Ltd. (hereinafter "Welton")	Engage in manufacturing of plastic products, electronic and communication equipment, electrical machinery and equipment	-	-	-	Note 4
Gudeng Equipment	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacturing, trading, repair, and maintenance of various precision instruments	100%	100%	100%	-
	Gudeng Inc. (USA)	Engage in various electronic components business	4%	-	-	Notes 1 and 12
We Solutions	Fu Rui Sheng Industrial Co., Ltd. (hereinafter "Fu Rui Sheng")	Investment and management consulting business	54.94%	54.94%	54.94%	Notes 1 and 6
	Suting Precision Industry Co., Ltd. (hereinafter "Suting")	Manufacturing and wholesale of molds and manufacturing of machinery equipment	70.43%	41.37%	41.37%	Notes 1, 2, 7 and 10
Fu Rui Sheng	Bor Sheng Industrial Co., Ltd. (hereinafter "Bor Sheng")	Manufacturing and wholesale of molds and manufacturing of machinery equipment	0.5%	-	-	Notes 1 and 2
	Bor Sheng	Manufacturing and wholesale of molds and manufacturing of machinery equipment	93%	93%	93%	Notes 1 and 6
	Suting	Manufacturing and wholesale of molds and manufacturing of machinery equipment	-	29.06%	29.06%	Notes 1, 7 and 10

Note 1: It is a non-significant subsidiary and its financial statements have not been reviewed by the CPAs.

Note 2: Please refer to Note 35 for details on changes in the percentage of equity held by the Group.

Note 3: This company has been registered in 2017 and has not yet been invested.

- Note 4: Welton is undergoing the pre-check of corporate name and has not yet established.
- Note 5: The related assets and liabilities of Wu Jiang Start-up have been reclassified as disposal group held for sale, and its transactions with the Group, account balances, gains and losses have all been eliminated upon consolidation. The Group signed agreements with Jiaying Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd. to transfer its 100% equity in Wu Jiang Start-up. With the equity transfer completed on April 25, 2022, the Group lost control over Wu Jiang Start-up thereafter.
- Note 6: On July 29, 2022, We Solutions made an investment of NT\$96,551 thousand, acquiring 54.94% equity in Fu Rui Sheng and 93% equity in the latter's subsidiary.
- Note 7: On July 29, 2022, We Solutions acquired Suting for NT\$23,860 thousand. Combined with its shareholding of Fu Rui Sheng, We Solutions secured a consolidated shareholding ratio of 69.15% and gained control over Suting. Therefore, it has been incorporated into the Group since July 29, 2022. Suting made a cash capital increase of NT\$45,000 thousand on September 29, 2022, but the Group 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: On September 1, 2022, Gudeng Venture invested NT\$54,000 thousand and acquired 45% equity in Hengyang. As the Group holds more than half of the board seats in Hengyang, thereby exerting substantial control, Hengyang has been incorporated into the Group since September 1, 2022.
- Note 9: Gudeng Equipment Co., LTD. changed its Chinese corporate name on February 10, 2023.
- Note 10: For the purpose of organizational restructuring, We Solutions acquired 29.06% equity in Suting from Fu Rui Sheng for NT\$31,505 thousand on May 12, 2023, and the consolidated shareholding ratio was still 70.43%.
- Note 11: The Group holds 46.73% equity in Gudeng Equipment, a domestic OTC company whose remaining 53.27% equity is shared among hundreds of shareholders that are not related parties to the Group. Considering its absolute number, relative size, and distribution of voting rights compared to the other shareholders, the Group is believed to have substantive influence over the business activities of Gudeng Equipment, which is therefore classified as a subsidiary.

Note 12:Gudeng Inc. (USA) increased its capital on September 30, 2023 with subscription investment from the Company and Gudeng Equipment, whose respective shareholding ratio, as a result, became 51% and 4%, totaling 55% collectively.

Note 13:On September 6, 2023, the Group invested NT\$320,000 thousand and acquired 100% equity in Gudeng Aerospace.

Note 14:The Group lost control over Suzhou Kunju upon the latter's deregistration on September 14, 2023, .

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

#### Investments in associates

	September 30, 2023	December 31, 2022	September 30, 2022
Individually insignificant associates	<u>\$ 164,475</u>	<u>\$ 103,678</u>	<u>\$ 103,204</u>

On June 9, 2023, the Group began investment in TSS Holdings Limited (hereinafter referred to as TSS) and acquired 2,000 thousand ordinary shares of TSS at NT\$10 per share in cash, which totaled NT\$20,000 thousand with a shareholding ratio of 12.5%. Additionally, TSS holds 45% equity in Gudeng Inc. (USA), a subsidiary of the Group, so the Group is identified to have a significant influence on TSS.

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

The Group participated in the cash capital increase of YAHOO System Technology Co., Ltd. for the fiscal year 2023 through the board resolution on December 2, 2022 and acquired 700 thousand ordinary shares of YAHOO System Technology Inc. at NT\$38 per share in cash with a shareholding ratio of 21.05%, thereby obtaining significant influence over the company.

The Group held 10,474 thousand ordinary shares of i Analyzer Incorporation (hereinafter referred to as i Analyzer) on February 10, 2022 and recognized them as financial assets at FVTOCI—non-current, with a book value of NT\$33,970 thousand and a shareholding ratio of 16.40%. Furthermore, on June 30, 2022, the Group participated in the cash capital increase of i Analyzer at NT\$3.24 per share and acquired 6,157 thousand ordinary shares, which totaled NT\$19,970 thousand with the shareholding ratio increased to 23.24%, thereby obtaining significant influence over i Analyzer. Accordingly, the financial assets at



FVTOCI were reclassified to investments accounted for using the equity method based on the fair value at the time of acquisition (NT\$3.24 per share).

Please refer to Table VII “Names, Locations and Relevant Information of Investee Companies” for nature of business, primary business location, and country of registration of these associates.

The profit or loss and shares of other comprehensive income entitled by the associates accounted for using equity method and the Group were calculated based on the financial statements that had not been reviewed by other CPAs.

#### 14. Property, plant and equipment

##### For self use

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Construction in progress and unfinished projects	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 2,640,623	\$ 588,493	\$ 1,059,162	\$ 54,566	\$ 1,157,007	\$ 443,480	\$ 5,943,331
Addition	102,604	21,874	143,056	8,848	177,702	381,696	835,780
Disposal	-	-	( 46,935 )	-	( 9,944 )	-	( 56,879 )
Reclassification	-	-	51,456	2,000	52,178	-	105,634
Transfer of investment property	38,244	92,075	-	-	-	-	130,319
Net exchange differences	-	950	2	1	326	-	1,279
Balance at September 30, 2023	<u>\$ 2,781,471</u>	<u>\$ 703,392</u>	<u>\$ 1,206,741</u>	<u>\$ 65,415</u>	<u>\$ 1,377,269</u>	<u>\$ 825,176</u>	<u>\$ 6,959,464</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 65,251	\$ 544,329	\$ 21,888	\$ 574,501	\$ -	\$ 1,205,969
Disposal	-	-	( 31,157 )	-	( 4,230 )	-	( 35,387 )
Depreciation expenses	-	9,983	66,786	4,641	111,555	-	192,965
Transfer of investment property	-	10,832	-	-	-	-	10,832
Net exchange differences	-	-	2	1	73	-	76
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 86,066</u>	<u>\$ 579,960</u>	<u>\$ 26,530</u>	<u>\$ 681,899</u>	<u>\$ -</u>	<u>\$ 1,374,455</u>
Net balance at September 30, 2023	<u>\$ 2,781,471</u>	<u>\$ 617,326</u>	<u>\$ 626,781</u>	<u>\$ 38,885</u>	<u>\$ 695,370</u>	<u>\$ 825,176</u>	<u>\$ 5,585,009</u>
Net balance at December 31, 2022 and January 1, 2023	<u>\$ 2,640,623</u>	<u>\$ 523,242</u>	<u>\$ 514,833</u>	<u>\$ 32,678</u>	<u>\$ 582,506</u>	<u>\$ 443,480</u>	<u>\$ 4,737,362</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 2,444,861	\$ 677,791	\$ 659,208	\$ 35,899	\$ 924,837	\$ 283,009	\$ 5,025,605
Acquired from business combinations (Note 33)	4,007	-	265,770	-	39,531	12,008	321,316
Addition	205,000	1,335	79,085	4,804	126,608	37,677	454,509
Disposal	-	-	( 25,375 )	-	( 8,348 )	-	( 33,723 )
Reclassification	-	4,346	50,467	6,790	13,049	1,690	76,342
Reclassified as investment property	( 1,327,972 )	( 15,941 )	-	-	-	-	( 1,343,913 )
Disposal of subsidiaries (Note 34)	-	( 90,783 )	-	-	( 22,546 )	-	( 113,329 )
Net exchange differences	-	3,265	6	16	1,032	-	4,319
Balance at September 30, 2022	<u>\$ 1,325,896</u>	<u>\$ 580,013</u>	<u>\$ 1,029,161</u>	<u>\$ 47,509</u>	<u>\$ 1,074,163</u>	<u>\$ 334,384</u>	<u>\$ 4,391,126</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 123,893	\$ 278,155	\$ 17,141	\$ 441,300	\$ -	\$ 860,489
Acquired from business combinations (Note 33)	-	-	235,164	-	33,312	-	268,476
Disposal	-	-	( 16,937 )	-	( 8,251 )	-	( 25,188 )
Depreciation expenses	-	9,930	49,186	3,441	83,632	-	146,189
Reclassification	-	( 40 )	-	-	-	-	( 40 )
Reclassified as investment property	-	( 552 )	-	-	-	-	( 552 )
Disposal of subsidiaries (Note 34)	-	( 73,683 )	-	-	( 5,810 )	-	( 79,493 )
Net exchange differences	-	2,631	2	16	301	-	2,950
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 62,179</u>	<u>\$ 545,570</u>	<u>\$ 20,598</u>	<u>\$ 544,484</u>	<u>\$ -</u>	<u>\$ 1,172,831</u>
Net balance at September 30, 2022	<u>\$ 1,325,896</u>	<u>\$ 517,834</u>	<u>\$ 483,591</u>	<u>\$ 26,911</u>	<u>\$ 529,679</u>	<u>\$ 334,384</u>	<u>\$ 3,218,295</u>

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

As of September 30, 2023, the Group has NT\$3,701 thousand worth of the self-owned land for agricultural use, which is temporarily registered in the name of a trusted third party who has issued an affidavit.

The constructions in progress and unfinished projects are mainly the construction of corporate buildings, employee dormitories, and solar photovoltaic power generation systems.

a. Right-of-use assets

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Except for the addition of depreciation expenses recognized as above, there is no significant sublease or impairment of the right-of-use assets of the Group for the nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of lease liabilities			
Current	<u>\$ 31,351</u>	<u>\$ 28,827</u>	<u>\$ 28,690</u>
Non-current	<u>\$ 64,101</u>	<u>\$ 65,674</u>	<u>\$ 55,661</u>

The range of discount rates for lease liabilities is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.45% ~ 2.99%	1.45% ~ 2.72%	1.45% ~ 2.72%
Transportation equipment	1.50% ~ 7.90%	1.50% ~ 7.90%	1.50% ~ 7.90%

c. Major lease activities and terms

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

The Group has also leased a portion of land for plant use with a lease term of 5 to 20 years. At the end of the lease term, the Group does not have bargain purchase option over the leasehold land and buildings, and the Group may not sublease or transfer all or part of the underlying lease without the lessor's consent.

d. Other lease information

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term lease expenses	<u>\$ 2,718</u>	<u>\$ 3,254</u>	<u>\$ 11,214</u>	<u>\$ 9,401</u>
Total cash (outflow) for leases			<u>( \$ 38,842 )</u>	<u>( \$ 25,916 )</u>

The Group elected to apply recognition exemption on the leasehold housing and buildings which qualify as short-term leases and did not recognize related right-of-use assets and lease liabilities for these leases.

All the lease commitments commencing after the balance sheet date are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Lease commitments	<u>\$ 290</u>	<u>\$ 62,655</u>	<u>\$ 1,104</u>

## 16. Investment property

	<u>Completed investment property</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 834,964
Reclassified to property, plant and equipment	( 130,319 )
Balance at September 30, 2023	<u>\$ 704,645</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 54,209
Reclassified to property, plant and equipment	( 10,832 )
Depreciation expenses	<u>5,169</u>
Balance at September 30, 2023	<u>\$ 48,546</u>
Net balance at September 30, 2023	<u>\$ 656,099</u>
Net Balance at December 31, 2022	<u>\$ 780,755</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 645,026
Transferred-in from property, plant and equipment	1,343,913
Acquired from business combinations	<u>143,398</u>
Balance at September 30, 2022	<u>\$ 2,132,337</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 45,067
Transferred-in from property, plant and equipment	552
Depreciation expenses	<u>6,613</u>
Balance at September 30, 2022	<u>\$ 52,232</u>
Net balance at September 30, 2022	<u>\$ 2,080,105</u>

The total amounts of lease payments receivable on investment property under operating leases for the years 2023 and 2022, to be collected in the future, are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 32,539	\$ 19,811	\$ 34,403
Year 2	<u>26,150</u>	<u>320</u>	<u>560</u>
	<u>\$ 58,689</u>	<u>\$ 20,131</u>	<u>\$ 34,963</u>

Investment property are depreciated on a straight-line basis over the estimated useful life as follows:

Main buildings

51 years

The fair value of the investment property of the Group cannot be reliably determined due to the scarcity of buildings in the vicinity, which results in infrequent comparable market transactions and a lack of reliable estimate substitutes for the fair value.

