

Gudeng Precision Industrial Co.,  
Ltd. and Subsidiaries

Consolidated Financial Statements  
and Independent Auditors' Review  
Report  
For the Six Months Ended June 30, 2024 and  
2023

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

Tel: (02)22689141

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

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## **Independent Auditors' Review Report**

To: Gudeng Precision Industrial Co., Ltd.

### **Introduction**

We have reviewed the consolidated balance sheets of Gudeng Precision Industrial Co., Ltd. and its subsidiaries as of June 30, 2024 and 2023, the consolidated statements of comprehensive income from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, the consolidated statements of changes in equity and the consolidated statements of cash flows from January 1 to June 30, 2024 and 2023, and the notes to the consolidated financial statements, including the summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were unreviewed. As of June 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$3,299,328 thousand and NT\$1,333,220 thousand, respectively, representing 19.00%

and 9.78%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$1,094,758 thousand and NT\$361,558 thousand, respectively, representing 14.74% and 5.26%, respectively, of the consolidated total liabilities. For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$51,706 thousand, NT\$9,116 thousand, NT\$64,613 thousand and NT\$63,106 thousand, respectively, representing 15.86%, 3.96%, 9.35% and 8.63% of the consolidated total comprehensive income, respectively. As stated in Note 13 of the consolidated financial statements, investments accounted for using the equity method amounted to NT\$336,704 thousand and NT\$141,422 thousand as of June 30, 2024, and 2023, respectively. The share of profit (loss) of associates recognized for the periods from April 1 to June 30, 2024, and 2023, as well as from January 1 to June 30, 2024, and 2023, were NT\$(6,589) thousand, NT\$2,316 thousand, NT\$(6,683) thousand, and NT\$2,406 thousand, respectively. These figures were based on the unreviewed financial statements of the investee companies for the same periods.

**Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the consolidated company as of June 30, 2024 and 2023, and its consolidated financial performance for the three months ended June 30, 2024 and 2023, as well as its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 Interim Financial Reporting endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

CPA-Jian-Ming Zeng

CPA-Pan-Fa Wang

Financial Supervisory Commission

Approval Document No.:

Jin-Guan-Zheng-Shen-Zi No.  
1100356048

Financial Supervisory Commission Approval

Document No.:

Jin-Guan-Zheng-Shen-Zi No. 1100356048

August 13, 2024

Gudeng Precision Industrial Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of June 30, 2024, December 31, 2023 and June 30, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	<b>Current assets</b>						
1100	Cash and cash equivalents (Note 6)	\$ 3,306,730	19	\$ 4,004,779	25	\$ 2,414,943	18
1110	Financial assets at fair value through profit or loss - current (Note 7)	184,291	1	167,095	1	193,247	1
1136	Financial assets at amortized cost - current (Note 9)	574,004	3	550,294	3	748,125	5
1150	Notes receivable from unrelated parties (Note 10)	1,233	-	1,453	-	1,577	-
1160	Notes receivable from related parties, net (Notes 10 and 38)	134	-	222	-	79	-
1172	Trade receivables from unrelated parties (Notes 10 and 28)	1,290,509	7	885,391	5	827,725	6
1180	Trade receivables from related parties, net (Notes 10, 28 and 38)	4,714	-	147	-	748	-
1200	Other receivables (Note 10)	11,060	-	41,792	-	2,359	-
1210	Other receivables from related parties (Notes 10 and 38)	641	-	12,653	-	10	-
1220	Current tax assets (Note 4)	2,071	-	2,218	-	104	-
130X	Inventories (Note 11)	2,009,589	12	1,908,982	12	1,740,641	13
1410	Prepayments (Notes 19 and 38)	149,781	1	165,030	1	222,771	2
1479	Other current assets (Note 20)	81,235	1	70,544	1	5,502	-
11XX	Total current assets	<u>7,615,992</u>	<u>44</u>	<u>7,810,600</u>	<u>48</u>	<u>6,157,831</u>	<u>45</u>
	<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	818,087	5	652,143	4	597,127	4
1535	Financial assets at amortized cost - non-current (Note 9)	-	-	-	-	2,553	-
1550	Investments accounted for using the equity method (Note 13)	336,704	2	165,987	1	141,422	1
1600	Property, plant and equipment (Note 14)	6,759,129	39	6,079,627	37	5,169,972	38
1755	Right-of-use assets (Notes 15 and 38)	166,435	1	170,021	1	100,917	1
1760	Investment properties, net (Note 16)	702,209	4	654,375	4	776,406	6
1805	Goodwill (Note 17)	223,551	1	176,750	1	65,383	1
1821	Other intangible assets (Note 18)	162,764	1	162,035	1	117,494	1
1840	Deferred tax assets	86,656	-	59,193	-	59,561	-
1915	Prepayments for equipment (Note 40)	458,614	3	240,820	2	418,571	3
1920	Refundable deposits (Note 38)	31,344	-	125,942	1	31,566	-
1990	Other non-current assets - other (Note 20)	873	-	871	-	1,379	-
15XX	Total non-current assets	<u>9,746,366</u>	<u>56</u>	<u>8,487,764</u>	<u>52</u>	<u>7,482,351</u>	<u>55</u>
1XXX	Total assets	<u>\$ 17,362,358</u>	<u>100</u>	<u>\$ 16,298,364</u>	<u>100</u>	<u>\$ 13,640,182</u>	<u>100</u>
	<b>Liabilities and equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Note 21)	\$ 120,000	1	\$ 125,000	1	\$ 525,000	4
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	1,300	-	3,300	-	8	-
2150	Notes payable to unrelated parties (Note 23)	149	-	123	-	53	-
2170	Trade payables to unrelated parties (Note 23)	573,402	3	514,411	3	475,056	4
2180	Trade payables to related parties (Notes 23 and 38)	40,509	-	35,132	-	17,176	-
2219	Other payables (Note 24)	893,764	5	1,115,561	7	786,148	6
2220	Other payables to related parties (Notes 24 and 38)	10	-	10	-	-	-
2230	Current tax liabilities (Note 4)	156,965	1	73,511	-	125,641	1
2250	Provisions - current (Note 25)	31,234	-	29,318	-	31,441	-
2280	Lease liabilities - current (Notes 15 and 38)	44,638	-	39,377	-	33,815	-
2130	Contract liabilities - current (Notes 28 and 38)	597,245	4	837,105	5	849,574	6
2320	Long-term liabilities due within one year (Note 21)	191,966	1	257,712	2	279,845	2
2399	Other current liabilities (Notes 24 and 38)	83,078	1	80,218	1	14,637	-
21XX	Total current liabilities	<u>2,734,260</u>	<u>16</u>	<u>3,110,778</u>	<u>19</u>	<u>3,138,394</u>	<u>23</u>
	<b>Non-current liabilities</b>						
2530	Corporate bonds payable (Note 22)	952,369	5	942,415	6	78,740	1
2540	Long-term borrowings (Note 21)	3,587,126	21	3,175,392	19	3,540,819	26
2570	Deferred tax liabilities	8,826	-	815	-	4,915	-
2580	Lease liabilities - non-current (Notes 15 and 38)	104,543	1	112,882	1	69,512	-
2640	Net defined benefit liabilities - non-current (Note 4)	31,332	-	36,289	-	26,302	-
2645	Guarantee deposits (Note 38)	9,673	-	9,022	-	8,765	-
25XX	Total non-current liabilities	<u>4,693,869</u>	<u>27</u>	<u>4,276,815</u>	<u>26</u>	<u>3,729,053</u>	<u>27</u>
2XXX	Total liabilities	<u>7,428,129</u>	<u>43</u>	<u>7,387,593</u>	<u>45</u>	<u>6,867,447</u>	<u>50</u>
	<b>Equity attributable to owners of the Company (Note 27)</b>						
	<b>Share capital</b>						
3110	Ordinary shares	942,972	5	941,844	6	853,689	7
3140	Share capital collected in advance	3	-	1,128	-	27,676	-
3100	Total share capital	<u>942,975</u>	<u>5</u>	<u>942,972</u>	<u>6</u>	<u>881,365</u>	<u>7</u>
3200	Capital surplus	<u>6,188,310</u>	<u>36</u>	<u>5,989,152</u>	<u>37</u>	<u>4,147,166</u>	<u>30</u>
	<b>Retained earnings</b>						
3310	Legal reserve	352,485	2	310,168	2	261,984	2
3320	Special reserve	-	-	-	-	146,666	1
3350	Unappropriated earnings	838,728	5	794,151	5	648,415	5
3300	Total retained earnings	<u>1,191,213</u>	<u>7</u>	<u>1,104,319</u>	<u>7</u>	<u>1,057,065</u>	<u>8</u>
3490	Other equity	231,509	1	82,801	-	36,735	-
31XX	Total equity attributable to owners of the Company	<u>8,554,007</u>	<u>49</u>	<u>8,119,244</u>	<u>50</u>	<u>6,122,331</u>	<u>45</u>
36XX	Non-controlling interests (Note 27)	<u>1,380,222</u>	<u>8</u>	<u>791,527</u>	<u>5</u>	<u>650,404</u>	<u>5</u>
3XXX	Total equity	<u>9,934,229</u>	<u>57</u>	<u>8,910,771</u>	<u>55</u>	<u>6,772,735</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 17,362,358</u>	<u>100</u>	<u>\$ 16,298,364</u>	<u>100</u>	<u>\$ 13,640,182</u>	<u>100</u>

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's review report on August 13, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

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

**Consolidated Statements of Comprehensive Income**

**For the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023**

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

Code		From April 1 to June 30, 2024		From April 1 to June 30, 2023		From January 1 to June 30, 2024		From January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 28 and 38)	\$ 1,756,163	100	\$ 977,966	100	\$ 3,176,587	100	\$ 2,419,049	100
5000	Operating costs (Notes 11, 29 and 38)	<u>961,738</u>	<u>55</u>	<u>553,383</u>	<u>56</u>	<u>1,756,862</u>	<u>55</u>	<u>1,270,551</u>	<u>53</u>
5900	Gross profit	<u>794,425</u>	<u>45</u>	<u>424,583</u>	<u>44</u>	<u>1,419,725</u>	<u>45</u>	<u>1,148,498</u>	<u>47</u>
	Operating expenses (Notes 29 and 38)								
6100	Selling and marketing expenses	82,264	5	47,201	5	158,876	5	101,866	4
6200	General and administrative expenses	199,776	11	149,058	15	391,743	13	311,051	13
6300	Research and development expenses	138,376	8	129,054	13	256,315	8	203,907	8
6450	Expected credit loss (reversal benefits)	<u>( 9,298)</u>	<u>( 1)</u>	<u>( 4,117)</u>	<u>-</u>	<u>( 908)</u>	<u>-</u>	<u>( 6,256)</u>	<u>-</u>
6000	Total operating expenses	<u>411,118</u>	<u>23</u>	<u>321,196</u>	<u>33</u>	<u>806,026</u>	<u>26</u>	<u>610,568</u>	<u>25</u>
6900	Net operating income	<u>383,307</u>	<u>22</u>	<u>103,387</u>	<u>11</u>	<u>613,699</u>	<u>19</u>	<u>537,930</u>	<u>22</u>
	Non-operating revenue and expenses								
7100	Interest income (Note 29)	17,162	1	12,765	1	25,888	1	15,426	1
7190	Other income (Notes 29 and 38)	19,117	1	45,208	5	36,212	1	56,010	3
7020	Other gains and losses (Note 29)	8,264	-	48,561	5	80,744	3	72,637	3
7050	Finance costs (Note 29)	<u>( 25,308)</u>	<u>( 1)</u>	<u>( 20,567)</u>	<u>( 2)</u>	<u>( 48,849)</u>	<u>( 2)</u>	<u>( 41,472)</u>	<u>( 2)</u>
7060	Share of profit or loss from associates accounted for using the equity method	<u>( 6,589)</u>	<u>-</u>	<u>2,316</u>	<u>-</u>	<u>( 6,683)</u>	<u>-</u>	<u>2,406</u>	<u>-</u>
7000	Total non-operating revenue and expenses	<u>12,646</u>	<u>1</u>	<u>88,283</u>	<u>9</u>	<u>87,312</u>	<u>3</u>	<u>105,007</u>	<u>5</u>
7900	Net income before tax	395,953	23	191,670	20	701,011	22	642,937	27
7950	Income tax expense (Notes 4 and 30)	<u>( 99,073)</u>	<u>( 6)</u>	<u>( 7,801)</u>	<u>( 1)</u>	<u>( 168,307)</u>	<u>( 5)</u>	<u>( 95,512)</u>	<u>( 4)</u>
8200	Net income for the year	<u>296,880</u>	<u>17</u>	<u>183,869</u>	<u>19</u>	<u>532,704</u>	<u>17</u>	<u>547,425</u>	<u>23</u>
	Other comprehensive income (loss)								
	Items that will not be reclassified to profit or loss								
8316	Unrealized valuation gain (loss) on investments in equity instruments at fair value through other comprehensive income	23,495	2	58,120	6	137,190	4	193,652	8
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of financial statements of foreign operations	<u>5,567</u>	<u>-</u>	<u>( 11,726)</u>	<u>( 1)</u>	<u>21,245</u>	<u>1</u>	<u>( 10,251)</u>	<u>( 1)</u>
8300	Total other comprehensive income (loss) for the year (net of income tax)	<u>29,062</u>	<u>2</u>	<u>46,394</u>	<u>5</u>	<u>158,435</u>	<u>5</u>	<u>183,401</u>	<u>7</u>
8500	Total comprehensive income for the year	<u>\$ 325,942</u>	<u>19</u>	<u>\$ 230,263</u>	<u>24</u>	<u>\$ 691,139</u>	<u>22</u>	<u>\$ 730,826</u>	<u>30</u>
	Net profit attributable to								
8610	Owners of the Company	\$ 282,633	16	\$ 146,295	15	\$ 493,858	16	\$ 481,841	20
8620	Non-controlling interests	<u>14,247</u>	<u>1</u>	<u>37,574</u>	<u>4</u>	<u>38,846</u>	<u>1</u>	<u>65,584</u>	<u>3</u>
8600		<u>\$ 296,880</u>	<u>17</u>	<u>\$ 183,869</u>	<u>19</u>	<u>\$ 532,704</u>	<u>17</u>	<u>\$ 547,425</u>	<u>23</u>
	Total comprehensive income (loss) attributable to								
8710	Owners of the Company	\$ 310,364	18	\$ 192,689	20	\$ 647,189	20	\$ 665,242	27
8720	Non-controlling interests	<u>15,578</u>	<u>1</u>	<u>37,574</u>	<u>4</u>	<u>43,950</u>	<u>2</u>	<u>65,584</u>	<u>3</u>
8700		<u>\$ 325,942</u>	<u>19</u>	<u>\$ 230,263</u>	<u>24</u>	<u>\$ 691,139</u>	<u>22</u>	<u>\$ 730,826</u>	<u>30</u>
	Earnings per share (Note 31)								
9710	Basic	<u>\$ 3.00</u>		<u>\$ 1.68</u>		<u>\$ 5.24</u>		<u>\$ 5.60</u>	
9810	Diluted	<u>\$ 2.95</u>		<u>\$ 1.66</u>		<u>\$ 5.14</u>		<u>\$ 5.46</u>	