The Group holds freehold interests in all of its investment property. Please refer to Note 39 for the amount of investment property pledged as collateral for loans.

The Group has no lease commitment commencing after the balance sheet date during the lease term.

## 17. Goodwill

	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Cost</u>		
Beginning Balance	\$ 89,584	\$ 98,784
Acquired from business combinations for the period (Note 33)	-	40,761
Disposal of subsidiaries (Note 34)	-	( 49,961 )
Ending Balance	<u>\$ 89,584</u>	<u>\$ 89,584</u>
<u>Accumulated impairment</u>		
Beginning Balance	( \$ 24,201 )	( \$ 24,201 )
Ending Balance	( <u>\$ 24,201</u> )	( <u>\$ 24,201</u> )
Net beginning balance	<u>\$ 65,383</u>	<u>\$ 74,583</u>
Net ending balance	<u>\$ 65,383</u>	<u>\$ 65,383</u>

On July 29, 2022, the Group acquired Fu Rui Sheng Industrial Co., Ltd. and obtained NT\$40,761 thousand worth of goodwill, which primarily came from the control premium, including the expected generation of merger synergies, revenue growth, and future development.

## 18. Other Intangible Assets

	Patent	Cost of computer software	Franchise	Golf membership card	Technique	Client relationship	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 97,425	\$ 67,779	\$ -	\$ 8,763	\$ 5,900	\$ 5,300	\$ 185,167
Acquired separately	2,500	50,530	-	-	-	-	53,030
Balance at September 30, 2023	<u>\$ 99,925</u>	<u>\$ 118,309</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 238,197</u>
<u>Accumulated amortization and impairment</u>							
Balance at January 1, 2023	\$ 30,796	\$ 43,815	\$ -	\$ -	\$ 1,687	\$ 5,300	\$ 81,598
Amortization expenses	6,463	7,218	-	-	631	-	14,312
Net exchange differences	-	6	-	-	-	-	6
Balance at September 30, 2023	<u>\$ 37,259</u>	<u>\$ 51,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,318</u>	<u>\$ 5,300</u>	<u>\$ 95,916</u>
Net balance at September 30, 2023	<u>\$ 62,666</u>	<u>\$ 67,270</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 3,582</u>	<u>\$ -</u>	<u>\$ 142,281</u>

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	Patent	Cost of computer software	Franchise	Golf membership card	Technique	Client relationship	Total
Net balance at 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>
<b>Cost</b>							
Balance at January 1, 2022	\$ 97,425	\$ 48,926	\$ 44,158	\$ 8,763	\$ 5,900	\$ 5,300	\$ 210,472
Acquired from business combinations	-	550	-	-	-	-	550
Acquired separately	-	12,221	-	-	-	-	12,221
Disposal of subsidiaries (Note 34)	-	-	( 45,805 )	-	-	-	( 45,805 )
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance at September 30, 2022	<u>\$ 97,425</u>	<u>\$ 61,697</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 179,085</u>
<b>Accumulated amortization and impairment</b>							
Balance at January 1, 2022	\$ 22,467	\$ 32,420	\$ 44,158	\$ -	\$ 843	\$ 2,650	\$ 102,538
Acquired from business combinations	-	148	-	-	-	-	148
Amortization expenses	6,246	8,134	-	-	632	1,987	16,999
Disposal of subsidiaries (Note 34)	-	-	( 45,805 )	-	-	-	( 45,805 )
Net exchange differences	-	-	1,647	-	-	-	1,647
Balance at September 30, 2022	<u>\$ 28,713</u>	<u>\$ 40,702</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,475</u>	<u>\$ 4,637</u>	<u>\$ 75,527</u>
Net balance at September 30, 2022	<u>\$ 68,712</u>	<u>\$ 20,995</u>	<u>\$ -</u>	<u>\$ 8,763</u>	<u>\$ 4,425</u>	<u>\$ 663</u>	<u>\$ 103,558</u>

The franchise represents the franchise of operation granted to Wu Jiang Start-up to sell SAIC Volkswagen in Suzhou City. The Group completed the equity transfer of Wu Jiang Start-up on April 25, 2022. Please refer to Note 34 for more information.

The golf membership card of the Group is a right of use. The management of the Group determines that the Group has the intention and ability to continually extend the useful life of the golf membership card, hence it is classified to intangible assets with indefinite useful life, and is tested annually for impairment regardless of indication of impairment. Additionally, the membership deposit of NT\$12,000 thousand for the golf club is accounted for under refundable deposits.

Amortization expenses were calculated on a straight-line basis over an estimated useful life as follows:

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

Amortization expenses summarized by function:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Operating costs	\$ 1,218	\$ 2,152	\$ 4,283	\$ 6,067
Selling and marketing expenses	3	-	6	-
General and administrative expenses	1,591	1,446	3,315	4,221
Research and development expenses	<u>2,286</u>	<u>2,237</u>	<u>6,708</u>	<u>6,711</u>
	<u>\$ 5,098</u>	<u>\$ 5,835</u>	<u>\$ 14,312</u>	<u>\$ 16,999</u>

**19. Prepayments**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayment for purchases	\$ 139,193	\$ 124,572	\$ 68,745
Prepaid rents	4,642	731	1,415
Tax overpaid retained for offsetting the future tax payable	16,539	17,853	5,806
Prepaid insurance	465	1,140	411
Other prepayments	<u>47,058</u>	<u>22,622</u>	<u>20,589</u>
	<u>\$ 207,897</u>	<u>\$ 166,918</u>	<u>\$ 96,966</u>

**20. Other Assets**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Other current assets			
Temporary payments	<u>\$ 3,995</u>	<u>\$ 4,901</u>	<u>\$ 4,204</u>
<u>Non-current</u>			
Other non-current assets			
Net defined benefit assets	\$ 1,379	\$ 1,379	\$ -
Others	<u>-</u>	<u>74</u>	<u>1,265</u>
	<u>\$ 1,379</u>	<u>\$ 1,453</u>	<u>\$ 1,265</u>

**21. Borrowings****a. Short-term borrowings**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured loans</u> (Note 39)			
— Bank loans	\$ 250,000	\$ -	\$ -
<u>Unsecured loans</u>			
— Bank loans	<u>475,000</u>	<u>28,000</u>	<u>75,000</u>
	<u>\$ 725,000</u>	<u>\$ 28,000</u>	<u>\$ 75,000</u>

The interest rates on working capital loans from the banks were 1.87%-2.50%, 2.05%-2.28% and 1.46%-2.15% at September 30, 2023, December 31 and September 30, 2022, respectively.

b. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured loans</u> (Note 39)	\$ 3,399,595	\$ 2,701,620	\$ 2,413,847
<u>Unsecured loans</u>	1,285,904	622,223	346,015
Less: current portion matured within 1 year	( 507,461)	( 154,638)	( 103,092)
	<u>\$ 4,178,038</u>	<u>\$ 3,169,205</u>	<u>\$ 2,656,770</u>
<u>Contents</u>			
Annual interest rate	1.85% ~ 3.12%	1.63% ~ 2.30%	1.25% ~ 2.87%
Maturity date	Mature in succession by January 2042	Mature in succession by January 2042	Mature in succession by January 2042

**22. Bonds Payable**

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic secured convertible bonds	\$ -	\$ 922,582	\$ 951,991
Less: current portion matured within 1 year	-	-	-
	<u>\$ -</u>	<u>\$ 922,582</u>	<u>\$ 951,991</u>

The third domestic secured convertible bonds

On July 7, 2022, the Group issued 10 thousand units of NTD-denominated unsecured convertible bonds with a maturity period of 3 years and a coupon rate of 0%. The principal amounted to NT\$1,000,000 thousand.

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

From the day following three months after the issuance of these convertible bonds until 40 days before the maturity date, if the ordinary share closing price of the Group exceeds the current conversion price by 30% or more for 30 consecutive business days, the Group may, within 30 business days, send a registered mail of Bond Redemption Notice, which is due within 30 days. By the end of the 30-day period, all these bonds can be called back at par value in cash. Likewise, from the day following three months after the issuance of these convertible bonds until 40 days before the maturity date, if the outstanding balance of these convertible bonds is less than 10% of the total initial issue amount, the Group may, at any



time thereafter, send a registered mail of Bond Redemption Notice due within 30 days to call back all these bonds at par value in cash.

The day following two years after the issuance of these convertible bonds is the reference date for bondholders to sell back these converted bonds in advance. Accordingly, the Group shall send a registered mail of Put Right Notice 40 business days before the reference date to redeem all these bonds at par value in cash.

These convertible bonds comprise both liability and equity components. The equity component is presented under the equity section as capital surplus - stock option. The liability component is initially recognized at the effective interest rate of 1.79%.

The Group has completed all the conversions as per the requests of the bondholders as of September 30, 2023, with the contents of the conversion presented as follows:

	January 1 to September 30, 2023
Total amount of bonds requested for conversion	\$ 964,800
Less: the above bonds requested for conversion to be converted to ordinary share capital at the conversion price determined by issuance regulations	( 42,478 )
Conversion premium	922,322
Plus: capital surplus - stock options	41,362
Financial liabilities at FVTPL	687
Less: discount on bonds payable	( 37,968 )
Financial assets at fair value through profit or loss	( 4,082 )
Odd lot transferred to other revenue	( 30 )
Already-issued ordinary shares recognized in capital surplus - premium on conversion of bonds	<u>\$ 922,291</u>

Movements in the debt host contract from the issue date until September 30, 2023 are as follows:

	Amount
Issue proceeds at July 7, 2022 (less the transaction cost of NT\$5,280 thousand)	\$ 994,720
Equity component (less the transaction cost of NT\$228 thousand allocated to equity)	( 42,872 )
Derivatives component - put right	( 4,500 )
Derivatives component - call right	700
Liability component at issue date (derivatives components - call right)	948,048
Interests calculated at the effective interest rate of 1.79%	8,300
Bonds payable converted to ordinary shares	( 33,766 )
Liability component at December 31, 2022	<u>\$ 922,582</u>
Liability component at January 1, 2023	\$ 922,582
Interests calculated at the effective interest rate of 1.79%	4,250
Bonds payable converted to ordinary shares	( 926,832 )
Liability component at September 30, 2023	<u>\$ -</u>

**23. Notes Payable and Trade Payables**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes payable</u>			
Arising from operations - unrelated parties	\$ 291	\$ 8,753	\$ 18,439
Arising from operations - related parties (Note 38)	\$ -	\$ 100	\$ 44
<u>Trade payables</u>			
Arising from operations - unrelated parties	\$ 541,408	\$ 541,279	\$ 521,950
Arising from operations - related parties (Note 38)	\$ 27,875	\$ 13,616	\$ 16,776

The average credit period for some commodities purchased by the Group is 1-3 months, without interests imposed on the accounts payable. The Group has formulated financial risk management policies to ensure that all payables are settled within the pre-determined credit period.

**24. Other Liabilities**

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
<u>Other payables</u>			
Payables on equipment	\$ 40,330	\$ 68,733	\$ 72,174
Salary and bonus payable	178,595	230,658	181,934
Employee compensation payable	56,613	67,554	66,679
Director remuneration payable	34,484	44,631	30,927
Leave benefits payable	21,030	23,811	21,624
Interests payable	5,636	2,883	1,743
Dividends payable	-	336,998	-
Others	206,593	178,825	202,312
	<u>\$ 543,281</u>	<u>\$ 954,093</u>	<u>\$ 577,393</u>
Other payables - related parties (Note 38)	<u>\$ 4,262</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Liabilities</u>			
Temporary receipts	\$ 500	\$ 518	\$ 663
Receipts under custody	3,249	4,771	3,931
Others	9,170	8,407	8,947
	<u>\$ 12,919</u>	<u>\$ 13,696</u>	<u>\$ 13,541</u>

## 25. Provisions

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Warranty	<u>\$ 34,847</u>	<u>\$ 26,618</u>	<u>\$ 38,869</u>

Warranty provision refers to the present value of the best estimate of the future economic benefits outflow due to warranty obligations, as assessed by the management of the Group based on the agreements of sales contracts of commodities. This estimate is based on past warranty experience and may be adjusted in view of new raw materials, changes in manufacturing process, or other factors affecting product quality.