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's review report on August 13, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

**Gudeng Precision Industrial Co., Ltd. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**From January 1 to June 30, 2024 and 2023**  
Unit: In Thousands of New Taiwan Dollars

Code		Equity attributable to owners of the Company						Other equity items			Non-controlling interests	Total equity	
		Share capital			Retained earnings			Exchange differences on translation of financial statements of foreign operations	Unrealized gains and losses on financial assets measured at fair value through other comprehensive income	Total			
		Number of shares	Share capital	Share capital collected in advance	Capital surplus	Legal reserve	Special reserve						Unappropriated earnings
A1	Balance on January 1, 2023	84,097	\$ 840,973	\$ 1,521	\$ 3,248,341	\$ 216,567	\$ 157,093	\$ 560,545	( \$ 18,489 )	( \$ 128,177 )	\$ 4,878,374	\$ 476,250	\$ 5,354,624
	Appropriation and distribution of earnings												
B1	Provision for legal reserve	-	-	-	-	45,417	-	( 45,417 )	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	( 346,353 )	-	-	( 346,353 )	-	( 346,353 )
B17	Reversal of special reserve	-	-	-	-	-	( 10,427 )	10,427	-	-	-	-	-
	Changes in other capital surplus:												
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	( 12,628 )	-	-	( 12,628 )	-	( 12,628 )
M5	Acquisition or disposal of part of the equity of subsidiaries (Note 34)	-	-	-	92,003	-	-	-	-	-	92,003	131,085	223,088
I1	Conversion of convertible corporate bonds	1,272	12,716	26,155	806,822	-	-	-	-	-	845,693	-	845,693
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 22,515 )	( 22,515 )
D1	Net income for the six months ended June 30, 2023	-	-	-	-	-	-	481,841	-	-	481,841	65,584	547,425
D3	Other comprehensive income/(loss) after tax for the six months ended June 30, 2023	-	-	-	-	-	-	-	( 10,251 )	193,652	183,401	-	183,401
D5	Total comprehensive income/(loss) for the six months ended June 30, 2023	-	-	-	-	-	-	481,841	( 10,251 )	193,652	665,242	65,584	730,826
Z1	Balance on June 30, 2023	<u>85,369</u>	<u>\$ 853,689</u>	<u>\$ 27,676</u>	<u>\$ 4,147,166</u>	<u>\$ 261,984</u>	<u>\$ 146,666</u>	<u>\$ 648,415</u>	( <u>\$ 28,740</u> )	<u>\$ 65,475</u>	<u>\$ 6,122,331</u>	<u>\$ 650,404</u>	<u>\$ 6,772,735</u>
A1	Balance on January 1, 2024	94,184	\$ 941,844	\$ 1,128	\$ 5,989,152	\$ 310,168	\$ -	\$ 794,151	( \$ 30,322 )	\$ 113,123	\$ 8,119,244	\$ 791,527	\$ 8,910,771
	Appropriation and distribution of earnings												
B1	Legal reserve	-	-	-	-	42,317	-	( 42,317 )	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	( 330,040 )	-	-	( 330,040 )	-	( 330,040 )
	Changes in other capital surplus (Note 27):												
C7	Changes in associates and joint ventures accounted for using the equity method	-	-	-	3,450	-	-	-	-	-	3,450	-	3,450
N1	Issuance of employees stock options by subsidiaries	-	-	-	11,058	-	-	-	-	-	11,058	14,284	25,342
M7	Changes in ownership interests in subsidiaries (Notes 27 and 34)	-	-	-	184,559	-	-	( 81,547 )	-	-	103,012	600,330	703,342
O1	Increase/decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 69,869 )	( 69,869 )
I1	Conversion of convertible corporate bonds	113	1,128	( 1,125 )	91	-	-	-	-	-	94	-	94
D1	Net income for the six months ended June 30, 2024	-	-	-	-	-	-	493,858	-	-	493,858	38,846	532,704
D3	Other comprehensive income/(loss) after tax for the six months ended June 30, 2024	-	-	-	-	-	-	-	16,141	137,190	153,331	5,104	158,435
D5	Total comprehensive income/(loss) for the six months ended June 30, 2024	-	-	-	-	-	-	493,858	16,141	137,190	647,189	43,950	691,139
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	4,623	-	( 4,623 )	-	-	-
Z1	Balance on June 30, 2024	<u>94,297</u>	<u>\$ 942,972</u>	<u>\$ 3</u>	<u>\$ 6,188,310</u>	<u>\$ 352,485</u>	<u>\$ -</u>	<u>\$ 838,728</u>	( <u>\$ 14,181</u> )	<u>\$ 245,690</u>	<u>\$ 8,554,007</u>	<u>\$ 1,380,222</u>	<u>\$ 9,934,229</u>

The attached notes are part of this consolidated financial statements.  
(Please refer to Deloitte & Touche's review report on August 13, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

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

**Consolidated Statements of Cash Flows**

**From January 1 to June 30, 2024 and 2023**

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to June 30, 2024	From January 1 to June 30, 2023
	Cash flows from operating activities		
A10000	Net income before tax for the period	\$ 701,011	\$ 642,937
A20010	Income and expense items		
A20100	Depreciation expenses	222,360	144,909
A20200	Amortization expenses	15,263	9,214
A20300	Expected credit impairment loss reversal benefit	( 908)	( 6,256)
A20400	Net gains on financial assets at fair value through profit or loss	( 22,476)	( 59,585)
A20900	Finance costs	48,849	41,472
A21200	Interest income	( 25,888)	( 15,426)
A21300	Dividend income	( 1,864)	( 32,595)
A21900	Compensation costs of share-based payment	25,342	-
A22300	Share of loss (profit) of associates accounted for using the equity method	6,683	( 2,406)
A22500	(Gains) losses from disposal of property, plant and equipment	( 812)	3,854
A22900	Gain on lease amendment	-	( 305)
A23700	Inventory write-down and obsolescence loss	42,344	35,412
A29900	Income from the conversion of corporate bonds into fractional shares	-	( 25)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	478	392
A31150	Trade receivables	( 366,946)	255,566
A31180	Other receivables	33,664	4,490
A31200	Inventories	3,823	( 130,107)
A31230	Prepayments	44,005	( 55,853)
A31240	Other current assets	( 6,651)	( 601)
A32125	Contract liabilities	( 239,860)	140,548
A32130	Notes payable	( 6,100)	( 8,800)
A32150	Trade payables	43,524	( 62,663)
A32180	Other payables	( 65,751)	( 165,723)
A32200	Provision for liabilities	1,916	4,823
A32230	Other current liabilities	2,860	941
A32240	Net defined benefit liabilities	( 4,957)	192

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Code		From January 1 to June 30, 2024	From January 1 to June 30, 2023
A33000	Cash generated from operations	\$ 449,909	\$ 744,405
A33100	Interest received	20,135	15,426
A33200	Dividends received	17,866	32,595
A33300	Interest paid	( 43,371)	( 40,794)
A33500	Income tax paid	( 82,144)	( 181,448)
AAAA	Net cash inflow from operating activities	<u>362,395</u>	<u>570,184</u>
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 37,500)	-
B00020	Sale of financial assets measured at fair value through other comprehensive income	7,536	-
B00040	Acquisition of financial assets at amortized cost	( 1,113,592)	( 427,376)
B00050	Sale of financial assets measured at amortized cost	1,089,882	9,004
B00100	Acquisition of financial assets at fair value through profit or loss	( 10,355)	( 21,751)
B00200	Sale of financial assets at fair value through profit or loss	14,006	26,149
B01800	Acquisition of long-term equity investments accounted for using the equity method	( 168,789)	( 51,466)
B02200	Net cash outflow on acquisition of subsidiaries	( 60,037)	-
B02700	Payments for property, plant and equipment	( 695,762)	( 483,298)
B02800	Proceeds from disposal of property, plant and equipment	18,733	7,467
B03700	Increase in refundable deposits	-	( 2,621)
B03800	Decrease in refundable deposits	94,598	-
B04500	Payments for intangible assets	( 14,067)	( 23,165)
B05400	Acquisition of investment properties	( 41,337)	-
B06800	Decrease in other non-current assets	656	74
B07100	Increase in prepayments for equipment	( 392,785)	( 292,443)
B07600	Dividends received from associates	<u>1,750</u>	<u>3,500</u>
BBBB	Net cash outflow from investment activities	<u>( 1,307,063)</u>	<u>( 1,255,926)</u>
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	611,000	1,050,000
C00200	Decrease in short-term borrowings	( 695,970)	( 553,000)
C01600	Proceeds from long-term borrowings	829,320	650,760
C01700	Repayments of long-term borrowings	( 540,564)	( 153,939)
C03000	Increase in guarantee deposits	651	227
C04020	Return on lease liabilities principal	( 24,002)	( 17,298)

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Code		From January 1 to June 30, 2024	From January 1 to June 30, 2023
C04500	Cash dividends distribution	(\$ 377,883)	(\$ 336,998)
C05400	Acquisition of equity of subsidiaries	( 208,178)	( 450)
C05500	Disposal of equity of subsidiaries	-	113,538
C05800	Changes in non-controlling interests	704,794	110,000
C09900	Cash dividends paid to non-controlling interests	( 69,869)	( 22,515)
CCCC	Net cash inflow from financing activities	<u>229,299</u>	<u>840,325</u>
DDDD	Impact of changes in interest rates on cash and cash equivalents	<u>17,320</u>	( 10,128)
EEEE	Net (decrease) increase in cash and cash equivalents	( 698,049)	144,455
E00100	Cash and cash equivalents at the beginning of the period	<u>4,004,779</u>	<u>2,270,488</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 3,306,730</u>	<u>\$ 2,414,943</u>

The attached notes are part of this consolidated financial statements.

(Please refer to Deloitte & Touche's review report on August 13, 2024)

Chairman: Ming-Chien Chiu

Manager: Lin, Tien-Jui

Accounting Supervisor: Po-An Lai

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

**Notes to Consolidated Financial Statements**

**From January 1 to June 30, 2024 and 2023**

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

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**1. Company Overview**

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

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

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

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

The accompanying consolidated financial statements were published after being reported to the Board of Directors on August 13, 2024.

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

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

The application of the revised IFRS, as approved and enacted by the FSC, did not result in significant changes on the accounting policies of Gudeng Precision Industrial Co., Ltd. and its subsidiaries (hereinafter referred to as the consolidated company).

b. IFRS Accounting Standards endorsed by the FSC that are applicable in 2025

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025.

Upon the initial application of the amendment, the comparative period shall not be restated. Instead, the effect shall be recognized in retained earnings or equity, as appropriate, under the foreign currency translation reserve at the

date of initial application, together with the related affected assets and liabilities.

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

- c. IFRS Accounting Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual improvements - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the aforementioned new, revised or amended standards and interpretations are effective for annual reporting periods beginning after the respective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements.” The main changes in this standard include:

- The income statement should classify income and expense items into the following categories: operating, investing, financing, income taxes, and discontinued operations.
- The income statement should report operating income, financing, and pre-tax income, as well as subtotals and totals of income.

- Provide guidance to strengthen consolidation and segmentation requirements: The consolidated company should identify the assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other matters and classify and consolidate them based on common characteristics so that each line item reported in the primary financial statements has at least one similar characteristic. The items with different characteristics should be classified in the main financial statements and notes. When the consolidated company cannot find a more informative name, it will label such items as ‘Others’.
- Disclosure of performance measures defining management levels: When the consolidated company engages in public communication outside of financial statements and communicates with financial statement users regarding a specific aspect of the overall financial performance of the consolidated company, relevant information regarding the disclosure of performance measures defining management levels should be disclosed in a single note to the financial statements. This includes the description of the measure, how it is calculated, adjustments to subtotals or totals as defined by IFRS accounting standards, and the impact of income tax and non-controlling interests on related adjustments.

Except for the aforementioned impacts, as of the date of approval and issuance of these consolidated financial statements, the consolidated company is still evaluating the effects of amendments to various standards and interpretations on its financial position and performance. Relevant impacts will be disclosed upon completion of the evaluation.

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

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

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

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

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

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

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

c. Basis for Merger

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

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

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

d. Other Significant Accounting Policies

Except for the following, for the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Criteria classifying current/non-current assets and liabilities

Current assets include:

- i. Assets held primarily for the purpose of trading;
- ii. Assets expected to be realized within 12 months after the reporting period; and
- iii. Cash and cash equivalents (not including the asset restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

- i. Liabilities held primarily for the purpose of trading;
- ii. Liabilities that are due for repayment within 12 months after the balance sheet date (current liabilities even if long-term refinancing or rescheduling agreements have been completed between the balance sheet date and the issuance of financial statements), and
- iii. At the balance sheet date, the Company has no substantive right to defer the maturity of any liability for which the Company is not in a position to defer repayment for more than 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

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

3) Income tax

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

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

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

After evaluation by the management of the consolidated company, there are no uncertainties in major accounting judgments, estimates, and assumptions.