## 26. Post-employment Benefit Plans

The pension expenses under defined benefit plans recognized for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, were NT\$111 thousand, NT\$33 thousand, NT\$332 thousand, and NT\$98 thousand, respectively, which were calculated using the actuarially determined pension cost rate at December 31, 2023 and 2022.

## 27. Equity

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

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousand shares)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Authorized share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and fully paid (in thousand shares)	<u>88,384</u>	<u>84,097</u>	<u>84,097</u>
Issued share capital	<u>\$ 883,844</u>	<u>\$ 840,973</u>	<u>\$ 840,973</u>
Capital collected in advance	<u>\$ 1,128</u>	<u>\$ 1,521</u>	<u>\$ -</u>

From January 1 to September 30, 2023, the Company's corporate bonds were converted into 4,287 thousand ordinary shares, with a par value of NT\$10 per share, totaling NT\$42,871 thousand.

As of September 30, 2023 and December 31, 2022, the Company's bondholders had requested to convert the unsecured bonds into 113 thousand and 152 thousand ordinary shares, respectively, which were recorded as capital collected in advance of NT\$1,128 thousand and NT\$1,521 thousand, respectively. The registration of the change was

made after new shares were issued on the reference date for capital increase in accordance with the law.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset</u>			
<u>deficit, disburse cash, or</u>			
<u>replenish share capital (1)</u>			
Share premium	\$ 2,696,145	\$ 2,696,145	\$ 2,696,145
Conversion premium	1,231,476	309,185	275,497
Treasury share transactions	200,461	200,461	200,461
Changes in net equity values of associates and joint ventures accounted for using the equity method	1,082	1,188	178
Difference between equity value and book value of actual acquisition/disposal of subsidiaries	92,064	-	-
<u>May not be used for any</u>			
<u>purpose</u>			
Stock options	-	41,362	42,872
	<u>\$ 4,221,228</u>	<u>\$ 3,248,341</u>	<u>\$ 3,215,153</u>

1) This type of capital surplus may be used to offset deficit, or to disburse cash or replenish share capital when the Company has no deficit. The share capital replenishment, however, is limited to a certain percentage of the paid-in capital stock each year.

c. Retained Earnings and the Dividend Policy

According to the surplus distribution policy of the Company's Articles of Association, the Company shall conduct earnings distribution or appropriation for deficits after the end of every half fiscal year. As in the form of new share issuance, the proposal shall be resolved in the shareholders' meeting for distribution; as in the form of cash distribution, the proposal shall be resolved by the Board of Directors and then reported in the shareholders' meeting.

According to the surplus distribution policy of the Company's Articles of Association, if there is a surplus in the annual final accounts, it shall be used to pay taxes as required by the law and offset the accumulated deficit. Then, 10% of the surplus shall be accrued as the legal reserve, before the rest is used to set aside or reverse the special reserve as required by the law. If there is remaining surplus, it shall be combined with

accumulated unappropriated surplus for the Board of Directors to draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution of dividend distribution. For the policy on compensation of employees and remuneration of directors as stipulated in the Company's Articles of Association, please refer to Note 29 (7).

The legal reserve shall be accrued until it amounts to the total paid-in capital of the Company. The legal reserve may be used to offset deficits. Where the Company has no deficit, the portion of legal capital reserve exceeding 25% of the total paid-in capital may be capitalized as share capital and also distributed in cash.

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 reversal may be used to reverse the special reserve for surplus distribution.

The surplus distribution plan for the year 2021 has been resolved by the Board of Directors of the Company as follows:

	July 1 to December 31, 2021	January 1 to June 30, 2021
Board Resolution Date	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 dividends per share (TWD)	<u>\$ 2.0</u>	<u>\$ 0.8</u>

The above cash dividends were resolved by the Board of Directors for distribution, and the other surplus distribution items were also resolved at the shareholders' meeting held on May 27, 2022.

The surplus distribution plan for the year 2022 has been resolved by the Board of Directors of the Company as follows:

	July 1 to December 31, 2022	January 1 to June 30, 2022
Board Resolution Date	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 dividends per share (TWD)	<u>\$ 4.0</u>	<u>\$ 4.0</u>

The above cash dividends were resolved by the Board of Directors for distribution, and the other surplus distribution items were also resolved at the shareholders' meeting held on May 24, 2023.

The interim surplus distribution plan for the year 112 has been resolved by the Board of Directors of the Company as follows:

	January 1 to June 30, 2023
Board Resolution Date	November 8, 2023
Legal reserve	<u>\$ 48,184</u>
Special reserve	<u>( \$ 146,666 )</u>
Cash dividends	<u>\$ 377,883</u>
Cash dividends per share (TWD)	<u>\$ 4.27</u>

d. Non-controlling interests

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning Balance	\$ 476,250	\$ 104,581
Net income for the period	111,030	70,195
Adjustments of changes in capital surplus of associates accounted for using the equity method	-	147
Earnings distribution for the period	( 22,515 )	-
Increase in non-controlling interests from acquisition of subsidiaries (Note 35)	-	132,563
Increase in non-controlling interests from acquisition of subsidiaries' capital increase	182,896	12,495
Acquisition/Disposal of partial equity of subsidiaries (Note 35)	21,085	-
Increase in non-controlling interests from acquisition of subsidiaries not in proportion to ownership	16,658	168
Increase in non-controlling interests from organizational restructuring	<u>4,206</u>	<u>-</u>
Ending Balance	<u>\$ 789,610</u>	<u>\$ 320,149</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 at January 1, 2022	449	-	-	449
Decrease for the period	( 449 )	-	-	( 449 )
Number of shares at September 30, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

In January 2022, the treasury shares transferred by the Company to its employees were 70 thousand shares in total, with a buy-back cost of NT\$2,384 thousand. The reference date for employee stock options for these treasury stocks was December 27, 2021 and the date for delivery of the shares to employees was January 26, 2022.

In June 2022, the treasury shares transferred by the Company to its employees were 120 thousand shares in total, with a buy-back cost of NT\$4,086 thousand. The reference date for employee stock options for these treasury stocks was April 29, 2022 and the date for delivery of shares to employees was June 10, 2022.

In July 2022, the treasury shares transferred by the Company to its employees were 259 thousand shares in total, with a buy-back cost of NT\$8,819 thousand. The reference date for employee stock options for these treasury stocks was May 27, 2022 and the date for delivery of the shares to employees was July 1, 2022.

The Company received proceeds of NT\$15,289 thousand on the transfer of treasury stock and also recognized capital surplus - treasury share transactions of NT\$97,300 thousand on the date for delivery of shares to employees. Please refer to Note 32.

The treasury stocks held by the Company may not be pledged as collateral under the Securities and Exchange Act, nor may it entitle the shareholder to dividend distribution and voting rights.

## 28. Revenue

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenue from customer contracts				
Revenue from sales of goods	<u>\$ 1,336,952</u>	<u>\$ 1,069,102</u>	<u>\$ 3,756,001</u>	<u>\$ 3,160,547</u>

a. About customer contracts

Revenue from sales of goods

The revenue from sales of goods comes from the manufacturing and design of mask packages and the sale of semiconductor-related products. Upon shipment of mask package products, the client has the right to set prices and to use the merchandise, and they also bear the primary responsibility for reselling and the risk of obsolescence. As for the sale of semiconductor equipment, the performance obligation is fulfilled when the customer receives the equipment with full control of the product, and the Group recognizes revenue and trade receivables at this point in time.

b. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 1,161,704</u>	<u>\$ 1,077,420</u>	<u>\$ 859,535</u>	<u>\$ 626,519</u>
Trade receivables from related parties (Note 10)	<u>\$ 31</u>	<u>\$ 275</u>	<u>\$ 435</u>	<u>\$ -</u>
Contract liabilities - unearned sales revenue				
Sales of goods	<u>\$ 916,380</u>	<u>\$ 709,026</u>	<u>\$ 695,398</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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Bank deposits	<u>\$ 7,866</u>	<u>\$ 294</u>	<u>\$ 23,083</u>	<u>\$ 1,172</u>
Imputed interest on deposits	<u>85</u>	<u>21</u>	<u>294</u>	<u>57</u>
	<u>\$ 7,951</u>	<u>\$ 315</u>	<u>\$ 23,377</u>	<u>\$ 1,229</u>

b. Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Rental income				
Investment property	<u>\$ 8,845</u>	<u>\$ 9,059</u>	<u>\$ 26,973</u>	<u>\$ 27,179</u>
Other rents	<u>219</u>	<u>490</u>	<u>1,587</u>	<u>2,157</u>
	<u>9,064</u>	<u>9,549</u>	<u>28,560</u>	<u>29,336</u>
Dividend income				
Financial assets at fair value through profit or loss	<u>3,433</u>	<u>4,985</u>	<u>12,028</u>	<u>6,417</u>
Investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>25,209</u>
	<u>3,433</u>	<u>4,985</u>	<u>36,028</u>	<u>31,626</u>
Others	<u>9,272</u>	<u>2,684</u>	<u>13,191</u>	<u>6,323</u>
	<u>\$ 21,769</u>	<u>\$ 17,218</u>	<u>\$ 77,779</u>	<u>\$ 67,285</u>



c. Other gains (and losses)

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Gain (loss) on financial assets and financial liabilities				
Financial assets and liabilities mandatorily measured at fair value through profit or loss	( \$ 21,118 )	\$ 2,265	\$ 38,467	( \$ 8,498 )
Net gain on foreign exchange	62,448	45,282	79,878	74,255
Gain on bargain purchase - acquisition of subsidiaries (Note 33)	-	36	-	36
Gain (loss) on disposal of property, plant and equipment	( 8,961 )	443	( 12,815 )	1,340
Gain on disposal of subsidiaries (Note 34)	-	-	-	54,936
Gain on lease modification	130	-	435	-
Others	( <u>2,872</u> )	( <u>508</u> )	( <u>3,701</u> )	( <u>541</u> )
	<u>\$ 29,627</u>	<u>\$ 47,518</u>	<u>\$ 102,264</u>	<u>\$ 121,528</u>

d. Finance costs

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest on bank loans	\$ 25,097	\$ 12,275	\$ 64,542	\$ 41,531
Interest on convertible bonds	( 689 )	3,942	4,250	3,942
Interest on lease liabilities	548	454	1,663	866
Imputed interest on deposits	9	4	29	14
Other interest expenses	( 32 )	1	-	35
Less: amount recognized in the cost of eligible assets	( <u>2,250</u> )	( <u>1,654</u> )	( <u>6,329</u> )	( <u>8,894</u> )
	<u>\$ 22,683</u>	<u>\$ 15,022</u>	<u>\$ 64,155</u>	<u>\$ 37,494</u>

Information on interest capitalization is as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Amount of capitalized interests	\$ 2,250	\$ 1,654	\$ 6,329	\$ 8,894
Interest rate on interest capitalization	1.76%	1.33%	1.76%	1.33%

e. Depreciation and amortization

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Depreciation expenses summarized by function				
Operating costs	\$ 52,977	\$ 41,501	\$ 150,819	\$ 117,235
Operating expenses	<u>28,145</u>	<u>18,908</u>	<u>75,212</u>	<u>52,503</u>
	<u>\$ 81,122</u>	<u>\$ 60,409</u>	<u>\$ 226,031</u>	<u>\$ 169,738</u>
Amortization expenses summarized by function				
Operating costs	\$ 1,218	\$ 2,152	\$ 4,283	\$ 6,067
Operating expenses	<u>3,880</u>	<u>3,683</u>	<u>10,029</u>	<u>10,932</u>
	<u>\$ 5,098</u>	<u>\$ 5,835</u>	<u>\$ 14,312</u>	<u>\$ 16,999</u>

f. Employee benefit expenses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Post-employment benefits				
Defined contribution plans	\$ 8,172	\$ 7,123	\$ 22,552	\$ 16,649
Defined benefit plans (Note 26)	<u>111</u>	<u>33</u>	<u>332</u>	<u>98</u>
	8,283	7,156	22,884	16,747
Share-based payment				
Equity settlement	-	-	-	77,497
Other employee benefits	<u>297,486</u>	<u>260,085</u>	<u>841,872</u>	<u>700,459</u>
Total employee benefit expense	<u>\$ 305,769</u>	<u>\$ 267,241</u>	<u>\$ 864,756</u>	<u>\$ 794,703</u>
Summarized by function				
Operating costs	\$ 128,473	\$ 107,834	\$ 372,122	\$ 293,125
Operating expenses	<u>177,296</u>	<u>159,407</u>	<u>492,634</u>	<u>501,578</u>
	<u>\$ 305,769</u>	<u>\$ 267,241</u>	<u>\$ 864,756</u>	<u>\$ 794,703</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Association, the Company shall accrue compensation of employees and remuneration of directors at rates of no less than 3% and no greater than 3%, respectively, of the income before tax for the fiscal year.