**6. Cash and Cash Equivalents**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and working capital	\$ 963	\$ 982	\$ 1,272
Bank checking and demand deposits	2,166,416	3,777,399	2,300,251
Cash equivalents (investments with original maturity date within 3 months)			
Bank time deposits	<u>1,139,351</u>	<u>226,398</u>	<u>113,420</u>
	<u>\$ 3,306,730</u>	<u>\$ 4,004,779</u>	<u>\$ 2,414,943</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets - current</u>			
Mandatorily at fair value through profit or loss			
Derivatives (not designated for hedging)			
— Conversion of options (Note 22)	\$ 2,200	\$ 1,000	\$ 333
Non-derivative financial assets			
— Domestic publicly traded shares	182,091	152,540	192,914
Hybrid financial assets			
Non-principal guaranteed floating income financial products	<u>-</u>	<u>13,555</u>	<u>-</u>
	<u>\$ 184,291</u>	<u>\$ 167,095</u>	<u>\$ 193,247</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not designated for hedging)			
— Conversion of options (Note 22)	<u>\$ 1,300</u>	<u>\$ 3,300</u>	<u>\$ 8</u>



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

### Investments in equity instruments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Non-current</u>			
Domestic investment			
Publicly traded private placement shares			
Symtek Automation Asia Co., Ltd.	\$ 468,778	\$ 398,437	\$ 439,454
Publicly traded shares			
Asia Neo Tech Industrial Co., Ltd.	204,845	148,844	88,472
Symtek Automation Asia Co., Ltd.	18,999	16,897	-
Non-publicly traded shares			
NanoClean Materials Co., Ltd.	4,020	4,020	1,465
MontJade Engineering Co., Ltd.	7,883	7,883	16,669
Jiurun Precision Technology Co., Ltd.	29,032	29,032	12,202
Origin Precision Technology Co., Ltd.	5,021	5,021	5,918
Certain Micro Application Technology Inc.	42,009	42,009	32,947
Shun Jih Fa	37,500	-	-
	<u>\$ 818,087</u>	<u>\$ 652,143</u>	<u>\$ 597,127</u>

The consolidated company invests in publicly and non-publicly traded ordinary shares under the medium and long-term strategy and expects to make profits through long-term investment. The management of the consolidated company believes that if the short-term fluctuations of fair value of these investments are included in the profit or loss, it would be inconsistent with the aforementioned long-term investment plan. Therefore, we have chosen to designate these investments as measured at fair value through other comprehensive income.

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

**9. Financial Assets at Amortized Cost**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Pledged certificate of deposit	\$ 120,000	\$ 121,500	\$ 126,500
Pledged deposits	42,286	56,740	-
Time deposits with original maturity date exceeding 3 months	<u>411,718</u>	<u>372,054</u>	<u>621,625</u>
	<u>\$ 574,004</u>	<u>\$ 550,294</u>	<u>\$ 748,125</u>
<u>Non-current</u>			
Pledged deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,553</u>

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

**10. Notes Receivable, Trade Receivables, Other Receivables, and Collection**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,233	\$ 1,453	\$ 1,577
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,233</u>	<u>\$ 1,453</u>	<u>\$ 1,577</u>
Arising from operations	<u>\$ 1,233</u>	<u>\$ 1,453</u>	<u>\$ 1,577</u>
<u>Notes receivable - related parties (Note 38)</u>			
Measured at amortized cost			
Total carrying amount	\$ 134	\$ 222	\$ 79
Less: allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 134</u>	<u>\$ 222</u>	<u>\$ 79</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,297,053	\$ 897,291	\$ 834,669
Less: allowance for loss	<u>( 6,544)</u>	<u>( 11,900)</u>	<u>( 6,944)</u>
	<u>\$ 1,290,509</u>	<u>\$ 885,391</u>	<u>\$ 827,725</u>

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	June 30, 2024	December 31, 2023	June 30, 2023
<u>Trade receivables - related parties</u> (Note 38)			
Measured at amortized cost			
Total carrying amount	\$ 4,714	\$ 147	\$ 748
Less: allowance for loss	-	-	-
	<u>\$ 4,714</u>	<u>\$ 147</u>	<u>\$ 748</u>
<u>Other receivables</u>			
Other receivable - non-related parties			
Land receivables (Note 35)	\$ -	\$ 32,722	\$ -
Dividends receivable	-	4,155	-
Interest receivable	8,290	2,537	-
Others	2,770	2,378	2,359
	<u>\$ 11,060</u>	<u>\$ 41,792</u>	<u>\$ 2,359</u>
Other receivables from related parties (Note 38)	<u>\$ 641</u>	<u>\$ 12,653</u>	<u>\$ 10</u>
<u>Collection receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 24,738	\$ 20,203	\$ 13,548
Less: allowance for loss	( 24,738)	( 20,203)	( 13,548)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Trade receivables

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

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

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

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

Notes receivable

June 30, 2024

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 1,367
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 1,367</u>

December 31, 2023

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 1,675
Allowance for losses (lifetime expected credit losses)	<u>-</u>
Costs after amortization	<u>\$ 1,675</u>

June 30, 2023

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

Trade receivables

June 30, 2024

	<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	0.28%	2.29%	1.22%	7.21%	
Total carrying amount	\$1,180,310	\$ 111,029	\$ 1,312	\$ 9,116	\$1,301,767
Allowance for losses (lifetime expected credit losses)	( <u>3,324</u> )	( <u>2,547</u> )	( <u>16</u> )	( <u>657</u> )	( <u>6,544</u> )
Costs after amortization	<u>\$1,176,986</u>	<u>\$ 108,482</u>	<u>\$ 1,296</u>	<u>\$ 8,459</u>	<u>\$1,295,223</u>

December 31, 2023

	<u>1~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>Total</u>
Expected credit loss rate	0.39%	5.03%	11.66%	6.72%	
Total carrying amount	\$ 773,404	\$ 52,645	\$ 29,870	\$ 41,519	\$ 897,438
Allowance for losses (lifetime expected credit losses)	( <u>2,978</u> )	( <u>2,646</u> )	( <u>3,484</u> )	( <u>2,792</u> )	( <u>11,900</u> )
Costs after amortization	<u>\$ 770,426</u>	<u>\$ 49,999</u>	<u>\$ 26,386</u>	<u>\$ 38,727</u>	<u>\$ 885,538</u>

June 30, 2023

	<u>1~90 days</u>	<u>91~180 days</u>	<u>181~270 days</u>	<u>271~365 days</u>	<u>Total</u>
Expected credit loss rate	0.36%	1.18%	6.65%	16.14%	
Total carrying amount	\$ 707,169	\$ 87,404	\$ 33,705	\$ 7,139	\$ 835,417
Allowance for losses (lifetime expected credit losses)	( <u>2,517</u> )	( <u>1,032</u> )	( <u>2,243</u> )	( <u>1,152</u> )	( <u>6,944</u> )
Costs after amortization	<u>\$ 704,652</u>	<u>\$ 86,372</u>	<u>\$ 31,462</u>	<u>\$ 5,987</u>	<u>\$ 828,473</u>

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

Changes in loss allowance for trade receivables are as follows:

	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Beginning balance	\$ 11,900	\$ 6,589
Add: impairment loss recognized for the period	5,474	1,262
Less: transferred out due to reclassification for the period	( 10,883 )	( 893 )
Exchange difference of foreign currency	<u>53</u>	( <u>14</u> )
Ending balance	<u>\$ 6,544</u>	<u>\$ 6,944</u>

Changes in loss allowance for collection are as follows:

	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Beginning balance	\$ 20,203	\$ 20,248
Add: transferred in due to reclassification for the period	10,883	893
Less: reversal on impairment loss for the period	( 6,382 )	( 7,518 )
Exchange difference of foreign currency	<u>34</u>	( <u>75</u> )
Ending balance	<u>\$ 24,738</u>	<u>\$ 13,548</u>

## 11. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 558,528	\$ 400,489	\$ 407,495
Semi-finished products	393,283	297,235	264,091
Work in process	545,957	661,845	626,600
Finished products	349,487	400,829	314,727
Merchandise inventory	<u>31,837</u>	<u>26,450</u>	<u>5,734</u>
	1,879,092	1,786,848	1,618,647
<u>Land held for construction site</u> Sanxia District, New Taipei City	<u>130,497</u>	<u>122,134</u>	<u>121,994</u>
	<u>\$ 2,009,589</u>	<u>\$ 1,908,982</u>	<u>\$ 1,740,641</u>

Nature of cost of goods sold as below:

	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Cost of inventory sold	\$ 897,750	\$ 558,800	\$ 1,687,764	\$ 1,238,019
Inventory write-down loss (reversal gain)	35,284	( 3,602 )	42,344	35,412
Inventory loss (gain)	3,545	( 302 )	3,624	( 302 )
Revenue from leftover materials sold	( 1,920 )	( 2,097 )	( 3,949 )	( 2,645 )
Loss on inventory scrap	27,144	-	27,144	-
Others	( <u>65</u> )	<u>584</u>	( <u>65</u> )	<u>67</u>
	<u>\$ 961,738</u>	<u>\$ 553,383</u>	<u>\$ 1,756,862</u>	<u>\$ 1,270,551</u>

## 12. Subsidiaries

### Subsidiaries included in the consolidated financial statements

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

Name of investor company	Name of subsidiary	Nature of business	Percentage of equity held			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Gudeng Precision Industrial Co., Ltd. (hereinafter "the Company")	Gudeng Venture Capital Co., Ltd. (hereinafter "Gudeng Venture")	Venture capital and management consulting business	100%	100%	100%	-
	We Solutions Technology Co., Ltd. (hereinafter "We Solutions")	Various semiconductor component manufacturing and trading business	76.78%	83.33%	83.33%	Notes 1 and 2
	Gudeng Equipment Co., Ltd. (hereinafter "Gudeng Equipment")	Manufacture, trading, repair, and maintenance of various precision instruments	44.98%	46.83%	46.73%	Notes 2 and 5
	Rich Point Global Corp. (hereinafter "Rich Point")	Engaged in various investment activities	100%	100%	100%	Note 1
	Partner one Ltd.	Engaged in various investment activities	-	-	-	Note 3
	Gudeng Inc.(USA)	Engaged in the business of various electronic components	51%	51%	100%	Notes 1 and 6
	Gudeng Aerospace Technologies Corporation (hereinafter "Gudeng Aerospace")	Retail, wholesale, and manufacturing of aircraft and their components	100%	100%	-	Notes 1 and 7
	Gudeng Co., Ltd.	Engaged in the business of various electronic components	100%	-	-	Notes 1 and 11
Gudeng Aerospace	JYR Aviation Components Co., Ltd. (hereinafter JYR Aviation)	Retail, wholesale, and manufacturing of aircraft and their components	51%	-	-	Notes 1 and 10
	Gudeng Aerospace Inc. (hereinafter "Aerospace (USA)")	Retail, wholesale, and manufacturing of aircraft and their components	100%	-	-	Notes 1 and 12
Gudeng Venture	Jia Shuo Construction, Inc. (hereinafter "Jia Shuo Construction")	Industrial plant, residential and building development and leasing, real estate sales and leasing	100%	100%	100%	Note 1
	Hengyang Green Energy Co., Ltd. (hereinafter "Hengyang")	Piping works and electrical installations	45%	45%	45%	Note 1
Rich Point	Sun Park Development Limited (hereinafter "Sun Park")	Engaged in various investment activities	100%	100%	100%	Note 1
	Gudeng Investment Co., Ltd. (hereinafter "Gudeng Investment")	Engaged in various investment activities	100%	100%	100%	Note 1
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")	Sales and maintenance of automobiles, trading various types of alcoholic beverages and aluminum foil	-	-	100%	Notes 1 and 8
Shanghai Gudeng	Kawaguchi Plastic Industry (Kunshan) Co., Ltd. (hereinafter "Kunshan Kawaguchi")	Sales of plastic and electronic products	100%	100%	-	Notes 1 and 9
Kunshan Kawaguchi	Dachuan Plastic Industrial (Kunshan) Co., Ltd. (hereinafter "Kunshan Dachuan")	Manufacturing of plastic and electronic products	100%	100%	-	Notes 1 and 9
Partner one Ltd.	Gudeng Investment (HK)	Engaged in various investment activities	-	-	-	Note 3
Gudeng Investment (HK)	Welton Technology Limited (hereinafter "Welton")	Engaged in the business of manufacturing plastic products, electronic and communication equipment, electric machinery and equipment	-	-	-	Note 4
Gudeng Equipment	Showa Precision Co., Ltd. (hereinafter "Showa")	Manufacture, trading, repair, and maintenance of various precision instruments	100%	100%	100%	Note 1
	Gudeng Inc. (USA)	Engaged in the business of various electronic components	4%	4%	-	Notes 1 and 6
We Solutions	Fu Rui Sheng Industrial Co., Ltd. (hereinafter "Fu Rui Sheng")	Investment and management consulting business	75.19%	54.94%	54.94%	Notes 1 and 2
	Suting Precision Industry Co., Ltd. (hereinafter "Suting")	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	85.54%	70.43%	70.43%	Notes 1 and 2
	Bor Sheng Industrial Co., Ltd. (hereinafter "Bor Sheng")	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	0.5%	0.5%	0.5%	Notes 1 and 2
Fu Rui Sheng	Bor Sheng	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	93%	93%	93%	Note 1

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

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

Note 3: The registration was completed in 2017, but no capital has been invested yet.

Note 4: Welton is currently in the pre-approval stage for its name and has not yet been established.

Note 5: The consolidated company holds a 44.98% stake in Gudeng Equipment. Since Gudeng Equipment is a publicly traded OTC company in Taiwan, the remaining 55.02% of its shares are held by hundreds of shareholders, none of whom are related parties to the consolidated company. After considering the absolute and relative size and distribution of voting rights held by these other shareholders, the consolidated company has determined that it possesses the substantive ability to control the relevant activities of Gudeng Equipment. Therefore, it is classified as a subsidiary.

Note 6: Gudeng Inc. (USA) increased its capital on September 30, 2023. Gudeng and Gudeng Equipment participated in the subscription, with shareholding ratio of 51% and 4% respectively. The consolidated shareholding ratio is 55%.

Note 7: The consolidated company invested NT\$320,000 thousand on September 6, 2023 to acquire 100% equity of Gudeng Aerospace.

Note 8: On September 14, 2023, Suzhou Kunju's registration was canceled, and the consolidated company lost control.

Note 9: Shanghai Gudeng invested RMB 107,500 thousand on November 30, 2023, to acquire 100% equity of Kunshan Kawaguchi and its subsidiaries.

Note 10: Gudeng Aerospace invested NT\$260,685 thousand on January 12, 2024 to acquire 51% equity in JYR Aviation.

Note 11: On March 1, 2024, the consolidated company invested JPY 9,900 thousand and acquired 100% equity of Gudeng Co., Ltd.

Note 12: Gudeng Aerospace invested USD 500 thousand on June 25, 2024 to acquire 100% equity of Gudeng Aerospace Inc.

### 13. **Investments Accounted for Using the Equity Method**

	June 30, 2024	December 31, 2023	June 30, 2023
Individual insignificant associates	<u>\$ 336,704</u>	<u>\$ 165,987</u>	<u>\$ 141,422</u>



As of June 30, 2024, the consolidated company did not participate in the cash capital increase of YAHOO System Technology Co., Ltd. (hereinafter referred to as YAHOO) in proportion to its shareholding. The consolidated company acquired 447 thousand ordinary shares of YAHOO at NT\$42 per share, for a total of NT\$18,789 thousand. As a result, the consolidated company's shareholding decreased from 21.05% to 20.05%.

On February 4, 2024, the consolidated company participated in the investment of Global Magic Electronic Co., Ltd. (hereinafter referred to as Global Magic), acquiring 12,500 thousand ordinary shares of Global Magic by cash at NT\$12 per share, for a total of NT\$150,000 thousand with a shareholding of 33.47%. In June 2024, the consolidated company opted not to participate in the cash capital increase of Global Magic, resulting in a decrease in its shareholding to 29.98%.

Please refer to Table VII "Names, locations and relevant information of investee companies" for nature of business, primary business premises, and countries of company registration of the above-mentioned associates.

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

#### 14. Property, Plant and Equipment

##### Self-usage

	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 2,853,930	\$ 829,572	\$ 1,528,776	\$ 112,499	\$ 1,378,494	\$ 1,004,767	\$ 7,708,038
Acquisition through business combinations (Note 33)	-	-	201,987	40,176	121,332	-	363,495
Addition	192,449	685	63,349	9,114	94,618	253,514	613,729
Disposal	-	-	( 12,994 )	-	( 14,856 )	-	( 27,850 )
Reclassification	36,088	20,000	104,538	-	17,555	-	178,181
Reclassified as investment property	( 7,677 )	( 2,958 )	-	-	-	-	( 10,635 )
Net exchange differences	( 7,215 )	4,705	5,990	741	1,765	-	5,986
Balance on June 30, 2024	<u>\$ 3,067,575</u>	<u>\$ 852,004</u>	<u>\$ 1,891,646</u>	<u>\$ 162,530</u>	<u>\$ 1,598,908</u>	<u>\$ 1,258,281</u>	<u>\$ 8,830,944</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2024	\$ -	\$ 158,796	\$ 713,352	\$ 44,373	\$ 711,890	\$ -	\$ 1,628,411
Acquisition through business combinations (Note 33)	-	-	114,361	33,324	105,004	-	252,689
Disposal	-	-	( 3,841 )	-	( 6,088 )	-	( 9,929 )
Depreciation expenses	-	10,497	78,789	8,252	97,442	-	194,980
Reclassified as investment property	-	( 551 )	-	-	-	-	( 551 )
Net exchange differences	-	1,944	3,495	( 291 )	1,067	-	6,215
Balance on June 30, 2024	<u>\$ -</u>	<u>\$ 170,686</u>	<u>\$ 906,156</u>	<u>\$ 85,658</u>	<u>\$ 909,315</u>	<u>\$ -</u>	<u>\$ 2,071,815</u>
Net balance on June 30, 2024	<u>\$ 3,067,575</u>	<u>\$ 681,318</u>	<u>\$ 985,490</u>	<u>\$ 76,872</u>	<u>\$ 689,593</u>	<u>\$ 1,258,281</u>	<u>\$ 6,759,129</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 2,853,930</u>	<u>\$ 670,776</u>	<u>\$ 815,424</u>	<u>\$ 68,126</u>	<u>\$ 666,604</u>	<u>\$ 1,004,767</u>	<u>\$ 6,079,627</u>
<u>Cost</u>							
Balance on January 1, 2023	\$ 2,640,623	\$ 588,493	\$ 1,059,162	\$ 54,566	\$ 1,157,007	\$ 443,480	\$ 5,943,331
Addition	100,178	25,507	45,873	7,261	92,978	204,184	475,981
Disposal	-	-	( 27,386 )	-	( 8,058 )	-	( 35,444 )
Reclassification	-	22,100	47,273	-	19,655	1,690	90,718
Net exchange differences	-	418	-	( 15 )	( 750 )	-	( 347 )
Balance on June 30, 2023	<u>\$ 2,740,801</u>	<u>\$ 636,518</u>	<u>\$ 1,124,922</u>	<u>\$ 61,812</u>	<u>\$ 1,260,832</u>	<u>\$ 649,354</u>	<u>\$ 6,474,239</u>

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	Self-owned land	Buildings	Machinery equipment	Leasehold improvements	Other equipment	Real property under construction	Total
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	\$ -	\$ 65,251	\$ 544,329	\$ 21,888	\$ 574,501	\$ -	\$ 1,205,969
Disposal	-	-	( 20,405 )	-	( 3,718 )	-	( 24,123 )
Depreciation expenses	-	5,838	43,230	2,790	70,691	-	122,549
Net exchange differences	-	-	-	( 15 )	( 113 )	-	( 128 )
Balance on June 30, 2023	<u>\$ -</u>	<u>\$ 71,089</u>	<u>\$ 567,154</u>	<u>\$ 24,663</u>	<u>\$ 641,361</u>	<u>\$ -</u>	<u>\$ 1,304,267</u>
Net balance on June 30, 2023	<u>\$ 2,740,801</u>	<u>\$ 565,429</u>	<u>\$ 557,768</u>	<u>\$ 37,149</u>	<u>\$ 619,471</u>	<u>\$ 649,354</u>	<u>\$ 5,169,972</u>

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

Buildings	6 to 51 years
Machinery equipment	2 to 15 years
Leasehold improvements	2 to 11 years
Other assets	2 to 21 years

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

As of June 30, 2024, and June 30 and December 31, 2023, the consolidated company had NT\$210,808 thousand, NT\$220,359 thousand, and NT\$119,063 thousand in self-owned land, and the ownership was temporarily registered in the name of a third party, and the trustee had issued a settlement statement.

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

## 15. Lease Agreements

### a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 20,653	\$ 20,369	\$ -
Buildings	132,574	140,015	92,271
Transportation equipment	13,208	9,637	8,646
	<u>\$ 166,435</u>	<u>\$ 170,021</u>	<u>\$ 100,917</u>

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Additions of right-of-use assets			<u>\$ 15,896</u>	<u>\$ 43,141</u>
Depreciation expense of right-of-use assets				
Land	\$ 139	\$ -	\$ 272	\$ -
Buildings	10,595	7,383	20,696	13,385
Transportation equipment	<u>1,570</u>	<u>2,392</u>	<u>2,825</u>	<u>4,626</u>
	<u>\$ 12,304</u>	<u>\$ 9,775</u>	<u>\$ 23,793</u>	<u>\$ 18,011</u>

Except for the addition and recognition of depreciation expenses listed above, there is no significant sublease or impairment of the right-of-use assets of the consolidated company from January 1 to June 30, 2024 and 2023.

b. Lease liabilities

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Carrying amount of lease liabilities			
Current	<u>\$ 44,638</u>	<u>\$ 39,377</u>	<u>\$ 33,815</u>
Non-current	<u>\$ 104,543</u>	<u>\$ 112,882</u>	<u>\$ 69,512</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Buildings	1.03%~5.33%	1.45%~5.33%	1.45%~2.99%
Transportation equipment	1.50%~2.99%	1.50%~2.99%	1.50%~7.90%

c. Major lease activities and terms

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

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

d. Other lease information

	April 1, 2024 to June 30, 2024	April 1, 2023 to June 30, 2023	January 1, 2024 to June 30, 2024	January 1, 2023 to June 30, 2023
Short-term leases expenses	<u>\$ 5,121</u>	<u>\$ 4,316</u>	<u>\$ 10,307</u>	<u>\$ 8,496</u>
Expenses relating to low-value asset leases	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ -</u>
Total cash (outflow) for leases			<u>(\$ 35,610)</u>	<u>(\$ 26,909)</u>

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

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

	June 30, 2024	December 31, 2023	June 30, 2023
Lease commitments	<u>\$ 155,365</u>	<u>\$ 138</u>	<u>\$ -</u>

The consolidated company's subsidiary, Gudeng Equipment, signed a land lease agreement (Tainan Science Park) with the National Science and Technology Council and the Southern Taiwan Science Park Administration in May 2024, with a lease term from July 1, 2024 to June 30, 2043, with a total amount of NT\$146,827 thousand.

**16. Investment Properties**

	<u>Completed investment properties</u>
<u>Cost</u>	
Balance on January 1, 2024	\$ 704,645
Addition	41,337
Transfer in from property, plant and equipment	<u>10,635</u>
Balance on June 30, 2024	<u>\$ 756,617</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2024	\$ 50,270
Transfer in from property, plant and equipment	551
Depreciation expenses	<u>3,587</u>
Balance on June 30, 2024	<u>\$ 54,408</u>

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	<u>Completed investment properties</u>
Net balance on June 30, 2024	<u>\$ 702,209</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 654,375</u>
<u>Cost</u>	
Balance on January 1, 2023	<u>\$ 834,964</u>
Balance on June 30, 2023	<u>\$ 834,964</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2023	\$ 54,209
Depreciation expenses	<u>4,349</u>
Balance on June 30, 2023	<u>\$ 58,558</u>
Net balance on June 30, 2023	<u>\$ 776,406</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Year 1	\$ 23,334	\$ 34,096	\$ 2,022
Year 2	<u>3,408</u>	<u>5,262</u>	<u>-</u>
	<u>\$ 26,742</u>	<u>\$ 39,358</u>	<u>\$ 2,022</u>

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

Main buildings	51 years
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The fair value of investment properties is measured by an independent appraisal company using Level 3 input. The valuation is based on the cash flow method and the comparison method. Important unobservable inputs used include discount rates. The fair value obtained from the valuation is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Fair value	<u>\$ 1,198,400</u>	<u>\$ 1,198,400</u>

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

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

## 17. Goodwill

	From January 1 to June 30, 2024	From January 1 to June 30, 2023
<u>Cost</u>		
Beginning balance	\$ 200,951	\$ 89,584
Acquisition through business combination for the current period (Note 33)	<u>46,801</u>	<u>-</u>
Ending balance	<u>\$ 247,752</u>	<u>\$ 89,584</u>
<u>Accumulated impairment loss</u>		
Beginning balance	(\$ 24,201)	(\$ 24,201)
Ending balance	<u>(\$ 24,201)</u>	<u>(\$ 24,201)</u>
Net beginning balance	<u>\$ 176,750</u>	<u>\$ 65,383</u>
Net ending balance	<u>\$ 223,551</u>	<u>\$ 65,383</u>

The consolidated company acquired JYR Aviation Components Co., Ltd. and Kawaguchi Plastic Industry (Kunshan) Co., Ltd. on January 12, 2024 and November 30, 2023, respectively, generating goodwill of NT\$46,801 thousand and NT\$131,271 thousand. The goodwill mainly arises from control premium, including expected combination synergies, revenue growth, future market development, all of which have been assessed and no impairment losses have been recognized.

## 18. Other Intangible Assets

	Patents	Computer software	Golf membership card	Technology	Client relationship	Total
<u>Cost</u>						
Balance on January 1, 2024	\$ 99,925	\$ 124,438	\$ 8,763	\$ 5,900	\$ 25,204	\$ 264,230
Acquisition through business combinations (Note 33)	-	22,675	-	-	-	22,675
Acquired separately	<u>-</u>	<u>14,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,067</u>
Balance on June 30, 2024	<u>\$ 99,925</u>	<u>\$ 161,180</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 25,204</u>	<u>\$ 300,972</u>
<u>Accumulated amortization and impairment</u>						
Balance on January 1, 2024	\$ 39,450	\$ 54,917	\$ -	\$ 2,528	\$ 5,300	\$ 102,195
Acquisition through business combinations (Note 33)	-	20,839	-	-	-	20,839
Amortization expenses	4,382	9,216	-	421	1,244	15,263
Net exchange differences	<u>-</u>	<u>( 89)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 89)</u>
Balance on June 30, 2024	<u>\$ 43,832</u>	<u>\$ 84,883</u>	<u>\$ -</u>	<u>\$ 2,949</u>	<u>\$ 6,544</u>	<u>\$ 138,208</u>

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	Patents	Computer software	Golf membership card	Technology	Client relationship	Total
Net balance on June 30, 2024	<u>\$ 56,093</u>	<u>\$ 76,297</u>	<u>\$ 8,763</u>	<u>\$ 2,951</u>	<u>\$ 18,660</u>	<u>\$ 162,764</u>
Net balance on December 31, 2023 and January 1, 2024	<u>\$ 60,475</u>	<u>\$ 69,521</u>	<u>\$ 8,763</u>	<u>\$ 3,372</u>	<u>\$ 19,904</u>	<u>\$ 162,035</u>
<u>Cost</u>						
Balance on January 1, 2023	\$ 97,425	\$ 67,779	\$ 8,763	\$ 5,900	\$ 5,300	\$ 185,167
Acquired separately	<u>2,500</u>	<u>20,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,165</u>
Balance on June 30, 2023	<u>\$ 99,925</u>	<u>\$ 88,444</u>	<u>\$ 8,763</u>	<u>\$ 5,900</u>	<u>\$ 5,300</u>	<u>\$ 208,332</u>
<u>Accumulated amortization and impairment</u>						
Balance on January 1, 2023	\$ 30,796	\$ 43,815	\$ -	\$ 1,687	\$ 5,300	\$ 81,598
Amortization expenses	<u>4,273</u>	<u>4,521</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>9,214</u>
Net exchange differences	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
Balance on June 30, 2023	<u>\$ 35,069</u>	<u>\$ 48,362</u>	<u>\$ -</u>	<u>\$ 2,107</u>	<u>\$ 5,300</u>	<u>\$ 90,838</u>
Net balance on June 30, 2023	<u>\$ 64,856</u>	<u>\$ 40,082</u>	<u>\$ 8,763</u>	<u>\$ 3,793</u>	<u>\$ -</u>	<u>\$ 117,494</u>