The compensation of employees and remuneration of directors for the nine months ended September 30, 2023 and 2022, are as follows:

Estimated ratio

	January 1 to September 30, 2023	January 1 to September 30, 2022
Compensation of employees	3%	5%
Remuneration of directors	3%	3%

Amount

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Compensation of employees	<u>\$ 6,487</u>	<u>\$ 14,223</u>	<u>\$ 22,910</u>	<u>\$ 43,146</u>
Remuneration of directors	<u>\$ 6,487</u>	<u>\$ 8,533</u>	<u>\$ 22,909</u>	<u>\$ 25,887</u>

If there is any change in the amounts after the annual consolidated financial statements were authorized for issue, it is recorded as a change in accounting estimates and adjusted and adjusted in the next year.

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

Amount

	2022		2021	
	Cash	Stock	Cash	Stock
Compensation of employees	\$ 35,338	\$ -	\$ 19,042	\$ -
Remuneration of directors and supervisors	34,130	-	13,285	-

There is no difference between the amounts of compensation of employees and remuneration of directors actually paid for the years ended December 31, 2022 and 2021 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees 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 expense are as follows:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Current income tax				
Incurred for the period	\$ 49,276	\$ 50,598	\$ 175,096	\$ 148,051
Additional levy on undistributed earnings	( 1,666 )	-	6,146	-
Adjustments from prior years	<u>-</u>	<u>-</u>	<u>( 29,096 )</u>	<u>( 20,003 )</u>
	<u>47,610</u>	<u>50,598</u>	<u>152,146</u>	<u>128,048</u>
Deferred income tax				
Incurred for the period	<u>9,275</u>	<u>( 420 )</u>	<u>251</u>	<u>( 1,832 )</u>
Income tax expense recognized in profit or loss	<u>\$ 56,885</u>	<u>\$ 50,178</u>	<u>\$ 152,397</u>	<u>\$ 126,216</u>

b. Income tax assessments

The 2021 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, Suting, and Hengyang have been assessed by the tax authorities.

### 31. Earnings per Share

The earnings and weighted average number of ordinary shares used for calculating earnings per share are as follows:

Net income for the period

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net income used for calculating basic earnings per share	\$ 170,584	\$ 227,030	\$ 652,425	\$ 704,783
Impact of dilutive potential ordinary shares :				
Interest on convertible bonds and gain or loss on valuation of conversion option	( 558 )	( 1,646 )	1,163	( 1,646 )
Net income used for calculating diluted earnings per share	<u>\$ 170,026</u>	<u>\$ 225,384</u>	<u>\$ 653,588</u>	<u>\$ 703,137</u>

Number of shares

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of ordinary shares used for calculating basic earnings per share	88,137	84,097	86,883	83,847
Impact of dilutive potential ordinary shares :				
Compensation of employees	67	153	95	170
Convertible bonds	<u>1,878</u>	<u>4,271</u>	<u>1,592</u>	<u>4,271</u>
Weighted average number of ordinary shares used for calculating diluted earnings per share	<u>90,082</u>	<u>88,521</u>	<u>88,570</u>	<u>88,288</u>

Unit: in thousand shares

If the Group may opt to pay compensation of employees either in shares or in cash, then the diluted earnings per share is calculated on assumption that the compensation is paid in shares. The potential ordinary shares are included, if they have a dilutive effect, in the weighted average number of outstanding shares to calculate diluted earnings per share. In the following year, the dilutive effect of these potential ordinary shares will continue to be taken into account for the calculation of diluted earnings per share prior to the resolution of number of shares allocated as employee compensation.

### 32. Share-based Payment Arrangements

#### a. The first transfer of treasury stock to employees for the year 2021

The Company gained approval for the Treasury Stock Transfer Rules through the board resolution on March 23, 2019, specifying that employees are entitled to stock option rights. Additionally, it was reviewed and approved by the Compensation Committee on December 27, 2021 that employees may purchase 70 thousand treasury shares at the subscription price of NT\$34.05. Recipients include the Company's employees who meet specific criteria.

Information on employee stock options from treasury stock is as follows:

Employee stock options from treasury stock	January 1 to September 30, 2022	
	Unit (thousands)	Weighted-average exercise price (TWD)
Outstanding at beginning of period	70	\$ 34.05
Granted for the period	-	-
Exercised for the period	( 70 )	34.05
Outstanding at end of period	-	
Weighted-average fair value of employee stock options from treasury stock granted for the period (TWD)	\$ -	

The value of an employee stock option granted by the Company is determined using the Black-Scholes option valuation model, and the valuation inputs are as below:

	Treasury shares transferred to employees
Number of shares	70 thousand shares
Transfer restriction period	Unrestricted
Share price at grant date	NT\$317
Exercise price	NT\$34.05
Expected volatility	50.64%
Lifetime	12 days
Risk-free interest rate	0.24%

#### b. The first transfer of treasury stock to employees for the year 2022

The Company gained approval for the Treasury Stock Transfer Rules through the board resolution on March 23, 2019, specifying that employees are entitled to stock option rights. Additionally, it was reviewed and approved by the Compensation Committee on April 29, 2022 that employees may purchase 120 thousand treasury shares at the subscription price of NT\$34.05. Recipients include the Company's employees who meet specific criteria.

Information on employee stock options from treasury stock is as follows:

Employee stock options from treasury stock	January 1 to September 30, 2022	
	Unit (thousands)	Weighted-average exercise price (TWD)
Outstanding at beginning of period	-	\$ -
Granted for the period	120	34.05
Exercised for the period	( <u>120</u> )	34.05
Outstanding at end of period	<u>-</u>	
Weighted-average fair value of employee stock options from treasury stock granted for the period (TWD)	<u>\$ 180.9</u>	

The value of an employee stock option granted by the Company is determined using the Black-Scholes option valuation model, and the valuation inputs are as below:

	Treasury shares transferred to employees
Number of shares	120 thousand shares
Transfer restriction period	Unrestricted
Share price at grant date	NT\$215
Exercise price	NT\$34.05
Expected volatility	48.16%
Lifetime	20 days
Risk-free interest rate	0.44%

The cost of compensation recognized for the nine months ended September 30, 2022 amounted to NT\$21,708 thousand.

- c. The second transfer of treasury stock to employees for the year 2022

The Company gained approval for the Treasury Stock Transfer Rules through the board resolution on March 23, 2019, specifying that employees are entitled to stock option rights. Additionally, it was reviewed and approved by the Compensation Committee on May 27, 2022 that employees may purchase 259 thousand treasury shares at the subscription price of NT\$34.05. Recipients include the Company's employees who meet specific criteria.

Information on employee stock options from treasury stock is as follows:

Employee stock options from treasury stock	January 1 to September 30, 2022	
	Unit (thousands)	Weighted-average exercise price (TWD)
Outstanding at beginning of period	-	\$ -
Granted for the period	259	34.05
Exercised for the period	( 259 )	34.05
Outstanding at end of period	<u>-</u>	
Weighted-average fair value of employee stock options from treasury stock granted for the period (TWD)	<u>\$ 215.4</u>	

The value of an employee stock option granted by the Company is determined using the Black-Scholes option valuation model, and the valuation inputs are as below:

	Treasury shares transferred to employees
Number of shares	259 thousand shares
Transfer restriction period	Unrestricted
Share price at grant date	NT\$249.5
Exercise price	NT\$34.05
Expected volatility	43.17%
Lifetime	22 days
Risk-free interest rate	0.52%

The cost of compensation recognized for the nine months ended September 30, 2022 amounted to NT\$55,789 thousand.

### 33. **Business Combination**

#### a. Acquisition of subsidiaries

January 1 to September 30, 2022

	Primary business	Date of acquisition	Percentage of ownership interests with voting rights acquired (%)	Transfer consideration
Fu Rui Sheng and its subsidiary, Bor Sheng	Investment and management consulting business	July 29, 2022	54.94%	<u>\$ 96,551</u>
Suting Precision Industry Co., Ltd.	Manufacturing and wholesale of molds and manufacturing of machinery equipment	July 29, 2022	69.15%	<u>\$ 23,860</u>
Hengyang Green Energy Co., Ltd.	Piping works and electrical installations	September 1, 2022	45%	<u>\$ 54,000</u>

The Group acquired Fu Rui Sheng, Suting, and Hengyang for the year ended December 31, 2022 to further expand the operations of the Group.

b. Transfer consideration

	<u>Fu Rui Sheng</u>
Cash	<u>\$ 96,551</u>
	<u>Suting</u>
Cash	<u>\$ 23,860</u>
	<u>Hengyang</u>
Cash	<u>\$ 54,000</u>

c. Assets acquired and liabilities assumed on the acquisition date  
January 1 to September 30, 2022

	<u>Fu Rui Sheng and its subsidiary, Bor Sheng</u>
Current assets	
Cash and cash equivalents	\$ 22,663
Financial assets mandatorily classified as at fair value through profit or loss - current	2,329
Financial assets at amortized cost - current	8,916
Notes receivable	2,695
Accounts receivable and other receivables	87,376
Inventories	65,770
Other current assets	1,476
Non-current assets	
Property, plant and equipment	3,710
Deposits received	470
Right-of-use assets	18,638
Current liabilities	
Bank loans	( 18,519)
Accounts payable and other payables	( 39,905)
Notes payable	( 21,224)
Other current liabilities	( 11,433)
Non-current liabilities	
Other non-current liabilities	( 16,935)
	<u>\$ 106,027</u>



	<u>Suting</u>
Current assets	
Cash and cash equivalents	\$ 8,994
Financial assets mandatorily classified as at fair value through profit or loss - current	1,500
Notes receivable	5,853
Accounts receivable and other receivables	60,675
Inventories	19,711
Prepayments	4,349
Other current assets	200
Non-current assets	
Property, plant and equipment	37,122
Other intangible assets	402
Right-of-use assets	27,194
Investment property	143,398
Deferred tax assets	6,045
Refundable deposits	2,052
Other non-current assets	4
Current liabilities	
Notes payable	( 27,355)
Bank loans	( 28,103)
Accounts payable and other payables	( 68,132)
Other current liabilities	( 10,601)
Non-current liabilities	
Long-term borrowings	( 107,269)
Other non-current liabilities	( 19,255)
	<u>\$ 56,784</u>
	<u>Hengyang</u>
Current assets	
Cash and cash equivalents	\$ 119,090
Prepayments	97
Non-current assets	
Property, plant and equipment	12,008
Current liabilities	
Other payables	( 11,115)
	<u>\$ 120,080</u>

If the measurement of identifiable assets acquired and liabilities assumed from business combination has not been completed, the balance sheet date shall be recognized with the provisional amounts. During the measurement period, retroactive adjustments shall be made or additional assets or liabilities shall be recognized to reflect new information about the facts and situations existing on the acquisition date.

d. Goodwill or gains on bargain purchase arising from acquisition

January 1 to September 30, 2022

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

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

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

e. Net cash outflow from acquisition of subsidiaries

January 1 to September 30, 2022

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

### 34. Disposal of Subsidiaries

The Group signed agreements with Jiaxing Fengmiao Trading Co., Ltd. and Suzhou Chengfeng Trading Co., Ltd. to transfer its 100% equity in Wu Jiang Start-up. With the

equity transfer completed on April 25, 2022, the Group lost control over Wu Jiang Start-up thereafter.

a. Consideration received

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

b. Analysis of assets and liabilities out of 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)
Deposits received	( <u>469</u> )
Net assets disposed of	<u>\$ 156,209</u>

c. Gain on disposal of subsidiaries

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

d. Net cash inflow from disposal of subsidiaries

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

### 35. Equity transactions with non-controlling interests

The Group did not acquire equity stakes in the cash capital increase of its subsidiary Gudeng Inc. (USA) in proportion to its shareholding ratio on September 30, 2023, resulting in a decrease in its shareholding ratio from 100% to 55%.

As this transaction for the year ended December 31, 2023 did not change the Company's control of the subsidiary, it was treated as an equity transaction.

	<u>September 30, 2023</u> <u>Gudeng Inc. (USA)</u>
Cash consideration paid	\$ -
Non-controlling interests of the subsidiary's net asset carrying amount to be transferred out calculated at changes in relative equity	( <u>16,658</u> )
Difference in equity transactions	( <u>\$ 16,658</u> )
<u>Adjusted accounts for difference in equity transactions</u>	
Unappropriated earnings	( <u>\$ 16,658</u> )

In June 2023, the Group acquired 0.50% equity in Bor Sheng, resulting in an increase in its shareholding ratio from 93% to 93.50%, and disposed of its 3.37% equity in Gudeng Equipment, resulting in a decrease in its shareholding ratio from 50.10% to 46.73%.