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

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

Cost of computer software	1 to 9 years
Patents	5 to 10 years
Technology	7 years
Client relationship	2 to 8 years

Amortization expenses summarized by function:

	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Operating costs	\$ 1,402	\$ 1,077	\$ 2,675	\$ 3,065
Selling and marketing expenses	3	2	5	3
General and administrative expenses	4,015	900	7,760	1,724
R&D expenses	<u>2,415</u>	<u>2,324</u>	<u>4,823</u>	<u>4,422</u>
	<u>\$ 7,835</u>	<u>\$ 4,303</u>	<u>\$ 15,263</u>	<u>\$ 9,214</u>

**19. Prepayments**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Advance payment	\$ 43,193	\$ 102,406	\$ 130,796
Tax overpaid retained for offsetting the future tax payable	47,772	38,408	25,246
Other prepayments	<u>58,816</u>	<u>24,216</u>	<u>66,729</u>
	<u>\$ 149,781</u>	<u>\$ 165,030</u>	<u>\$ 222,771</u>

**20. Other Assets**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Other current assets			
Temporary payments	\$ 4,097	\$ 2,846	\$ 5,502
Payment on behalf of others	77,136	67,698	-
Others	<u>2</u>	<u>-</u>	<u>-</u>
	<u>\$ 81,235</u>	<u>\$ 70,544</u>	<u>\$ 5,502</u>
 <u>Non-current</u>			
Net defined benefit assets	<u>\$ 873</u>	<u>\$ 871</u>	<u>\$ 1,379</u>

**21. Borrowings**

## a. Short-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Secured loans</u> (Note 39)			
— Bank loans	\$ -	\$ -	\$ 250,000
<u>Unsecured loans</u>			
— Bank loans	<u>120,000</u>	<u>125,000</u>	<u>275,000</u>
	<u>\$ 120,000</u>	<u>\$ 125,000</u>	<u>\$ 525,000</u>

The interest rates on bank revolving loans were 1.92%-3.05%, 2.05%-2.40% and 1.75%-2.4% as of June 30, 2024, December 31 and June 30, 2023, respectively.



b. Long-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Secured loans</u> (Note 39)	\$ 2,882,327	\$ 2,644,969	\$ 2,953,513
<u>Unsecured loans</u>	896,765	788,135	867,151
Less: current portion matured in 1 year	( 191,966)	( 257,712)	( 279,845)
	<u>\$ 3,587,126</u>	<u>\$ 3,175,392</u>	<u>\$ 3,540,819</u>
<u>Contents of borrowings</u>			
Annual interest rate	1.025%~3.832%	1.850%~3.850%	1.75%~3.12%
Maturity date	Mature in succession before January 2042	Mature in succession before January 2042	Mature in succession before January 2042

**22. Corporate Bonds Payable**

	June 30, 2024	December 31, 2023	June 30, 2023
Domestic unsecured convertible bonds	\$ 952,369	\$ 942,415	\$ 78,740
Less: current portion matured in 1 year	-	-	-
	<u>\$ 952,369</u>	<u>\$ 942,415</u>	<u>\$ 78,740</u>

The fourth domestic unsecured convertible corporate bonds

On October 18, 2023, the consolidated company issued 10,000 units with 3-year issuance periods of NTD denominated unsecured convertible corporate bonds at a coupon rate of 0% with a principal amounted to \$1,000,000 thousand.

Holders of corporate bonds of each unit are entitled to convert into the ordinary shares of the consolidated company at NT\$374.9 per share. After such conversion price is determined, if there is an increase in the ordinary shares in issue, the conversion price adjustment formula shall be adjusted.

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

days through registered mails, and call back all the corporate bonds by cash at par value by the end of that period.

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

This convertible corporate bonds comprise a liability and equity component, and the equity component is presented under equity as capital surplus - share option. The liability component is initially recognized at the effective interest rate of 2.14%.

The contents of the conversion which was fully converted by the consolidated company per the requests of the bond holders as of June 30, 2024 are as follows:

	<u>From January 1 to June 30, 2024</u>
Total amount of requested conversion of bonds	\$ 100
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 3 )
Premium on conversion	97
Add: capital surplus - share option	6
Less: discount on corporate bonds payable	( 6 )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 97</u>

The changes in the master debt agreement from the issuance date to June 30, 2024, are as follows:

	<u>Amount</u>
Issue proceeds on October 18, 2023 (less transaction costs of NT\$2,715 thousand)	\$ 997,285
Equity components (less transaction cost allocated to equity of NT\$154 thousand)	( 56,446 )
Derivatives components - put right	( 3,700 )
Derivatives components - redemption rights	<u>1,200</u>
Liability components on issuance date (Derivatives components - redemption rights)	938,339
Interests calculated at the effective interest rate of 2.14%	<u>4,076</u>
Liability components on December 31, 2023	<u>\$ 942,415</u>
Liability components on January 1, 2024	\$ 942,415
Interests calculated at the effective interest rate of 2.14%	10,048
Ordinary shares converted from corporate bonds payable	( 94 )
Liability components on June 30, 2024	<u>\$ 952,369</u>

The third domestic unsecured convertible corporate bonds

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

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

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

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

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

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

	<u>2023</u>
Total amount of requested conversion of bonds	\$ 964,800
Less: shares capital of ordinary shares issued at the conversion price of the above-mentioned convertible bonds in accordance with issuance regulations	( 42,478 )
Premium on conversion	922,322
Add: capital surplus - share option	41,362
Financial liabilities at fair value through profit or loss	687
Less: discount on corporate bonds payable	( 37,968 )
Financial assets at fair value through profit or loss	( 4,082 )
Odd lot transferred into other revenue	( 30 )
Ordinary shares Issued and partially transferred to capital surplus - premium on conversion of corporate bonds	<u>\$ 922,291</u>

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

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

The contents of the conversion which was fully converted by the consolidated company per the requests of the bond holders as of June 30, 2023 are as follows:

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

The changes in the master debt agreement from the issuance date to June 30, 2023, are as follows:

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

### 23. Notes Payable and Trade Payables

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes payable</u>			
Arising from operations - non-related parties	\$ 149	\$ 123	\$ 53
<u>Trade payables</u>			
Arising from operations - non-related parties	\$ 573,402	\$ 514,411	\$ 475,056
Arising from operations - related parties (Note 38)	\$ 40,509	\$ 35,132	\$ 17,176

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

### 24. Other Liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
<u>Other payables</u>			
Equipment payment payable	\$ 35,795	\$ 122,474	\$ 57,338
Salaries and bonuses payable	169,177	185,279	140,502
Employee compensation payable	38,950	67,827	38,764
Directors remuneration payable	25,578	43,839	24,294
Vacation leave payment payable	18,713	20,247	19,028
Interest payable	3,412	3,336	2,700
Dividends payable	330,040	377,883	346,353
Payable for investments (Note 35)	23,892	93,031	-
Others	248,207	201,645	157,169
	<u>\$ 893,764</u>	<u>\$ 1,115,561</u>	<u>\$ 786,148</u>
Other payable - related parties (Note 38)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>
<u>Other Liabilities</u>			
Temporary received	\$ 362	\$ 337	\$ 732
Received on behalf of others	82,405	72,452	4,752
Others	311	7,429	9,153
	<u>\$ 83,078</u>	<u>\$ 80,218</u>	<u>\$ 14,637</u>

## 25. Provision for Liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Warranty	<u>\$ 31,234</u>	<u>\$ 29,318</u>	<u>\$ 31,441</u>

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

## 26. Benefits after Retirement Plan

Employee benefits expense in respect of the consolidated company's defined benefit plans was NT\$236 thousand, NT\$110 thousand, NT\$474 thousand and NT\$221 thousand for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, respectively, and were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2024 and 2023, respectively.

## 27. Equity

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

	June 30, 2024	December 31, 2023	June 30, 2023
Nominal shares (in thousand shares)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Nominal share capital	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of shares issued and payments received in full (in thousand shares)	<u>94,297</u>	<u>94,184</u>	<u>85,369</u>
Share capital issued	<u>\$ 942,972</u>	<u>\$ 941,844</u>	<u>\$ 853,689</u>
Share capital collected in advance	<u>\$ 3</u>	<u>\$ 1,128</u>	<u>\$ 27,676</u>

On August 30, 2023, the Board of Directors resolved a capital increase in cash to issue 5,800 thousand of new shares with a par value of NT\$10 per share, and issued on premiums for NT\$300 per share. The above-mentioned capital increase in cash had been reported and approved for effectiveness by the Securities and Futures Bureau, Financial Supervisory Commission on September 25, 2023, and the ex-rights date of the capital increase was October 24, 2023 resolved by the Board of Directors, and the change of registration was completed on January 2, 2024.

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

As of June 30, 2024 and June 30 and December 31, 2023, the bond holders of the Company's unsecured convertible corporate bonds had requested to convert into 0.3 thousand ordinary shares, 113 thousand ordinary shares, and 2,768 thousand ordinary shares, of which were recorded as share capital collected in advance amounted to NT\$3 thousand, NT\$1,128 thousand and NT\$27,676 thousand respectively, and the registration of the change was made after new shares issued on the ex-rights date of the capital increase according to the law.

b. Capital surplus

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Used to offset deficit, distribute cash, or replenish share capital (1)</u>			
Premium on issuance of shares	\$ 4,412,831	\$ 4,412,831	\$ 2,696,145
Premium on conversion of convertible corporate bonds	1,231,573	1,231,476	1,153,889
Treasury shares 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	1,082	1,188
Difference between equity value and book value of subsidiaries' actual acquisition or disposal	-	86,856	92,003
<u>Can only be used to offset losses</u>			
Recognized changes in ownership interest in subsidiaries (2)	282,473	-	-
Changes in net equity values of associates and joint ventures accounted for using the equity method	3,450	-	-
<u>Not to be used for any purposes</u>			
Stock option	<u>56,440</u>	<u>56,446</u>	<u>3,480</u>
	<u>\$ 6,188,310</u>	<u>\$ 5,989,152</u>	<u>\$ 4,147,166</u>



- 1) This type of capital surplus may be used to offset deficit or issue cash or replenish share capital when there are no loss, but share capital replenishment is restricted to the ratio of actual share capital stock each year.
  - 2) Such capital surplus arises from equity transactions recognized due to changes in the equity of subsidiaries, without the parent company actually acquiring or disposing of subsidiary shares, or from adjustments recognized under the equity method for the capital surplus of subsidiaries.
- c. Retained earnings and dividends policy

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

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

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

The Company has set aside and reversed the special reserve in accordance with the provisions of Jin-Guan-Zheng-Fa-Zi No. 1010012865 and No. 1090150022. If there is a subsequent reversal of the net reduction of other equity, the surplus may be allocated in respect of the reserved portion of the reserved special reserve.

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

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

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

The Board of Directors of the Company has decided on the surplus distribution plan for the year 2023 as follows:

	<u>July 1, 2023 to December 31, 2023</u>	<u>January 1, 2023 to June 30, 2023</u>
Date of the resolution of the Board of Directors Meeting	March 6, 2024	November 8, 2023
Legal reserve	<u>\$ 42,317</u>	<u>\$ 48,184</u>
Special reserve	<u>\$ -</u>	<u>(\$ 146,666)</u>
Cash dividends	<u>\$ 330,040</u>	<u>\$ 377,883</u>
Cash dividend per share (NT\$)	<u>\$ 3.5</u>	<u>\$ 4.27</u>

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on May 24, 2024.

d. Non-controlling interests

	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Beginning balance	\$ 791,527	\$ 476,250
Net income for the year	38,846	65,584
Earnings distribution for the current period	( 69,869)	( 22,515)
Other comprehensive income for the current period		
Exchange differences on translation of financial statements of foreign operations	5,104	-

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	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Acquisition of part of the equity in subsidiaries (Note 34)	(\$ 67,562)	(\$ 389)
Acquisition of non-controlling interests increased by subsidiaries (Note 33)	205,496	-
Disposal of part of the equity of Gudeng Equipment subsidiaries (Note 34)	-	21,474
Participation of non-controlling interests in the cash capital increase of subsidiaries (Note 34)	462,396	110,000
Share-based payment transactions	<u>14,284</u>	<u>-</u>
Ending balance	<u>\$ 1,380,222</u>	<u>\$ 650,404</u>

## 28. Revenue

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Revenue from customer contracts				
Sales revenue of commodities	\$ 1,556,341	\$ 784,936	\$ 2,771,154	\$ 2,115,890
Other operating revenue	<u>199,822</u>	<u>193,030</u>	<u>405,433</u>	<u>303,159</u>
	<u>\$ 1,756,163</u>	<u>\$ 977,966</u>	<u>\$ 3,176,587</u>	<u>\$ 2,419,049</u>