	<u>(June 30, 2023)</u> <u>Bor Sheng</u>	<u>(June 16, 2023)</u> <u>Gudeng Equipment</u>
Cash consideration received (paid)	( \$ 450 )	\$ 113,538
Non-controlling interests of the subsidiary's net asset carrying amount to be transferred in calculated at changes in relative equity	<u>389</u>	( <u>21,474</u> )
Difference in equity transactions	( <u>\$ 61</u> )	<u>\$ 92,064</u>
<u>Adjusted accounts for difference in equity transactions</u>		
Capital surplus - difference between equity value and book value of actual acquisition/disposal of subsidiaries	( <u>\$ 61</u> )	<u>\$ 92,064</u>

On December 28 and November 30, 2022, the Group did not acquire equity stakes of Gudeng Equipment in proportion to its shareholding ratio, resulting in a decrease in its shareholding ratio from 50.93% to 50.10%.

As these transactions for the year ended December 31, 2022 did not change the Company's control of the subsidiary, they were treated as equity transactions.

	(December 28, 2022) <u>Gudeng Equipment</u>	(November 30, 2022) <u>Gudeng Equipment</u>
Cash consideration paid	(\$ 3,213)	(\$ 60,501)
Non-controlling interests of the subsidiary's net asset carrying amount to be transferred out calculated at changes in relative equity	<u>2,893</u>	<u>60,024</u>
Difference in equity transactions	( <u>\$ 320</u> )	( <u>\$ 477</u> )
<u>Adjusted accounts for difference in equity transactions</u>		
Unappropriated earnings	( <u>\$ 320</u> )	( <u>\$ 477</u> )

On November 25, 2022, the Company did not acquire equity stakes of We Solutions in proportion to its shareholding ratio, resulting in a decrease in its shareholding ratio from 100% to 83.33%.

As this transaction for the year ended December 31, 2022 did not change the Company's control of the subsidiary, it was treated as an equity transaction.

	(November 25, 2022) <u>We Solutions</u>
Cash consideration paid	\$ -
Non-controlling interests of the subsidiary's net asset carrying amount to be transferred out calculated at changes in relative equity	( <u>797</u> )
Difference in equity transactions	( <u>\$ 797</u> )
<u>Adjusted accounts for difference in equity transactions</u>	
Unappropriated earnings	( <u>\$ 797</u> )

On September 29, 2022, the Group did not acquired equity stakes of Suting in proportion to its shareholding ratio, resulting in an increase in its shareholding ratio from 69.15% to 70.43%.

As this transaction did not change the Group's control of the subsidiary, it was treated as an equity transaction.

	(September 29, 2022)
	<u>Suting</u>
Cash consideration paid	( \$ 21,000 )
Debt-to-equity swaps	( 11,505 )
Non-controlling interests of the subsidiary's net asset carrying amount to be transferred out calculated at changes in relative equity	<u>32,337</u>
Difference in equity transactions	( \$ <u>168</u> )
<u>Adjusted accounts for difference in equity transactions</u>	
Unappropriated earnings	( \$ <u>493</u> )
Capital surplus - changes in ownership interests in subsidiaries recognized	<u>\$ 325</u>

### 36. **Capital Risk Management**

As the Group is currently in stable operation, the goal of capital risk management is to optimize the balances of debt and equity and maximize the return on equity to shareholders on the premise of sustainable operation and growth.

The Group adopts a prudent risk management strategy which is reviewed on a regular basis, with comprehensive planning conducted in accordance with its business development tactics and operational needs, so as to identify the appropriate capital structure of the Group.

### 37. **Financial instruments**

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

The management of the Group considers the carrying amounts of financial assets and financial liabilities not measured at fair value are considered to be close to their fair values.

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

##### 1) Fair Value Hierarchy

##### September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Domestic publicly traded shares	<u>\$ 177,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,063</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 229,383	\$ 394,398	\$ -	\$ 623,781
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>69,201</u>	<u>69,201</u>
Total	<u>\$ 229,383</u>	<u>\$ 394,398</u>	<u>\$ 69,201</u>	<u>\$ 692,982</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ -	\$ 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>

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u> <u>through profit or loss</u>				
Derivatives	\$ -	\$ 9,846	\$ -	\$ 9,846
Domestic publicly traded shares	80,176	-	-	80,176
Structured deposits	<u>-</u>	<u>22,365</u>	<u>-</u>	<u>22,365</u>
Total	<u>\$ 80,176</u>	<u>\$ 32,211</u>	<u>\$ -</u>	<u>\$ 112,387</u>
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 79,491	\$ 244,962	\$ -	\$ 324,453
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>84,295</u>	<u>84,295</u>
Total	<u>\$ 79,491</u>	<u>\$ 244,962</u>	<u>\$ 84,295</u>	<u>\$ 408,748</u>
<u>Financial liabilities at fair value</u> <u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>

No transfers between Level 1 and Level 2 fair value measurements occurred for the nine months ended September 30, 2023 and 2022.

2) Valuation techniques and inputs for Level 2 fair value measurement

<u>Financial Instruments Category</u>	<u>Valuation Techniques and Inputs</u>
Structured deposits	Discounted cash flow analysis: future cash flows are estimated based on observable interest rates at end of period and discounted at market rates.
Derivatives - forward foreign exchange contracts	Discounted cash flow analysis: future cash flows are estimated based on the observable forward exchange rate and the exchange rate specified in the contract, and discounted separately at the discount rate that reflects the credit risk of each counterparty.
Derivatives - call option on convertible bonds	The binary tree method is adopted to measure the fair value of convertible bonds, with stock price volatility used as significant unobservable inputs. The fair value of these derivatives will increase when stock price volatility increases.
Domestic publicly-traded securities	Private equity investments of the Group are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the Group determines the fair value of such financial commodities based on relevant market prices.

3) Reconciliation of financial instruments measured at Level 3 fair value

January 1 to September 30, 2023

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

January 1 to September 30, 2022

<u>Financial assets</u>	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Beginning Balance	\$ 65,273
Recognized in other comprehensive income	19,022
Addition	33,970
Transferred out of Level 3	( 33,970 )
Ending Balance	\$ 84,295



4) Valuation techniques and inputs for Level 3 fair value measurement

The reasonable fair value of no-quote stocks is measured and determined using the market method based on price-to-earnings ratio and price-book ratio.

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 177,063	\$ 142,562	\$ 112,387
Financial assets at amortized cost (Note 1)	4,868,133	3,718,341	2,943,779
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	692,982	403,475	408,748
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	-	1,447	2,000
Measured at amortized cost (Note 2)	6,536,139	5,800,804	4,930,025

Note 1: The balance refers to financial assets at amortized cost, including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), 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, notes payable (including related parties), accounts payable (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. The objectives and policies of financial risk management

The primary financial instruments of the Group include investments in equity instruments, trade receivables, trade payables, bonds payable, and borrowings. These financial instruments are subject to financial risks (including the exchange rate risk, interest rate risk, and other price risk), credit risk, and liquidity risk in relation to operations.

## 1) Market risks

The Group's business 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).

No changes occurred in the Group's exposure to market risks of financial instruments and its management and measurement of these risk exposures.

### i. Exchange rate risk

Several subsidiaries of the Company engage in sales and purchases denominated in foreign currency, which expose the Group to the exchange rate risk. The Group manages its exposure to exchange rate risk by using forward foreign exchange contracts and options for risk management within the scope of its policy.

Please refer to Note 41 for the carrying amounts of monetary assets and monetary liabilities of the Group denominated in non-functional currency at the balance sheet date (including the written-off monetary items denominated in a non-functional currency in the consolidated financial statements).

### Sensitivity analysis

The Group is mostly affected by the fluctuations in the exchange rates of USD and JPY.

The following table details the sensitivity analysis conducted by the Group when the exchange rate of TWD (the functional currency) to each relevant foreign currency increases or decreases by 1%. The sensitivity rate of 1% is used when reporting exchange rate risk internally to the key management personnel and also represents the management's assessment of the reasonably possible change in foreign exchange rates.

	Impact of USD			Impact of JPY			Impact of CNY		
	January 1 to September 30, 2023	January 1 to September 30, 2022		January 1 to September 30, 2023	January 1 to September 30, 2022		January 1 to September 30, 2023	January 1 to September 30, 2022	
Gains and losses	\$11,396	\$ 7,455	(i)	\$ 498	\$ 432	(ii)	( \$ 2 )	( \$ 142 )	(iii)

- (a) It is mainly derived from the Group's USD-denominated bank deposits, receivables, and payables outstanding without cash flow hedges at the balance sheet date.

- (b) It is mainly derived from the Group's JPY-denominated receivables and payables outstanding without cash flow hedges at the balance sheet date.
- (c) It is mainly derived from the Group's CNY-denominated bank deposits, receivables, and payables outstanding without cash flow hedges at the balance sheet date.

ii. Interest rate risk

As the intra-group entities have both fixed- and floating-rate borrowings, the Group has been exposed to interest rate risk.

The carrying amounts of the Group's financial assets and financial liabilities exposed to interest rate risk at the balance sheet date are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
— Financial assets	\$ 32,000	\$ 20,000	\$ 120,000
— Financial liabilities	95,452	1,017,083	1,036,342
Cash flow interest rate risk			
— Financial assets	3,504,741	2,581,854	1,927,551
— Financial liabilities	5,416,135	3,354,726	2,836,605

Sensitivity analysis

This sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. The floating rate liabilities is analyzed on the assumption that the amount of liabilities outstanding at the balance sheet date continues to be outstanding during the reporting period. The rate of change used when reporting interest rates internally to the key management personnel of the Group is the 25% increase or decrease in interest rates, which also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/ decreased by 25% and all other variables were held constant, the Group's net income before tax for the nine months ended September 30, 2023 and 2022 would have decreased/ increased by NT\$3,584 thousand and NT\$1,704 thousand, respectively.

iii. Other price risk

The Group has equity price exposure arising from the investments in equity securities, and the management of the Group manages the risk by holding different risk investment portfolios.

### Sensitivity analysis

The sensitivity analysis below was conducted based on the exposure to equity price risk at the balance sheet date.

If the monetary fund price increased/ decreased by 10%, the income before tax for the nine months ended September 30, 2023 and 2022 would increase/ decrease by NT\$17,706 thousand and NT\$8,018 thousand, respectively, due to an increase/ decrease in the fair value of financial assets at fair value through profit or loss. The other comprehensive income before tax for the nine months ended September 30, 2023 and 2022 would increase/ decrease by \$69,298 thousand and \$40,875 thousand, respectively, due to an increase/ decrease in fair value of financial assets at fair value through other comprehensive income.

The sensitivity of the Group to price risk during the period has increased mainly due to its participation in the private subscription of TWSE/TPEX shares.

#### 2) Credit risk

Credit risk refers to the risk of financial loss facing the Group due to the counterparty's default of contractual obligations. As of the balance sheet date, the Group's maximum credit risk exposure that may incur financial loss due to the counterparty's failure to perform obligations and the Group's offering of financial guarantees mainly comes from:

- i. The carrying amounts of financial assets recognized in the Consolidated Balance Sheets.
- ii. The amount of contingent liabilities generated from the Group's offering of financial guarantees.

The policy adopted by the Group is to trade only with well-reputed counterparties and to obtain sufficient collateral when necessary, so as to reduce the risk of financial loss due to defaults. To mitigate the credit risk, the management of the Group has designated a dedicated team for determination of credit lines, credit approvals, and other monitoring procedures, so as to ensure that appropriate action is taken to collect overdue receivables. In addition, the Group will review the recoverable amount of each receivable on the balance sheet date to ensure appropriate allowance for impairment loss on the unrecoverable receivables.

Accordingly, the management of the Company believes that the Group's credit risk has been significantly reduced. The credit risk is thus limited.

The Group's credit risks are concentrated on its prime client, and the ratio of total trade receivables from this client as of September 30, 2023, December 31, 2022 and September 30, 2022 were 24%, 25% and 23%, respectively.

### 3) Liquidity risk

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

The bank loans are an important source of liquidity for the Group. Please refer to (2) Financing lines below for information on the unused short-term financing lines of the Group as of September 30, 2023, December 31, 2022, and September 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 Group may be required to repay. Accordingly, bank loans that the Group may be required to repay immediately are listed in the earliest time band in the table below regardless of the probability of the banks choosing to exercise their rights immediately. The maturity analysis of other non-derivative financial liabilities is made based on the agreed-upon repayment dates.