### a. Explanation from customer contracts

#### Sales revenue of commodities

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

b. Balance of contracts

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Trade receivables (Note 10)	<u>\$ 1,290,509</u>	<u>\$ 885,391</u>	<u>\$ 827,725</u>	<u>\$ 1,077,420</u>
Trade receivables from related parties (Note 10)	<u>\$ 4,714</u>	<u>\$ 147</u>	<u>\$ 748</u>	<u>\$ 275</u>
Contract liabilities - advance receipts				
Sales of commodities	\$ 513,685	\$ 817,764	\$ 797,871	\$ 670,354
Others	<u>83,560</u>	<u>19,341</u>	<u>51,703</u>	<u>38,672</u>
	<u>\$ 597,245</u>	<u>\$ 837,105</u>	<u>\$ 849,574</u>	<u>\$ 709,026</u>

c. Breakdown of revenue from customer contracts

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

**29. Net Income before Tax**

a. Interest income

	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Bank deposits	\$ 17,142	\$ 12,615	\$ 25,844	\$ 15,217
Imputed interest on deposits	<u>20</u>	<u>150</u>	<u>44</u>	<u>209</u>
	<u>\$ 17,162</u>	<u>\$ 12,765</u>	<u>\$ 25,888</u>	<u>\$ 15,426</u>

b. Other income

	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Rental income				
Investment Properties	\$ 8,793	\$ 9,064	\$ 17,369	\$ 18,128
Other rental	<u>5,136</u>	<u>737</u>	<u>5,960</u>	<u>1,368</u>
	<u>13,929</u>	<u>9,801</u>	<u>23,329</u>	<u>19,496</u>
Dividend income				
Financial assets at fair value through profit or loss	-	8,479	-	8,595
Investments in equity instruments at fair value through other comprehensive income	<u>1,864</u>	<u>24,000</u>	<u>1,864</u>	<u>24,000</u>
	<u>1,864</u>	<u>32,479</u>	<u>1,864</u>	<u>32,595</u>
Others	<u>3,324</u>	<u>2,928</u>	<u>11,019</u>	<u>3,919</u>
	<u>\$ 19,117</u>	<u>\$ 45,208</u>	<u>\$ 36,212</u>	<u>\$ 56,010</u>

c. Other gains and (losses)

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Gain (loss) of financial assets and financial liabilities				
Financial assets mandatorily classified as at fair value through profit or loss	(\$ 3,273)	\$ 16,374	\$ 22,476	\$ 59,585
Net gain (loss) on foreign exchange	9,609	32,246	58,072	17,430
Gain (loss) on disposal of property, plant and equipment	1,125	372	812	( 3,854)
Gain on lease amendment	-	355	-	305
Others	<u>803</u>	<u>( 786)</u>	<u>( 616)</u>	<u>( 829)</u>
	<u>\$ 8,264</u>	<u>\$ 48,561</u>	<u>\$ 80,744</u>	<u>\$ 72,637</u>

d. Finance costs

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Interest on bank loans	\$ 22,103	\$ 20,782	\$ 42,317	\$ 39,445
Interest on convertible corporate bonds	5,037	1,303	10,048	4,939
Interest on lease liabilities	516	593	1,101	1,115
Imputed interest on deposits	15	10	29	20
Other interest expenses	-	9	-	32
Less: amount included in the cost of key assets	<u>( 2,363)</u>	<u>( 2,130)</u>	<u>( 4,646)</u>	<u>( 4,079)</u>
	<u>\$ 25,308</u>	<u>\$ 20,567</u>	<u>\$ 48,849</u>	<u>\$ 41,472</u>

Information on interest capitalization is as follows:

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Amount of capitalized interest	\$ 2,363	\$ 2,130	\$ 4,646	\$ 4,079
Capitalized interest rate	2.18%	1.75%	2.18%	1.75%

e. Depreciation and amortization

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Depreciation expenses summarized by function				
Operating costs	\$ 72,403	\$ 50,609	\$ 140,692	\$ 97,842
Operating expenses	<u>41,841</u>	<u>24,184</u>	<u>81,668</u>	<u>47,067</u>
	<u>\$ 114,244</u>	<u>\$ 74,793</u>	<u>\$ 222,360</u>	<u>\$ 144,909</u>
Amortization expenses summarized by function				
Operating costs	\$ 1,402	\$ 1,077	\$ 2,675	\$ 3,065
Operating expenses	<u>6,433</u>	<u>3,226</u>	<u>12,588</u>	<u>6,149</u>
	<u>\$ 7,835</u>	<u>\$ 4,303</u>	<u>\$ 15,263</u>	<u>\$ 9,214</u>

f. Employee benefit expenses

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Benefits after retirement				
Defined contribution plans	\$ 9,285	\$ 7,119	\$ 18,393	\$ 14,380
Defined benefit plans (Note 26)	<u>236</u>	<u>110</u>	<u>474</u>	<u>221</u>
	9,521	7,229	18,867	14,601
Share-based payment				
Equity settlement (Note 32)	25,342	-	25,342	-
Other employee benefits	<u>333,741</u>	<u>274,745</u>	<u>662,250</u>	<u>544,386</u>
Total employee benefit expenses	<u>\$ 368,604</u>	<u>\$ 281,974</u>	<u>\$ 706,459</u>	<u>\$ 558,987</u>
Summarized by function				
Operating costs	\$ 153,332	\$ 130,803	\$ 295,384	\$ 243,649
Operating expenses	<u>215,272</u>	<u>151,171</u>	<u>411,075</u>	<u>315,338</u>
	<u>\$ 368,604</u>	<u>\$ 281,974</u>	<u>\$ 706,459</u>	<u>\$ 558,987</u>

g. Remunerations of employees and directors

The Company allocates the employees' compensation and remuneration of directors for not less than 3% and not more than 3%, respectively, of the income before tax before deducting the distributed the employees' compensation and the remuneration of directors in the current year. The employees' compensation and remuneration of directors for the six months ended June 30, 2024 and 2023, were as follows:

Estimated ratio

	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Employees' compensation	3%	3%
Remuneration of directors	3%	3%

Amount

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Employees' compensation	<u>\$ 10,891</u>	<u>\$ 3,876</u>	<u>\$ 18,826</u>	<u>\$ 16,423</u>
Remuneration of directors	<u>\$ 10,891</u>	<u>\$ 3,887</u>	<u>\$ 18,825</u>	<u>\$ 16,422</u>

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

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 were resolved by the Board of Directors on March 6, 2024 and March 8, 2023, respectively, as follows:

Amount

	2023		2022	
	Cash	Stock	Cash	Stock
Employees' compensation	\$ 31,429	\$ -	\$ 35,338	\$ -
Remuneration of directors and supervisors	31,428	-	34,130	-

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 and the amount recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

**30. Income Tax**

a. Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Current income tax				
Incurred for the period	\$ 124,131	\$ 27,269	\$ 183,228	\$ 125,820
Additional levy on undistributed earnings	( 204)	7,812	3,879	7,812
Adjustments from prior years	<u>652</u>	<u>( 29,096)</u>	<u>652</u>	<u>( 29,096)</u>
	<u>124,579</u>	<u>5,985</u>	<u>187,759</u>	<u>104,536</u>
Deferred income tax				
Incurred for the period	<u>( 25,506)</u>	<u>1,816</u>	<u>( 19,452)</u>	<u>( 9,024)</u>
Income tax expense recognized in profit or loss	<u>\$ 99,073</u>	<u>\$ 7,801</u>	<u>\$ 168,307</u>	<u>\$ 95,512</u>

b. Income tax assessments

The annual income tax return of a profit-seeking enterprise of the Company, Gudeng Venture, We Solutions, Gudeng Equipment, Showa, Fu Rui Sheng, Suting, Bor Sheng, Jia Shuo Construction, Hengyang and JYR Aviation Components Co, Ltd. have been assessed by the tax authorities, through the 2022 annual income tax return of a profit-seeking enterprise.

### 31. Earnings per Share

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

#### Net income for the year

	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Net income used for calculating basic earnings per share	\$ 282,633	\$ 146,295	\$ 493,858	\$ 481,841
Impacts of potential ordinary shares with dilution effect:				
Interest on convertible corporate bonds and gain or loss on valuation of conversion options	<u>3,430</u>	<u>1,332</u>	<u>4,839</u>	<u>1,721</u>
Net income used for calculating diluted earnings per share	<u>\$ 286,063</u>	<u>\$ 147,627</u>	<u>\$ 498,697</u>	<u>\$ 483,562</u>

#### Number of shares

	Unit: Thousand shares			
	<u>April 1, 2024 to June 30, 2024</u>	<u>April 1, 2023 to June 30, 2023</u>	<u>January 1, 2024 to June 30, 2024</u>	<u>January 1, 2023 to June 30, 2023</u>
Weighted average of ordinary shares used for calculating basic earnings per share	94,298	87,086	94,297	86,105
Impacts of potential ordinary shares with dilution effect:				
Employees' compensation	42	38	67	80
Convertible corporate bonds	<u>2,725</u>	<u>1,774</u>	<u>2,725</u>	<u>2,365</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>97,065</u>	<u>88,898</u>	<u>97,089</u>	<u>88,550</u>

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

### 32. Share-based Payment Agreement

#### a. Employees stock option plan of the subsidiaries

The subsidiary Gudeng Equipment Co., Ltd. (hereinafter "Gudeng Equipment") under the Company granted 407 thousand stock options to its employees in April 2024.

The information on employee stock options is as follows:



<u>Employees stock options</u>	<u>From January 1 to June 30, 2024</u>	
	<u>Unit (thousands)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	-	\$ -
Granted during the period	407	216.8
Exercised during the period	( 345 )	216.8
Expired during the period	( 62 )	
Outstanding at the end of the period	<u>-</u>	
Exercisable at the end of the period	<u>-</u>	
Weighted average fair value of stock options granted during the period (NT\$)	<u>\$ 71.9</u>	

The weighted average stock price on the exercise dates for employee stock options exercised from January 1 to June 30, 2024, was NT\$284.64.

Gudeng Equipment priced the granted employee share options granted in April 2024 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

Market value on the grant date	<u>April 2024</u> NT\$284.64
Exercised price	NT\$216.8
Expected volatility	165.687%
Duration	8 days
Expected rate of dividend	0%
Risk-free interest rate	0.03626%

The compensation cost recognized by Gudeng Equipment from January 1 to June 30, 2024, was NT\$24,805 thousand.

b. Employees stock option plan of the subsidiaries

The subsidiary We Solutions Technology Co., Ltd. (hereinafter “We Solutions”) under the Company granted 1,900 thousand stock options to its employees in April 2024.

The information on employee stock options is as follows:

<u>Employees stock options</u>	<u>From January 1 to June 30, 2024</u>	
	<u>Unit (thousands)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	-	\$ -
Granted during the period	<u>1,900</u>	12.67
Outstanding at the end of the period	<u>1,900</u>	
Exercisable at the end of the period	<u>1,900</u>	
Weighted average fair value of stock options granted during the period (NT\$)	<u>\$ 1.2</u>	

The weighted average stock price on the exercise dates for employee stock options exercised from January 1 to June 30, 2024, was NT\$12.75.

We Solutions priced the granted employee share options granted in April 2024 by the Black-Scholes option valuation model, and the inputs used for the valuation model are as below:

	<u>April 2024</u>
Market value on the grant date	NT\$12.75
Exercised price	NT\$12.67
Expected volatility	26.20%
Duration	9 months
Expected rate of dividend	0%
Risk-free interest rate	1.3846%

The compensation cost recognized by We Solutions from January 1 to June 30, 2024, was NT\$537 thousand.

### **33. Business Combinations**

#### a. Acquisition of subsidiaries

	<u>Main operational activities</u>	<u>Acquisition date</u>	<u>Ownership interest/acquisition ratio with voting rights (%)</u>	<u>Transfer consideration</u>
JYR Aviation Components Co., Ltd.	Retail, wholesale, and manufacturing of aircraft and their components	January 12, 2024	51%	<u>\$ 260,685</u>

The consolidated company acquired JYR Aviation Components Co., Ltd. on January 12, 2024, in order to further expand the operations of the consolidated company.

b. Transfer consideration

	JYR Aviation Components Co., Ltd.
	<hr/>
Cash	<u>\$ 260,685</u>

c. Assets acquired and liabilities assumed on the acquisition date

	JYR Aviation Components Co., Ltd.
	<hr/>
Current assets	
Cash and Cash Equivalents	\$ 269,787
Trade receivables and other receivables	43,257
Current income tax assets	25
Inventories	146,911
Prepayments	29,768
Other current assets	4,040
Non-current assets	
Property, Plant and Equipment	110,806
Other Intangible Assets	1,836
Deferred tax assets	22,562
Prepayments for equipment	2,178
Other non-current assets	658
Current liabilities	
Short-term borrowings	( 79,970)
Notes payable	( 6,126)
Trade payables and other payables	( 68,383)
Long-term borrowings due within one year	( 10,861)
Non-current liabilities	
Long-term borrowings	( 47,006)
Deferred tax liabilities	( 102)
	<u>\$ 419,380</u>

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

d. Goodwill generated from the acquisition

From January 1 to June 30, 2024

	JYR Aviation Components Co., Ltd.
	<hr/>
Transfer consideration	\$ 260,685
Add: non-controlling interests	205,496
Less: fair value of identifiable net assets acquired	( 419,380 )
Goodwill generated from the acquisition	<u>\$ 46,801</u>

**34. Equity Transactions with Non-controlling Interests**

In April 2024, We Solutions, a subsidiary of the consolidated company, exchanged shares with Fu Rui Sheng and Suting, resulting in an increase in its shareholding ratios to 75.19% and 85.54%, respectively.

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

	(April 30, 2024) Fu Rui Sheng	(April 30, 2024) Suting
	<hr/>	<hr/>
Equity consideration (paid)	(\$ 20,369)	(\$ 7,417)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>20,396</u>	<u>8,368</u>
Difference in equity transactions	<u>\$ 27</u>	<u>\$ 951</u>
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	<u>\$ 27</u>	<u>\$ 951</u>

In January 2024, We Solutions did not acquire shares of Fu Rui Sheng and Suting in proportion to the shareholding ratio, resulting in an increase on the shareholding ratio to 58.18% and 74.37%, respectively.

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

	(January 17, 2024) Fu Rui Sheng	(January 17, 2024) Suting
Cash consideration (paid)	(\$ 6,258)	(\$ 4,704)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>3,807</u>	<u>2,758</u>
Difference in equity transactions	( <u>\$ 2,451</u> )	( <u>\$ 1,946</u> )
<u>Adjustment account for difference in equity transactions</u>		
Unappropriated earnings	( <u>\$ 2,451</u> )	( <u>\$ 1,946</u> )

In June, May, and January 2024, the consolidated company did not acquire shares of Gudeng Equipment Co., Ltd. in proportion to the shareholding ratio, resulting in an increase on the shareholding ratio to 44.98%.

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

	(May and June 2024) Gudeng Equipment Co., Ltd.	(January 2024) Gudeng Equipment Co., Ltd.
Cash consideration (paid)	(\$ 170,354)	(\$ 26,862)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>28,980</u>	<u>2,747</u>
Difference in equity transactions	( <u>\$ 141,374</u> )	( <u>\$ 24,115</u> )
<u>Adjustment account for difference in equity transactions</u>		
Capital surplus - difference between equity price and book value of subsidiaries' actual acquisition or disposal	(\$ 62,741)	(\$ 24,115)
Unappropriated earnings	( <u>78,633</u> )	<u>-</u>
	( <u>\$ 141,374</u> )	( <u>\$ 24,115</u> )

The consolidated company did not participate in the cash capital increases of Gudeng Equipment and We Solutions, resulting in a decrease in its shareholding ratios to 42.92% and 76.78%, respectively.

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

	(May 9, 2024) Gudeng Equipment Co., Ltd.	(April 30, 2024) We Solutions
Cash consideration received	\$ 694,612	\$ 4,682
Equity consideration received	-	27,786
Carrying amount of the subsidiary's net assets to be transferred in non-controlling interest with calculations based on the changes in equity	( 425,820)	( 31,076)
Difference in equity transactions	<u>\$ 268,792</u>	<u>\$ 1,392</u>
<u>Adjustment account for difference in equity transactions</u>		
Capital surplus - recognized changes in ownership interest in subsidiaries	<u>\$ 268,792</u>	<u>\$ 1,392</u>

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

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

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

	(June 30, 2023)
	<u>Bor Sheng</u>
Cash consideration paid	(\$ 450)
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest with calculations based on the changes in equity	<u>389</u>
Difference in equity transactions	( <u>\$ 61</u> )
 <u>Adjustment account for difference in equity transactions</u>	
Capital surplus - difference between equity price and book value of subsidiaries' actual acquisition or disposal	(\$ <u>61</u> )

### 35. Information on Cash Flows

#### Non-cash transactions

Except as disclosed in other notes, the consolidated company engaged in the following non-cash investing and financing activities from January 1 to June 30, 2024, and 2023:

- a. The cash dividends for the second half of 2023, the first half of 2023, and the second half of 2022, as resolved by the Board of Directors, had not been distributed as of June 30, 2024, December 31, 2023, and June 30, 2023, respectively (see Notes 24 and 27).
- b. As of December 31, 2023, the consolidated company has not yet collected NT\$32,722 thousand from the sale of its self-own land in 2023. This amount is recognized as other receivables.
- c. The consolidated company acquired equity in Kunshan Kawaguchi in 2023. As of June 30, 2024, and December 31, 2023, amounts of NT\$23,892 thousand and NT\$93,031 thousand, respectively, remained unpaid and were recorded under other payables.
- d. On April 30, 2024, We Solutions, a subsidiary of the Company, exchanged shares with Fu Rui Sheng and Suting (see Note 34).

### 36. Capital Risk Management

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

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

### 37. Financial Instruments

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

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

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

1) Fair value hierarchy

June 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 2,200	\$ -	\$ 2,200
Domestic publicly traded shares	182,091	-	-	182,091
Total	<u>\$ 182,091</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 184,291</u>
<u>Financial Assets at Fair Value</u>				
<u>through Other</u>				
<u>Comprehensive Income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 223,844	\$ 468,778	\$ -	\$ 692,622
— Domestic non-publicly traded shares	-	-	125,465	125,465
	<u>\$ 223,844</u>	<u>\$ 468,778</u>	<u>\$ 125,465</u>	<u>\$ 818,087</u>
<u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 1,300	\$ -	\$ 1,300

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Derivatives	\$ -	\$ 1,000	\$ -	\$ 1,000
Domestic publicly traded shares	152,540	-	-	152,540
Non-principal guaranteed floating income financial products	-	13,555	-	13,555
Total	<u>\$ 152,540</u>	<u>\$ 14,555</u>	<u>\$ -</u>	<u>\$ 167,095</u>

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets at Fair Value</u>				
<u>through Other</u>				
<u>Comprehensive Income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 165,741	\$ 398,437	\$ -	\$ 564,178
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>87,965</u>	<u>87,965</u>
Total	<u>\$ 165,741</u>	<u>\$ 398,437</u>	<u>\$ 87,965</u>	<u>\$ 652,143</u>
 <u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 3,300</u>	<u>\$ -</u>	<u>\$ 3,300</u>
 <u>June 30, 2023</u>				
	<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	\$ -	\$ 333	\$ -	\$ 333
Domestic publicly traded shares	<u>192,914</u>	<u>-</u>	<u>-</u>	<u>192,914</u>
Total	<u>\$ 192,914</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ 193,247</u>
 <u>Financial Assets at Fair Value</u>				
<u>through Other</u>				
<u>Comprehensive Income</u>				
Investments in equity instruments				
— Domestic publicly traded shares	\$ 88,472	\$ 439,454	\$ -	\$ 527,926
— Domestic non-publicly traded shares	<u>-</u>	<u>-</u>	<u>69,201</u>	<u>69,201</u>
Total	<u>\$ 88,472</u>	<u>\$ 439,454</u>	<u>\$ 69,201</u>	<u>\$ 597,127</u>
 <u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 8</u>

There was no transfer between Level 1 and Level 2 fair value measurements for the periods ended June 30, 2024 and 2023.

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

From January 1 to June 30, 2024

Financial assets	Financial assets at fair value through other comprehensive income
	Equity instruments
Beginning balance	\$ 87,965
Additions for the period	37,500
Ending balance	<u>\$ 125,465</u>

From January 1 to June 30, 2023

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

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

Financial instruments classification	Valuation techniques and inputs
Derivatives - options to redeem convertible corporate bonds	Were estimated by the binary tree model for convertible corporate bonds valuation, and the significant unobservable inputs used are stock price volatility. When share price volatility increases, the fair value of these derivatives will increase.
Domestic publicly traded securities	Private equity investments of the consolidated company are financial commodities that have an active market but cannot be sold subject to a lock-up period, and the consolidated company determines the fair value of such financial commodities based on the relevant market price.
Non-principal guaranteed floating income financial products	Obtained by referring to quoted prices from counterparties.

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

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

c. Classification of financial instruments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 184,291	\$ 167,095	\$ 193,247
Financial assets at amortized cost (Note 1)	5,220,369	5,622,673	4,029,685
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	818,087	652,143	597,127
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	1,300	3,300	8
Measured at amortized cost (Note 2)	6,368,968	6,174,778	5,711,602

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

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

d. Objectives and policy of financial risk management

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

1) Market Risks

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

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

i. Exchange Rate Risks

The Company's several subsidiaries' sales and purchase transactions are denominated in foreign currency; as a consequence, the consolidated company is exposed to the risk of fluctuation in the exchange rate.

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

Sensitivity analysis

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

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

	Effect of USD currency		Effect of JPY currency		Effect of RMB currency	
	From January 1 to June 30, 2024	From January 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Gains and losses	\$ 11,212	\$ 10,961	\$ 155	\$ 598	( \$ 821 )	\$ 220

- (a) It is mainly derived from USD-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- (b) It is mainly derived from JPY-denominated bank deposits, receivables, and payables that are still outstanding on the balance sheet date of the consolidated company without cash flow hedging.
- (c) Primarily arising from the RMB-denominated receivables and payables that are still outstanding as of the balance sheet date and have not been hedged for cash flow.

ii. Interest Rate Risks

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
With interest rate risk of fair value			
— Financial assets	\$ 1,139,351	\$ 226,398	\$ 113,420
— Financial liabilities	1,101,550	1,094,674	182,067
Interest rate risk with cash flows			
— Financial assets	2,740,420	4,327,693	3,050,929
— Financial liabilities	3,902,504	3,561,440	4,348,364

Sensitivity analysis

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

If the interest rate increased/decreased by 0.25% and all other variables were held constant, the consolidated company's net income before tax for the periods ended June 30, 2024 and 2023 would have decreased/increased by NT\$1,453 thousand and NT\$1,622 thousand.

iii. Other Price Risks

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

Sensitivity analysis

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

If the monetary fund price increased/decreased by 10%, income before tax for the period ended June 30, 2024 and 2023 would have increased/decreased by NT\$18,209 thousand and NT\$19,291 thousand, respectively, due to an increase/decrease in the fair value of financial assets at fair value through profit or loss. The pre-tax other comprehensive income for the periods ended June 30, 2024 and 2023 would have increased/decreased by \$81,809 thousand and \$59,713 thousand, due to an increase/decrease in fair value of financial assets at fair value through other comprehensive income.

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

2) Credit Risks

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

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

The policies adopted by the consolidated company are to trade only with well-reputed counterparties, and, as it is necessary, sufficient collateral must be obtained to reduce the risk of financial losses. To mitigate the credit risk, the management of the consolidated company appoints a team solely responsible for determination of credit lines, credit approvals and other monitoring procedures to ensure that appropriate action has been taken for the collection of overdue receivables. In addition, the consolidated company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been recognized with appropriate impairment loss. Accordingly, the management of the Company believes that the consolidated company's credit risk is significantly reduced. Therefore, the credit risk is limited. The consolidated company's credit risks are concentrated on the biggest client, and the ratio of trade receivables from the above-mentioned client as of June 30, 2024, December 31, 2023 and June 30, 2023 were 26%, 41%, and 20%, respectively.

### 3) Liquidity Risks

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

The bank loans are an important source of liquidity for the consolidated company. Please refer to the following (2) description of financing lines for the unused financing lines of the consolidated company as of June 30, 2024, December 31, and June 30, 2023.

#### i. Liquidity of non-derivative financial liabilities

The remaining contractual maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest date on which the consolidated company can be required to pay. Therefore, the consolidated company's bank borrowings with repayment on demand clause are included in the earliest duration in below table regardless of the probability of the banks choosing to exercise their rights immediately. The

analysis of maturity dates for other non-derivative financial liabilities is based on the agreed repayment dates.

### June 30, 2024

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 5 years</u>	<u>5 years and above</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 149	\$ -	\$ -	\$ -	\$ -	\$ 149
Trade payables	613,911	-	-	-	-	613,911
Other payables	890,362	-	-	-	-	890,362
Lease liabilities	51,170	48,682	31,445	36,046	-	167,343
Guarantee deposits	-	9,673	-	-	-	9,673
Other current liabilities	83,078	-	-	-	-	83,078
Borrowings	315,378	494,966	1,533,372	1,558,788	-	3,902,504
Convertible corporate bonds	-	-	999,900	-	-	999,900
	<u>\$ 1,954,048</u>	<u>\$ 553,321</u>	<u>\$ 2,564,717</u>	<u>\$ 1,594,834</u>	<u>\$ -</u>	<u>\$ 6,666,920</u>

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

	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>5 years and above</u>
Lease liabilities	<u>\$ 51,170</u>	<u>\$ 48,682</u>	<u>\$ 31,445</u>	<u>\$ 36,046</u>	<u>\$ -</u>

### December 31, 2023

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

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

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

### June 30, 2023

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 5 years</u>	<u>5 years and above</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>						
Notes payable	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ 53
Trade payables	492,232	-	-	-	-	492,232
Other payables	783,448	-	-	-	-	783,448
Lease liabilities	35,688	28,888	21,523	19,430	1,970	107,499
Guarantee deposits	-	8,765	-	-	-	8,765
Other current liabilities	14,637	-	-	-	-	14,637
Borrowings	807,545	809,843	236,249	2,494,727	-	4,348,364
Convertible corporate bonds	-	-	81,200	-	-	81,200
	<u>\$ 2,133,603</u>	<u>\$ 847,496</u>	<u>\$ 338,972</u>	<u>\$ 2,514,157</u>	<u>\$ 1,970</u>	<u>\$ 5,836,198</u>

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

	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>5 years and above</u>
Lease liabilities	<u>\$ 35,688</u>	<u>\$ 28,888</u>	<u>\$ 21,523</u>	<u>\$ 19,430</u>	<u>\$ 1,970</u>



ii. Financing line

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Credit line of unsecured bank overdraft (to be extended with agreement between two parties)			
Amount used	\$ 1,016,765	\$ 913,135	\$ 1,142,152
Amount unused	<u>2,446,010</u>	<u>1,364,360</u>	<u>388,543</u>
	<u>\$ 3,462,775</u>	<u>\$ 2,277,495</u>	<u>\$ 1,530,695</u>
Credit line of secured bank loans (to be extended with agreement between two parties)			
Amount used	\$ 2,882,327	\$ 2,644,969	\$ 3,203,512
Amount unused	<u>2,404,001</u>	<u>748,319</u>	<u>706,250</u>
	<u>\$ 5,286,328</u>	<u>\$ 3,393,288</u>	<u>\$ 3,909,762</u>

**38. Related Parties Transaction**

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

a. Name and relationship of related party

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

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<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Symtek Automation Asia Co., Ltd. (hereinafter “Symtek”)	Substantial related party
Jau Yeou Industry Co., Ltd. (hereinafter “Jau Yeou”)	Substantial related party
Tsai-Fang Lo	Substantial related party
Chongqing Global Magic Electronic Co., Ltd. (hereinafter “Chongqing Global Magic”)	Associates
Jin Hui Technology Co., Ltd. (hereinafter “Jin Hui”)	Associates
YAHOO System Technology Co., Ltd. (hereinafter “YAHOO”)	Associates

b. Operating revenue

<u>Item</u>	<u>Type of related party</u>	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Sales revenue	Substantial related party	\$ 6,796	\$ -	\$ 6,796	\$ -
	Associates	<u>1,794</u>	<u>-</u>	<u>1,794</u>	<u>-</u>
		<u>\$ 8,590</u>	<u>\$ -</u>	<u>\$ 8,590</u>	<u>\$ -</u>

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

c. Purchase

<u>Item</u>	<u>Type of related party</u>	<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Cost of good sold	Substantial related party	\$ 6,563	\$ -	\$ 55,847	\$ -
	Associates	<u>27,921</u>	<u>6,039</u>	<u>37,914</u>	<u>12,065</u>
		<u>\$ 34,484</u>	<u>\$ 6,039</u>	<u>\$ 93,761</u>	<u>\$ 12,065</u>

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

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

Item	Name of related party	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable - related parties	Ting Shan	\$ -	\$ 161	\$ -
	Shuo Great	<u>134</u>	<u>61</u>	<u>79</u>
		<u>\$ 134</u>	<u>\$ 222</u>	<u>\$ 79</u>
Trade receivables - related parties	Ting Shan	\$ -	\$ -	\$ 710
	Shuo Great	-	134	38
	YAHO	-	13	-
	Symtek Automation Asia Co., Ltd.	2,738	-	-
	Chongqing Global Magic	<u>1,976</u>	<u>-</u>	<u>-</u>
		<u>\$ 4,714</u>	<u>\$ 147</u>	<u>\$ 748</u>
Other receivables - related parties	Symtek Automation Asia Co., Ltd.	\$ 606	\$ 12,643	\$ -
	Jin Hui	8	10	10
	Jau Yeou	<u>27</u>	<u>-</u>	<u>-</u>
		<u>\$ 641</u>	<u>\$ 12,653</u>	<u>\$ 10</u>

No guarantee has been collected for the outstanding receivables from related parties. No bad debt expenses have been accrued for the receivables from related parties from January 1 to June 30, 2024 and 2023.