#### September 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	\$ 291	\$ -	\$ -	\$ -	\$ -	\$ 291
Trade payables	569,283	-	-	-	-	569,283
Other payables	541,907	-	-	-	-	541,907
Lease liabilities	34,863	36,027	18,370	22,151	985	112,396
Deposits received	-	8,523	-	-	-	8,523
Other current liabilities	12,919	-	-	-	-	12,919
Borrowings	<u>1,238,096</u>	<u>713,959</u>	<u>423,845</u>	<u>3,040,235</u>	<u>-</u>	<u>5,416,135</u>
	<u>\$ 2,397,359</u>	<u>\$ 758,509</u>	<u>\$ 442,215</u>	<u>\$ 3,062,386</u>	<u>\$ 985</u>	<u>\$ 6,661,454</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>\$ 34,863</u>	<u>\$ 36,027</u>	<u>\$ 18,370</u>	<u>\$ 22,151</u>	<u>\$ 985</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
Deposits received	-	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 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>

### September 30, 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	\$ 18,483	\$ -	\$ -	\$ -	\$ -	\$ 18,483
Trade payables	538,726	-	-	-	-	538,726
Other payables	575,650	-	-	-	-	575,650
Lease liabilities	31,241	24,328	16,731	10,920	5,875	89,095
Deposits received	-	8,570	-	-	-	8,570
Other current liabilities	13,541	-	-	-	-	13,541
Borrowings	179,859	247,184	168,905	2,240,657	-	2,836,605
Convertible bonds	-	-	1,000,000	-	-	1,000,000
	<u>\$1,357,500</u>	<u>\$ 280,082</u>	<u>\$1,185,636</u>	<u>\$2,251,577</u>	<u>\$ 5,875</u>	<u>\$5,080,670</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>\$ 31,241</u>	<u>\$ 24,328</u>	<u>\$ 16,731</u>	<u>\$ 10,920</u>	<u>\$ 5,875</u>

ii. Financing line

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loan facilities (extendable by mutual agreement)			
Amount drawn	\$ 1,760,904	\$ 650,223	\$ 421,015
Amount undrawn	<u>1,169,230</u>	<u>961,000</u>	<u>978,220</u>
	<u>\$ 2,930,134</u>	<u>\$ 1,611,223</u>	<u>\$ 1,399,235</u>
Secured bank loan facilities (extendable by mutual agreement)			
Amount drawn	\$ 3,649,595	\$ 2,701,620	\$ 2,413,847
Amount undrawn	<u>657,180</u>	<u>1,209,260</u>	<u>1,422,500</u>
	<u>\$ 4,306,775</u>	<u>\$ 3,910,880</u>	<u>\$ 3,836,347</u>

**38. Related Party Transaction**

Transactions, balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated in full upon consolidation and therefore are not disclosed in this note. Except for those disclosed in other notes, the transactions between the Group and other related parties are as follows:

a. Names of related parties and their relationship with the Group

Name of related party	Relationship with the Group
Jin Peng Investment Co., Ltd. (hereinafter “Jin Peng”)	Substantive related party
Sheng Jie Investment Co., Ltd. (hereinafter “Sheng Jie”)	Substantive related party
Yun Sheng Investment Co., Ltd. (hereinafter “Yun Sheng”)	Substantive related party
Onore King Taiwan International Marketing Co., Ltd. (hereinafter “Onore King”)	Substantive related party
Ting Shan Enterprise Co., Ltd. (hereinafter “Ting Shan”)	Substantive related party
Shuo Great Co., Ltd. (hereinafter “Shuo Great”)	Substantive related party
Laien Parts Technology Co., Ltd. (hereinafter “Laien Parts”)	Substantive related party
Sun Bright Energy Technology Co., Ltd. (hereinafter “Sun Bright”)	Substantive related party
Symtek Automation Asia Co., Ltd. (hereinafter “Symtek”)	Substantive related party
Jin Hui Technology Co., Ltd. (hereinafter “Jin Hui”)	Associate
YAHOO System Technology Co., Ltd. (hereinafter “YAHOO”)	Associate

b. Operating revenue

Account item	Type of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Sales revenue	Substantive related party	<u>\$ 2,141</u>	<u>\$ -</u>	<u>\$ 2,141</u>	<u>\$ -</u>

c. Purchases

Account item	Type of related party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Cost of goods sold (including processing fee)	Substantive related party	\$ 10,838	\$ -	\$ 10,838	\$ -
	Associate	<u>34,302</u>	<u>5,481</u>	<u>46,367</u>	<u>35,891</u>
		<u>\$ 45,140</u>	<u>\$ 5,481</u>	<u>\$ 57,205</u>	<u>\$ 35,891</u>

d. Contract liabilities

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Sun Bright	<u>\$ 31,718</u>	<u>\$ -</u>	<u>\$ -</u>

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

Account item	Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable - related parties	Ting Shan	\$ 695	\$ -	\$ 28
	Shuo Great	<u>77</u>	<u>615</u>	<u>900</u>
		<u>\$ 772</u>	<u>\$ 615</u>	<u>\$ 928</u>

Account item	Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables - related parties	Ting Shan	\$ -	\$ 221	\$ 273
	Shuo Great	<u>31</u>	<u>54</u>	<u>162</u>
		<u>\$ 31</u>	<u>\$ 275</u>	<u>\$ 435</u>
Other receivables - related parties	Ting Shan	\$ -	\$ -	\$ 125
	Jin Peng	-	7	-
	Onore King	-	2	-
	Jin Hui	14	-	10
	Symtek	<u>983</u>	<u>-</u>	<u>-</u>
		<u>\$ 997</u>	<u>\$ 9</u>	<u>\$ 135</u>

No guarantees have 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 September 30, 2023 and 2022.



f. Payables to related party (excluding loans from related parties)

Account item	Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable - related parties	Shuo Great	\$ -	\$ 100	\$ 44
Trade payables - related parties	Jin Hui	\$ 20,002	\$ 13,616	\$ 16,776
	Laien Parts	7,873	-	-
		\$ 27,875	\$ 13,616	\$ 16,776
Other payables - related parties	Laien Parts	\$ 10	\$ -	\$ -
	YAH0	4,252	-	-
		\$ 4,262	\$ -	\$ -

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

g. Prepayments

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
YAH0	\$ 1,811	\$ -	\$ -

h. Acquisition of property, plant and equipment

Type/Name of Related Party	Proceeds from acquisition	
	January 1 to September 30, 2023	January 1 to September 30, 2022
Laien Parts	\$136,000	\$ -

i. Disposal of property, plant and equipment

Type/Name of Related Party	Proceeds from disposal		Gain (loss) on disposal	
	July 1 to September 30, 2023	July 1 to September 30, 2022	July 1 to September 30, 2023	July 1 to September 30, 2022
Shuo Great	\$ 31	\$ -	( \$ 1,386 )	\$ -

j. Lease agreements for lessee

Lease expenses

Lessor	Leased object	Lease contents	Lease expenses			
			July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Substantive related party	Staff dormitory	Monthly rent of NT\$105 thousand, payable monthly	\$ 377	\$ 368	\$ 1,218	\$ 1,065
Substantive related party	Warehouse	Monthly rent of NT\$150 thousand, payable monthly	\$ 450	\$ 450	\$ 1,350	\$ 900

k. Lease agreements for lessor

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

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Substantive related party	\$ <u>12</u>	\$ <u>-</u>	\$ <u>10</u>

2. The total amount of lease payments receivable in the future is summarized as follows:

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Substantive related party	\$ <u>36</u>	\$ <u>36</u>	\$ <u>10</u>

3. Guarantee deposits received are summarized as follows:

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Substantive related party	\$ <u>6</u>	\$ <u>6</u>	\$ <u>6</u>

4. The rental income is summarized as follows:

<u>Lessee</u>	<u>Leased object</u>	<u>Lease contents</u>	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Substantive related party	Office	Monthly rent of NT\$1,000, payable monthly	\$ <u>12</u>	\$ <u>12</u>	\$ <u>36</u>	\$ <u>38</u>

1. Other related party transactions

<u>Account item</u>	<u>Name of related party</u>	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Other income	Substantive related party	\$ 13	\$ 22	\$ 66	\$ 95
	Associate	87	-	87	-
		\$ <u>100</u>	\$ <u>22</u>	\$ <u>153</u>	\$ <u>95</u>

- m. Remuneration of the key management personnel

	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Short-term employee benefits	\$ <u>14,725</u>	\$ <u>9,552</u>	\$ <u>60,444</u>	\$ <u>59,192</u>

The remuneration of directors and other members of the key management is 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged time deposits (under financial assets at amortized cost - current)	\$ 179,000	\$ 126,500	\$ 5,000
Pledged deposits (under financial assets at amortized cost - non-current)	2,553	2,546	2,542
Self-owned land	2,524,812	2,383,780	1,069,188
Buildings, net	558,524	487,262	481,854
Investment property	<u>656,099</u>	<u>780,755</u>	<u>1,936,707</u>
	<u>\$ 3,920,988</u>	<u>\$ 3,780,843</u>	<u>\$ 3,495,291</u>

### 40. **Significant Contingent Liabilities and Unrecognized Contractual Commitments/Significant Events after the Balance Sheet Date**

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

#### a. Significant Commitments

- 1) As of September 30, 2023, guarantee notes issued by the Group for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$617,900 thousand.
- 2) The Group has contracted with various manufacturers to purchase equipment. The total contract price is NT\$4,887,404 thousand. As of September 30, 2023, it has paid NT\$589,822 thousand (prepayments for business facilities and unfinished projects), and the remaining NT\$4,297,582 thousand has not been paid.

#### b. Contingencies

The patent of Republic of China No. I238804 owned by the Company was infringed upon by Entegris Inc. (hereinafter referred to as Entegris) and seven others due to unauthorization, resulting in damages to the Company. The Company has filed a lawsuit for damage compensation with the Intellectual Property and Commercial Court, seeking NT\$100 million in damages jointly from the aforementioned individuals. The Court, however, held that the request was unjustified. The Company has appealed against this decision, and it is currently under review.

Entegris 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 Court examined and ruled that there was no infringement of patent rights, and the Company has appealed against this decision. The present case is currently under review at the Intellectual Property Court of the Intellectual Property and Commercial Court.

Entegris has filed a lawsuit for damage compensation with the Intellectual Property Court of the Intellectual Property and Commercial Court and alleged that the Company infringed upon its patents of Republic of China No. I606534 and I515159, seeking NT\$30 million in damages from the Company. The Company received the completed copy of the complaint on September 12, 2023, and the case is currently undergoing the first-instance proceedings at the Intellectual Property Court.

The above legal cases have not yet been certain and, upon evaluation in terms of finance and business sales function, will not have a significant impact on the Company's operations.

c. Significant Events after the Balance Sheet Date

The fourth unsecured convertible bonds of the Group was approved by the Board of Directors and authorized for issue on August 30, 2023, with a total issue amount of NT\$1 billion. The full payment has been received on October 16, 2023. Additionally, a capital increase in cash was authorized and about to issue 5,800 thousand ordinary shares at a par value of NT\$10 per share, totaling an increased share capital of NT\$58,000 thousand. The reference date for capital increase is October 24, 2023. The above issuance of corporate bonds and cash capital increase has been approved and declared effective by the Securities and Futures Bureau, FSC on September 25, 2023.

**41. Information on Foreign Currency Assets and Liabilities with Material Impacts**

The following information is summarized and expressed in foreign currency other than the functional currency of each entity of the Group, and the disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currency. Foreign currency assets and liabilities with material impacts are as follows:

September 30, 2023

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary item</u>				
USD	\$ 44,364	32.27	(USD: TWD)	\$ 1,431,626
JPY	230,710	0.216	(JPY: TWD)	49,833
CNY	2,372	4.42	(CNY: TWD)	10,484
				<u>\$1,491,943</u>
<u>Foreign currency liabilities</u>				
<u>Monetary item</u>				
USD	9,048	32.27	(USD: TWD)	\$ 291,979
CNY	2,428	4.42	(CNY: TWD)	10,732
				<u>\$ 302,711</u>

December 31, 2022

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

September 30, 2022

	Foreign currency	Exchange rate		Carrying amount
Foreign currency assets				
<u>Monetary item</u>				
USD	\$ 29,770	31.75	(USD: TWD)	\$ 945,198
JPY	251,156	0.2201	(JPY: TWD)	55,279
CNY	58	4.473	(CNY: TWD)	<u>259</u>
				<u>\$ 1,000,736</u>
Foreign currency liabilities				
<u>Monetary item</u>				
USD	6,290	31.75	(USD: TWD)	\$ 199,708
JPY	54,737	0.2201	(JPY: TWD)	12,048
CNY	3,230	4.473	(CNY: TWD)	<u>14,448</u>
				<u>\$ 226,204</u>

The net foreign exchange gain or loss (realized and unrealized) of the Group for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021 were a gain of NT\$62,448 thousand, a gain of NT\$45,282 thousand, a gain of NT\$79,878 thousand and a gain of NT\$74,255 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. Information on investees:

No.	Item	Description
1	Loans of funds to others.	Table I
2	Endorsements/guarantees for others.	Table II
3	Marketable securities held at the end of the period. (excluding investment in subsidiaries, associates, and joint ventures)	Table III
4	Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more.	Table IV
5	Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more.	None
6	Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more.	None
7	Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more.	Table V
8	Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more.	None
9	Engaged in derivative products transactions.	Note 7
10	Others: the business relationships and material transactions and amounts between the parent and subsidiaries and between subsidiaries.	Table VI
11	Information on investee companies	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 investments limit in mainland China.	Table VIII

(Continued on the next page)

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2	Material transactions with investees in mainland China, either directly or indirectly through a third region, and their prices, payment terms, and unrealized gains or losses are as follows:	
	(1) The purchase amount and percentage, ending balance, and percentage of payables.	Table IX
	(2) The 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 of negotiable instrument endorsements or guarantees or pledges of collateral and the purposes.	Table II
	(5) The maximum balance, ending balance, Interest rate interval, and total current interest with respect to financing of funds.	Table I
	(6) Other transactions that have a material impact on the current profit or loss or financial situations, such as the provision or acceptance of services.	Table IX

- d. Information of major shareholder: names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held. (Table X)

#### 43. Segment Information

The information provided for the main operating decision maker for segmental resource allocation and performance assessment focuses on the categories of products in each delivery or provision. The Group has reportable segments as follows:

Semiconductor products - manufacturers  
Automobiles - direct sales and maintenance  
Others

- a. Segment revenue and operating results

The revenue and operating results of the Group are analyzed according to reportable segments as follows:

	January 1 to September 30, 2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Revenue					
Revenue from external clients	\$ 2,353,521	\$ 1,016,063	\$ 386,417	\$ -	\$ 3,756,001
Intersegment revenue	320,358	2,624	147,999	( 470,981)	-
Interest income	15,163	5,524	3,690	( 1,000)	23,377
Total revenue	<u>\$ 2,689,042</u>	<u>\$ 1,024,211</u>	<u>\$ 538,106</u>	<u>( \$ 471,981)</u>	<u>\$ 3,779,378</u>
Interest Expense	<u>\$ 60,323</u>	<u>\$ 559</u>	<u>\$ 4,482</u>	<u>( \$ 1,209)</u>	<u>\$ 64,155</u>
Depreciation and amortization	<u>\$ 205,724</u>	<u>\$ 13,768</u>	<u>\$ 23,503</u>	<u>( \$ 2,652)</u>	<u>\$ 240,343</u>
Segment profit (loss)	<u>\$ 693,850</u>	<u>\$ 225,856</u>	<u>\$ 84,278</u>	<u>( \$ 240,529)</u>	<u>\$ 763,455</u>

	January 1 to September 30, 2022					
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Automobile trading	Others	Reconciliation and elimination	Total
<b>Revenue</b>						
Revenue from external clients	\$ 2,343,564	\$ 669,851	\$ 89,490	\$ 57,642	\$ -	\$ 3,160,547
Intersegment revenue	303,591	1,500	-	59,214	( 364,305 )	-
Interest income	516	152	44	517	-	1,229
Total revenue	<u>\$ 2,647,671</u>	<u>\$ 671,503</u>	<u>\$ 89,534</u>	<u>\$ 117,373</u>	<u>( \$ 364,305 )</u>	<u>\$ 3,161,776</u>
Interest Expense	<u>\$ 36,466</u>	<u>\$ 95</u>	<u>\$ 35</u>	<u>\$ 930</u>	<u>( \$ 32 )</u>	<u>\$ 37,494</u>
Depreciation and amortization	<u>\$ 164,574</u>	<u>\$ 11,433</u>	<u>\$ 1,728</u>	<u>\$ 12,090</u>	<u>( \$ 3,088 )</u>	<u>\$ 186,737</u>
Segment profit (loss)	<u>\$ 781,733</u>	<u>\$ 135,985</u>	<u>( \$ 3,989 )</u>	<u>\$ 76,912</u>	<u>( \$ 215,663 )</u>	<u>\$ 774,978</u>

b. Segment assets and liabilities

	September 30, 2023				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 13,193,860</u>	<u>\$ 1,887,941</u>	<u>\$ 3,054,365</u>	<u>( \$ 3,178,311 )</u>	<u>\$ 14,957,855</u>
Segment liabilities	<u>\$ 6,369,606</u>	<u>\$ 1,166,544</u>	<u>\$ 471,221</u>	<u>( \$ 313,511 )</u>	<u>\$ 7,693,860</u>

	September 30, 2022				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Reconciliation and elimination	Total
Segment assets	<u>\$ 9,789,324</u>	<u>\$ 1,437,178</u>	<u>\$ 1,957,189</u>	<u>( \$ 1,977,021 )</u>	<u>\$ 11,206,670</u>
Segment liabilities	<u>\$ 4,563,556</u>	<u>\$ 1,088,076</u>	<u>\$ 459,893</u>	<u>( \$ 190,330 )</u>	<u>\$ 5,921,195</u>

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

- 1) All assets, except for associates accounted for using the equity method, other financial assets, and current and deferred income tax assets, are allocated to reportable segments. Goodwill has been allocated to reportable segments. Assets jointly used by reportable segments are allocated based on the respective revenue earned by each reportable segment.
- 2) Additionally, all liabilities, except for borrowings, other financial liabilities, and current and deferred income tax liabilities, are allocated to reportable segments. Liabilities jointly assumed by reportable segments are allocated in proportion to segment assets.



Table I

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

Loans of funds to others.

From January 1 to September 30, 2023

Unit: in thousands of TWD or foreign currency, unless specified otherwise

No. (Note 1)	Financing Company	Counterparty	Transaction Item	Related Party	Maximum Balance for the Period	Ending Balance	Amount actually drawn	Interest Rate Interval	Nature of the Financing (Note 2)	Business Interaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrower (Note 3)	Total Financing Limit (Note 3)	Remark
													Name	Value			
0	Gudeng Precision Industrial Co., Ltd.	We Solutions Technology Co., Ltd.	Other receivables - related parties	Y	\$ 30,000	\$ 30,000	\$ -	3%	2	\$ -	Operating capital	\$ -	Promissory note	\$ 30,000	\$ 2,589,754	\$ 2,589,754	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Investment Co., Ltd.	Other receivables - related parties	Y	30,000	-	-	3%	2	-	Operating capital	-	None	-	2,589,754	2,589,754	
0	Gudeng Precision Industrial Co., Ltd.	Suting Precision Industry Co., Ltd.	Other receivables - related parties	Y	50,000	50,000	27,000	3%	2	-	Operating capital	-	Promissory note	50,000	2,589,754	2,589,754	
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	258,160 (USD 8,000)	258,160 (USD 8,000)	-	3%	2	-	Operating capital	-	Promissory note	258,160 (USD 8,000)	2,589,754	2,589,754	
0	Gudeng Precision Industrial Co., Ltd.	Jiurun Precision Technology Co., Ltd.	Other receivables	N	25,000	25,000	-	3%	2	-	Operating capital	-	None	-	2,589,754	2,589,754	
1	Shanghai Gudeng Trading Co., Ltd.	Suzhou Kunju Trading Co., Ltd.	Other receivables - related parties	Y	31,115 (RMB 7,000)	- (RMB -)	- (RMB -)	3%	2	-	Operating capital	-	None	- (RMB -)	2,589,754	2,589,754	
2	Suzhou Kunju Trading Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	31,115 (RMB 7,000)	- (RMB -)	- (RMB -)	3%	2	-	Operating capital	-	None	- (RMB -)	2,589,754	2,589,754	
3	Gudeng Investment Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivables - related parties	Y	30,000	-	-	3%	2	-	Operating capital	-	None	-	2,589,754	2,589,754	
3	Gudeng Investment Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivables - related parties	Y	20,000	20,000	-	3%	2	-	Operating capital	-	Promissory note	20,000	2,589,754	2,589,754	
4	We Solutions Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	Other receivables - related parties	Y	15,000	-	-	3%	2	-	Operating capital	-	None	-	139,948	139,948	
4	We Solutions Technology Co., Ltd.	Suting Precision Industry Co., Ltd.	Other receivables - related parties	Y	15,000	15,000	15,000	3%	2	-	Operating capital	-	Promissory note	15,000	139,948	139,948	
5	Gudeng Investment Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	258,160 (USD 8,000)	258,160 (USD 8,000)	94,450 (RMB 21,393)	3%	2	-	Operating capital	-	Promissory note	258,160 (USD 8,000)	2,589,754	2,589,754	

Note 1: The rule for filling in the No. column:

(1) The issuer is numbered 0.

(2) The investees are numbered in order starting from Arabic numeral 1 by company type.

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 for calculating financing limits and the amounts.

1. Financing limits for each borrowing company:

(1) The Company's financing limits for each borrowing company is limited to 40% of the Company's current net worth (as of September 30, 2023) in compliance with the Company's regulations on procedures for financing.

(2) The investee company's financing limits for each borrowing company is limited to 40% of the Company's current net worth (as of September 30, 2023) in compliance with the Company's regulations on 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 (as of September 30, 2023) in compliance with the Company's regulations on procedures for financing.

(2) The investee company's aggregate financing limits for external parties is limited to 40% of the Company's current net worth (as of September 30, 2023) in compliance with the Company's regulations on 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 CPAs. The investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the CPAs.

Note 4: The foreign companies whose voting rights are 100% held by the Company, either directly or indirectly, are not subject to the financing limits stated in Note 3.

Table II

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

Endorsements/Guarantees for others

From January 1 to September 30, 2023

Unit: in thousands of TWD or foreign currency, unless specified otherwise

No. (Note 1)	Endorsing company	Endorsed company		Limit on endorsement amount for each endorsee (Note 3)	Maximum balance of endorsement for the period	Ending balance of endorsement	Amount actually drawn	Amount of endorsement collateralized by property	Ratio of accumulated endorsement amount to net value in latest financial statements (%)	Maximum limit on endorsement (Note 3)	Endorsement given by the parent to subsidiaries	Endorsement given by subsidiaries to the parent	Endorsement given to investees in mainland China	Remark
		Name	Relationship (Note 2)											
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	(3)	\$ 1,294,877	\$ 789,065 RMB137,500 USD 5,640	\$ 789,065 RMB137,500 USD 5,640	\$ 474,613	\$ -	12.18	\$ 3,237,193	Y	N	Y	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Inc. (USA)	(3)	1,294,877	32,270 USD 1,000	32,270 USD 1,000	-	-	0.50	3,237,193	Y	N	N	
2	Suzhou Kunju Trading Co., Ltd.	Gudeng Investment Co., Ltd.	(3)	1,294,877	22,225 (RMB 5,000)	\$ -	-	-	-	3,237,193	N	N	N	

Note 1: The rule for filling in the No. column:

- (1) The issuer is numbered 0.
- (2) The investees are numbered in order starting from Arabic numeral 1 by company type.

Note 2: The relationships between the endorser and the endorsee are as follows:

- (1) The companies in business relationship with the Company.
- (2) The subsidiaries with more than 50% of the common stock directly held by the Company.
- (3) The investees with more than 50% of the common stock indirectly and collectively held by the parent and its subsidiaries.
- (4) A parent company that holds more than 50% of the Company's common stock, either directly or indirectly, through a subsidiary.

Note 3: The method for calculating the limits on endorsement and the amounts:

1. Limit on endorsement amount for each endorsee:
  - (1) The limit of the Company's endorsement for each endorsee is in accordance with the Company's endorsement operating procedures, and the limit shall not exceed 20% of the Company's current net value (as of September 30, 2023).
  - (2) The limit of the Company's endorsement for an overseas 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 (as of September 30, 2023).
2. Maximum limit on 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 (as of September 30, 2023).

Note 4: An inter-company endorsement for the companies that the Company directly or indirectly holds 100% of the voting shares is not subject to the endorsement limit described in Note 3

Table III

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

Marketable Securities Held at the End of the Period

As of September 30, 2023

Unit: in thousands of TWD, except the number of shares

Holding Company	Type and Name of the Securities (Note 1)	Relationship with the Issuer of Securities	Account Item	End of Period				Remark
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Gudeng Precision Industrial Co., Ltd.	Publicly-traded companies							
	Symtek Automation Asia Co., Ltd.	Yes	Financial assets at fair value through other comprehensive income - non-current	4,161,692	<u>\$ 394,398</u>	5.53	<u>\$ 394,398</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	\$ -	—
	Publicly-traded companies							
	Elan Microelectronics Corporation	None	"	20,000	2,670	0.01	2,670	—
	Taiwan Semiconductor Manufacturing Co. Ltd.	None	"	42,000	21,966	-	21,966	—
	Symtek Automation Asia Co., Ltd.	Yes	"	1,459,713	148,160	1.94	148,160	—
	Foxsemicon Integrated Technology Inc.	None	"	23,000	4,267	0.02	4,267	—
	Asia Neo Tech Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,979,000	<u>229,383</u>	9.23	<u>229,383</u>	—
					<u>\$ 406,446</u>		<u>\$ 406,446</u>	
	Non-publicly traded company							
	NanoClean Materials Co., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	500,000	\$ 1,465	10.00	\$ 1,465	—
	MontJade Engineering Co., Ltd.	None	"	1,340,000	16,669	6.09	16,669	—
	Jiurun Precision Technology Co., Ltd.	None	"	372,000	12,202	16.00	12,202	—
	Origin Precision Technology Co., Ltd.	None	"	590,000	5,918	19.67	5,918	—
	Certain Micro Application Technology Inc.	None	"	1,595,495	<u>32,947</u>	8.62	<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>	—
Fu Rui Sheng Industrial Co., Ltd.	Non-publicly traded company							
	Ting Shan Enterprise Co., Ltd.	None	Financial assets at fair value through profit or loss - current	357,950	<u>\$ -</u>	11.43	<u>\$ -</u>	—

Note 1: The marketable securities stated in this table is defined as shares, bonds, and beneficiary certificates in the scope of IFRS 9 “Financial Instruments,” and the marketable securities derived from the above-mentioned items.

Note 2: 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 Group 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

Aggregate Purchases or Sales of the Same Securities Reaching NT\$300 Million or 20% of Paid-in Capital or More.

From January 1 to September 30, 2023

Unit: in thousands of TWD, Unless Specified Otherwise

Trading Company	Type and Name of Securities	Account Item	Counterparty	Relationship	Beginning of Period		Purchases		Sales				Other Adjustment Items (Note)	End of Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Book Cost	Gain (Loss) on Disposal		Number of Shares	Amount
Gudeng Precision Industrial Co., Ltd.	Gudeng Aerospace Technologies Corporation	Investments accounted for using the equity method	Gudeng Aerospace Technologies Corporation	Subsidiary	-	\$ -	16,000,000	\$ 320,000	-	\$ -	\$ -	\$ -	( \$ 81 )	16,000,000	\$ 319,919

Note: Including the share of gains and losses of subsidiaries accounted for using the equity method.

Table V

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20 Percent of Paid-in capital or More.

From January 1 to September 30, 2023

Unit: in thousands of TWD, Unless Specified Otherwise

Buyer/Seller	Counterparty	Relationship	Transaction Status				Justification of Unusual Transaction Terms		Notes/Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Ratio to Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	Ratio to Total Notes/Accounts Receivable (Payable)	
Gudeng Precision Industrial Co., Ltd. "	Shanghai Gudeng Trading Co., Ltd. We Solutions Technology Co., Ltd.	Same affiliated company "	Sales	\$ 168,510	7	Net 120 days	-	-	\$ 88,676	9	
			Purchases	136,625	16	Net 35 days	-	-	( 29,167 )	( 7 )	

Note 1: If the transaction terms of related parties are different from general transaction terms, the situations and reasons for the differences shall be described in the Unit Price and Credit Period columns.

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

Note 3: The paid-in capital refers to 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**

Business Relationships and Material Transactions between the Parent and Subsidiaries and between Subsidiaries.

From January 1 to September 30, 2023

Unit: in thousands of TWD, Unless Specified Otherwise

No. (Note 1)	Trader	Counterparty	Relationship with the Trader (Note 2)	Transaction Status			
				Account Item	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	\$ 168,510	—	5
			1	Service fees	86,404	—	2
			1	Trade receivables - related parties	88,676	—	1
			1	Other payables - related parties	10,477	—	-
		Gudeng Equipment Co., LTD.	1	Sales	8,630	—	-
			1	Rental income	2,681	—	-
			1	Other income	1,919	—	-
			1	Trade receivables - related parties	3,085	—	-
			1	Prepayments for equipment	13,500	—	-
		We Solutions Technology Co., Ltd.	1	Purchases	136,625	—	4
			1	Trade payables - related parties	29,167	—	-
		Gudeng Inc. (USA)	1	Service fees	37,390	—	1
			1	Other payables - related parties	5,900	—	-
		Suting Precision Industry Co., Ltd.	1	Sales	6,329	—	-
			1	Purchases	23,082	—	1
			1	Trade receivables - related parties	5,637	—	-
			1	Other receivables - related parties	27,151	—	-
			1	Trade payables - related parties	6,701	—	-
1	Gudeng Equipment Co., LTD.	Shanghai Gudeng Trading Co., Ltd.	3	Advance from customers	11,313	—	-
2	Gudeng Investment	Shanghai Gudeng Trading Co., Ltd.	3	Other receivables - related parties	95,019	—	1
3	We Solutions Technology Co., Ltd.	Suting Precision Industry Co., Ltd.	3	Other receivables - related parties	15,227	—	-

Note 1: Information on business interaction between the parent and subsidiaries shall be noted in the No. column of, and the numbering rule is described as below:

1. The parent company is numbered 0.
2. Subsidiaries are numbered in order starting from Arabic numeral 1 by company type.

Note 2: There are three types of relationships with the trader as presented below:

1. The parent to subsidiary
2. Subsidiary to the parent
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 payment term is net 90 days after monthly closing date, considering as capital usage and adjustment of affiliated companies. Other transactions are determined through negotiation between two parties in view of the absence of relevant similar transaction for reference.

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



Table VII

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

Names, Locations and Relevant Information of Investee Companies

From January 1 to September 30, 2023

Unit: in thousands of TWD and foreign currency, except number of shares

Investor company	Investee Company	Location	Primary Business	Initial Investment Amount		Held at End of Period			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized for the Period	Remark
				End of Current Period	End of 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	Reinvestments in various business	\$ 289,824	\$ 289,824	-	100	\$ 396,725	\$ 45,150	\$ 45,150	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	1,012,936	36,897	36,897	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	291,558	41,425	34,521	Note 2
	Gudeng Equipment Co., LTD.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacturing, trading, repair, and maintenance of various precision instruments	80,694	99,074	12,757,268	46.73	339,172	218,547	106,783	Notes 1 and 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engage in various electronic components business	USD 2,652	USD 850	2,652,000	51	101,494	17,857	17,857	Notes 1 and 2
	Gudeng Aerospace Technologies Corporation	9F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Retail, wholesale, and manufacturing of aircrafts and related components	320,000	-	16,000,000	100	319,919	( 81)	( 81)	Note 2
	TSS Holdings Limited	4F., No. 172, Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City	Investment and management consulting business	20,000	-	2,000,000	12.5	21,945	30	4	Note 3
Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Reinvestments in various business	RMB 14,020	RMB 14,020	-	100	RMB 34,517	RMB 8,260	RMB 8,260	Note 2
Gudeng Investment Co., Ltd.	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Reinvestments in various business	RMB 22,549	RMB 50,549	-	100	RMB 27,341	RMB 1,986	RMB 1,986	Note 2
	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Development and rental of industrial plants, residential housing and commercial buildings, real estate business, and rental business	135,100	135,100	13,510,000	100	128,411	( 2,260)	( 2,260)	Note 2
	Jin Hui Technology Co., Ltd.	No. 43, Jingjian 4th Rd., Guanyin Dist., Taoyuan City	Surface treatment and thermal treatment, wholesale of chemical materials, manufacture of other chemical materials and other metals, wholesale of pollution prevention equipment, wholesale of recycled materials	35,000	35,000	3,500,000	34.41	49,559	5,756	1,997	Note 3

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Investor company	Investee Company	Location	Primary Business	Initial Investment Amount		Held at End of Period			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized for the Period	Remark
				End of Current Period	End of Last Year	Number of Shares	Ratio (%)	Carrying Amount			
Gudeng Equipment Co., LTD.	i Analyzer Incorporation	7F-8, No. 200, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Manufacturing, trading, repair, and maintenance of various precision instruments	\$ 78,806	\$ 53,940	24,298,415	30.64	\$ 62,964	(\$ 5,888)	(\$ 1,933)	Note 3
	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	145,771	( 7,696)	( 3,463)	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	30,007	16,186	3,407	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	3,451,424	100	76,440	9,908	9,276	Notes 1 and 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engage in various electronic components business	USD 208	-	208,000	4	7,960	17,857	-	Notes 1 and 2
We Solutions Technology Co., Ltd.	Fu Rui Sheng Industrial Co., Ltd.	16F-3, No. 598, Sec. 1, Dunhua Rd., Houzhuang Vil., Beitun Dist., Taichung City	Investment and management consulting business	96,551	96,551	3,218,361	54.94	104,865	4,564	2,507	Note 2
	Suting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of molds and manufacturing of machinery equipment	76,365	44,860	7,636,509	70.43	55,399	( 13,877)	( 6,989)	Note 2
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City	Manufacturing and wholesale of molds and manufacturing of machinery equipment	450	-	9,000	0.5	397	9,471	20	Note 2
Fu Rui Sheng Industrial Co., Ltd.	Suting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of molds and manufacturing of machinery equipment	-	31,505	-	-	-	( 13,877)	( 2,784)	Note 2
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City	Manufacturing and wholesale of molds and manufacturing of machinery equipment	16,740	16,740	1,674,000	93	73,903	9,471	8,808	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 CPAs.

Note 2: This has been eliminated when preparing the consolidated financial statements.

Note 3: Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts unreviewed by the CPAs.

Note 4: Please refer to Table VIII for the information about investments in Mainland China.

Table VIII

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

Information on Investments in Mainland China

From January 1 to September 30, 2023

Unit: in thousands of TWD or foreign currency, unless specified otherwise

Investee In Mainland China	Primary Business	Paid-in capital	Investment method (Note 1)	Accumulated amount of investment remitted from Taiwan at beginning of period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted from Taiwan at end of period	Net Income (Loss) of the Investee	The Company's Shareholding ratio (%) of direct or indirect investment	Investment profit (loss) recognized for the period (Note 2)	Carrying amount of the investment at end of period	Investment income repatriated as of end of period	Remark
					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	\$ 32,270 (USD 1,000)	\$ -	\$ -	\$ 32,270 (USD 1,000)	\$ 44,309 (RMB 10,084)	100	\$ 44,309 (RMB 10,084) (2)C	\$ 123,969 (RMB 28,079)	\$ -	
Suzhou Kunju Trading Co., Ltd.	Sales of automobiles, after-sales services and technical consulting services related to automobile repair	-	(2) Investor company: Sun Park Development Limited	38,982 (USD 1,208)	-	-	38,982 (USD 1,208)	( 7,523) (RMB -1,712)	- Note 4	( 7,523) (RMB -1,712) (2)C	- (RMB -)	-	

Accumulated amount of investment remitted from Taiwan to mainland China at end of period	Investment amount authorized by the Department of Investment Review, MOEA	Limit amount of investment stipulated by the Department of Investment Review, MOEA
NTD 71,252 ( USD 2,208 )	NTD 513,491 ( USD 7,950 ) ( RMB 58,198 )	NTD 3,884,631 ( USD 120,379 )

Note 1: The methods of investment are classified into five types as follows:

- (1) Direct investments in mainland China.
- (2) Investments in the companies in mainland China through a company in a third region. (Please specify the investing company in a third region).
- (3) Other methods.

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) The recognition basis of investment gain or loss is divided into the following three types and shall be noted.
  - 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 reviewed and certified by the CPAs of the parent company in Taiwan.
  - C. Others - based on the financial statements unreviewed by the CPAs.

Note 3: Amounts related to this table are denominated in New Taiwan Dollars, and foreign currencies are converted into New Taiwan Dollars at spot exchange rate at the reporting date. (USD spot exchange rate of 32.27; CNY spot exchange rate of 4.415; CNY profit and loss exchange rate of 4.394 at September 30, 2023).

Note 4: The Group lost control of Suzhou Kunju upon the latter's deregistration on September 14, 2023.

Table IX

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Significant Transactions with Investees in Mainland China, either Directly or Indirectly through a Third Region, along with their Prices, Payment Terms, and Unrealized Gains or Losses

From January 1 to September 30, 2023

Unit: in thousands of TWD, Unless Specified Otherwise

Investee In Mainland China	Type of Transaction	Purchases, Sales, and Service Fees		Price	Transaction Terms		Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)	Remark
		Amount	Percentage		Payment Terms	Comparison with General Transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 168,510	7	Same as regular clients	Same as regular clients	Same as regular clients	\$ 88,676	9	\$ -	
"	Service fees	86,404	12	Same as regular clients	Same as regular clients	Same as regular clients	( 10,477 )	1	-	

Table X

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

Information on Major Shareholders

As of September 30, 2023

Unit: shares

Major Shareholder	Shareholding	
	Number of Shares Held	Percentage of Ownership
Ming-Lang Zhuang	8,122,563	9.17%
Ming-Chien Chiu	6,547,037	7.39%
Tien-Jui Lin	4,546,853	5.13%

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