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

Item	Name of related party	June 30, 2024	December 31, 2023	June 30, 2023
Trade payables - related parties	Shuo Great	\$ -	\$ -	\$ 5
	Laien Parts	4,622	14,387	-
	Symtek Automation Asia Co., Ltd.	5,654	-	-
	Jin Hui	14,636	17,401	17,171
	YAHO	15,596	3,344	-
	Jau Yeou	<u>1</u>	<u>-</u>	<u>-</u>
		<u>\$ 40,509</u>	<u>\$ 35,132</u>	<u>\$ 17,176</u>
Other payables - related parties	Laien Parts	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>

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

f. Prepayments

Name of related party	June 30, 2024	December 31, 2023	June 30, 2023
YAHO	<u>\$ 4,949</u>	<u>\$ 4,050</u>	<u>\$ -</u>

g. Lease agreements as a lessee

<u>Type of related party</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
<u>Acquisition of right-of-use assets</u>		
Substantial related party		
Tsai-Fang Lo	\$ <u>1,754</u>	\$ <u>-</u>

<u>Item</u>	<u>Type of related party</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Lease liabilities	Substantial related party	\$ <u>1,668</u>	\$ <u>-</u>	\$ <u>-</u>

Lease expenses

<u>Type of lessor</u>	<u>Underlying subject</u>	<u>Rental and payment method of rent</u>	<u>Lease expenses</u>			
			<u>From April 1 to June 30, 2024</u>	<u>From April 1 to June 30, 2023</u>	<u>From January 1 to June 30, 2024</u>	<u>From January 1 to June 30, 2023</u>
Substantial related party	Employee dorm	The monthly rent for each room is NT\$186 thousand, which shall be paid on a monthly basis.	\$ <u>557</u>	\$ <u>428</u>	\$ <u>1,063</u>	\$ <u>841</u>
Substantial related party	Warehouse	The monthly rent for each room is NT\$150 thousand, which shall be paid on a monthly basis.	\$ <u>450</u>	\$ <u>450</u>	\$ <u>900</u>	\$ <u>900</u>
Substantial related party	Plant	The monthly rent for each room is NT\$36 thousand, which shall be paid on a monthly basis.	\$ <u>106</u>	\$ <u>-</u>	\$ <u>213</u>	\$ <u>-</u>
Substantial related party	Plant	The monthly rent for each room is NT\$5 thousand, which shall be paid on a monthly basis.	\$ <u>16</u>	\$ <u>-</u>	\$ <u>31</u>	\$ <u>-</u>
Substantial related party	Plant	The monthly rent for each room is NT\$205 thousand, which shall be paid on a monthly basis.	\$ <u>615</u>	\$ <u>-</u>	\$ <u>1,229</u>	\$ <u>-</u>

h. Lease agreements as a lessor

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

Name of related party	June 30, 2024	December 31, 2023	June 30, 2023
Sheng Jie	\$ 2	\$ -	\$ -
Yun Sheng	2	-	-
Jin Peng	2	-	6
Onore King	6	-	6
	\$ 12	\$ -	\$ 12

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

Type of related party	June 30, 2024	December 31, 2023	June 30, 2023
Substantial related party	\$ 12	\$ 36	\$ 12

- 3) The summary of deposits for guarantees is as follows:

Name of related party	June 30, 2024	December 31, 2023	June 30, 2023
Sheng Jie	\$ 2	\$ 2	\$ 2
Yun Sheng	2	2	2
Jin Peng	2	2	2
Onore King	2	-	-
	\$ 8	\$ 6	\$ 6

- 4) Rental income is summarized as follows:

Type of lessee	Underlying subject	Rental and payment method of rent	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Substantial related party	Office	Rent amounted to NT\$1 thousand per month with monthly payment.	\$ 12	\$ 12	\$ 24	\$ 24
	Employee dorm	Rent amounted to USD 1.85 thousand per month with monthly payment.	177	-	177	-
			\$ 189	\$ 12	\$ 201	\$ 24

i. Other related party transactions

- 1) Other income

Item	Type of related party	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Other income	Substantial related party Associates	(\$ 498)	\$ 31	\$ 1,341	\$ 53
		28	-	47	-
		(\$ 470)	\$ 31	\$ 1,388	\$ 53

2) Other assets and liabilities

Item	Name of related party	June 30, 2024	December 31, 2023	June 30, 2023
Refundable deposits	Sheng Jie	\$ 105	\$ 23	\$ -
	Yun Sheng	300	300	-
		<u>\$ 405</u>	<u>\$ 323</u>	<u>\$ -</u>
Received on behalf of others	Sun Bright	<u>\$ 78,190</u>	<u>\$ 68,638</u>	<u>\$ -</u>

j. Remuneration for key management

	From April 1 to June 30, 2024	From April 1 to June 30, 2023	From January 1 to June 30, 2024	From January 1 to June 30, 2023
Short-term employee benefits	\$ 21,367	\$ 12,717	\$ 46,759	\$ 34,703
Share-based payment	<u>5,536</u>	<u>-</u>	<u>5,536</u>	<u>-</u>
	<u>\$ 26,903</u>	<u>\$ 12,717</u>	<u>\$ 52,295</u>	<u>\$ 34,703</u>

The remuneration of directors and other members of key management, was determined by the remuneration committee based on the individual performance and market trends.

**39. Pledged Assets**

The following assets were pledged as collateral for financing loans:

	June 30, 2024	December 31, 2023	June 30, 2023
Pledged fixed deposits (recognized as financial assets measured at amortized cost - current)	\$ 120,000	\$ 121,500	\$ 126,500
Pledged deposits (recognized as financial assets measured at amortized cost)	42,286	56,740	2,553
Self-owned land	2,379,825	2,746,761	2,484,142
Buildings, net	213,088	558,605	507,426
Investment Properties	<u>702,209</u>	<u>654,375</u>	<u>776,406</u>
	<u>\$ 3,457,408</u>	<u>\$ 4,137,981</u>	<u>\$ 3,897,027</u>

**40. Significant Contingent Liabilities and Unrecognized Contract Commitments**

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

a. Significant commitments

- 1) As of June 30, 2024, guarantee notes issued by the consolidated company for financing facilities applied from financial institutions (including long-term and short-term borrowings) amounted to NT\$825,900 thousand.
- 2) The consolidated company and various vendors have committed to purchasing equipment and commissioning construction on their own land, with a total contract value of NT\$4,742,896 thousand. As of June 30, 2024, NT\$594,614 thousand has been paid, recorded as NT\$458,614 thousand in prepaid equipment payments and NT\$136,000 thousand in construction-in-progress real estate. The remaining NT\$4,148,282 thousand has not yet been paid.

b. Contingency

The Company's patent of Republic of China No. I238804 has been infringed upon by Entegris Inc. (hereinafter referred to as Entegris) and seven others without authorization, resulting in damages to the Company. The Company has filed a lawsuit for damages in the Intellectual Property Court, requesting a joint compensation of NT\$100 million from the aforementioned individuals. The court has rejected the appeal, deeming that the claimant is not qualified after hearing the case, and the Company has declared an appeal against this judgment. The appeal is currently under review.

Entegris has filed a lawsuit against the Company in the Intellectual Property Court of the Intellectual Property and Commercial Court, claiming that the Company has infringed on their ROC invention patent No. I830642 by manufacturing the "300 Diffuser FOUP" wafer transport box without authorization. They are seeking damages of NT\$30 million from the Company. The Company received a copy of the indictment on May 15, 2024, and has appointed a lawyer from Formosa Transnational Attorneys at Law to handle the case, which is currently still under trial.

The case is still under review and pending trial, and it has no material impact on the operations of the finance and business sales function through evaluation.

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

The following information summarizes the currencies other than the functional currencies of the entities of the consolidated company. The disclosed exchange rates refer to the rates at which these foreign currencies are converted into functional currencies. Information on foreign currency assets and liabilities with significant effect are as follows:

June 30, 2024

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 40,325	32.45	(USD:NTD)	\$ 1,308,546
JPY	80,240	0.2017	(JPY:NTD)	16,184
RMB	5	4.445	(RMB:NTD)	<u>22</u>
				<u>\$ 1,324,752</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	5,773	32.45	(USD:NTD)	\$ 187,334
JPY	3,300	0.2017	(JPY:NTD)	666
RMB	18,472	4.445	(RMB:NTD)	<u>82,108</u>
				<u>\$ 270,108</u>

December 31, 2023

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 53,955	30.705	(USD:NTD)	\$ 1,656,688
JPY	152,823	0.2172	(JPY:NTD)	33,193
RMB	5,652	4.327	(RMB:NTD)	<u>24,456</u>
				<u>\$ 1,714,337</u>
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	26,320	30.705	(USD:NTD)	\$ 808,156
JPY	5,826	0.2172	(JPY:NTD)	1,265
RMB	1,824	4.327	(RMB:NTD)	<u>7,892</u>
				<u>\$ 817,313</u>

June 30, 2023

	Foreign currency	Exchange rate		Carrying amount
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 42,188	31.14	(USD:NTD)	\$ 1,313,734
JPY	321,353	0.215	(JPY:NTD)	69,091
RMB	7,334	4.288	(RMB:NTD)	<u>31,448</u>
				<u>\$ 1,414,273</u>

(Continued on the next page)



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Foreign currency liabilities	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>			
USD	6,990	31.14 (USD:NTD)	\$ 217,669
JPY	43,300	0.215 (JPY:NTD)	9,310
RMB	2,205	4.288 (RMB:NTD)	9,455
			<u>\$ 236,434</u>

The net foreign exchange gain or loss (realized and unrealized) of the consolidated company for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023 were a gain of NT\$9,609 thousand, NT\$32,246 thousand, NT\$58,072 thousand and NT\$17,430 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 reinvestment

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

c. Information on investments in mainland China:

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

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

**43. Segment Information**

Information provided to key operational decision-makers to allocate resources and evaluate segment performance, focusing on the types of products or services delivered or provided.

The reportable segments of the consolidated company are as follows:

Semiconductor - manufacturer

Semiconductor - equipment manufacturing

Others

a. Segment revenue and operating results

The revenue and operating results of the consolidated company shall be analyzed by the reportable segments as follows:

	From January 1 to June 30, 2024				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Revenue					
Revenue from external clients	\$ 2,115,621	\$ 655,533	\$ 405,433	\$ -	\$ 3,176,587
Interdepartmental revenue	263,311	41,587	258,898	( 563,796)	-
Interest income	12,553	6,884	7,749	( 1,298)	25,888
Total revenue	<u>\$ 2,391,485</u>	<u>\$ 704,004</u>	<u>\$ 672,080</u>	<u>( \$ 565,094)</u>	<u>\$ 3,202,475</u>
Interest expenses	<u>\$ 40,327</u>	<u>\$ 320</u>	<u>\$ 9,559</u>	<u>( \$ 1,357)</u>	<u>\$ 48,849</u>
Depreciation and amortization	<u>\$ 171,783</u>	<u>\$ 17,220</u>	<u>\$ 50,324</u>	<u>( \$ 1,704)</u>	<u>\$ 237,623</u>
Segment gains and losses	<u>\$ 526,374</u>	<u>\$ 104,935</u>	<u>\$ 52,370</u>	<u>( \$ 150,975)</u>	<u>\$ 532,704</u>

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

b. Segment assets and liabilities

	June 30, 2024				
	Semiconductor manufacturing	Semiconductor equipment manufacturing	Others	Adjustment and elimination	Total
Segment assets	<u>\$ 14,707,903</u>	<u>\$ 2,310,746</u>	<u>\$ 5,129,547</u>	<u>( \$ 4,785,838)</u>	<u>\$ 17,362,358</u>
Segment liabilities	<u>\$ 5,757,246</u>	<u>\$ 875,493</u>	<u>\$ 1,116,103</u>	<u>( \$ 320,713)</u>	<u>\$ 7,428,129</u>

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

Based on the purpose of supervising segment performance and allocating resources to each segment:

- 1) All assets are evenly allocated to reportable segments other than associates accounted for using the equity method, other financial assets and current and deferred income tax assets. The goodwill has been allocated to the reportable segments. Assets shared by reportable segments are allocated based on the revenue earned by each reportable segment; and
- 2) All liabilities are evenly allocated to reportable segments other than borrowings, other financial liabilities and current and deferred income tax liabilities. The liabilities shared by reportable segments should be allocated proportionally based on the segments' assets.

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

Financing provided to others

From January 1 to June 30, 2024

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

No. (Note 1)	Financing company	Counterparty	Transaction item	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature for financing (Note 2)	Short-term financing funds	Reasons for the need for short-term financing funds	Provision for allowance for bad debts	Collateral		Loan limits for individual parties (Note 3)	Total financing limits (Note 3)	Note
													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	\$ 3,421,603	\$ 3,421,603	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Venture Co., Ltd.	Other receivables - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,421,603	3,421,603	
0	Gudeng Precision Industrial Co., Ltd.	Suting Precision Industry Co., Ltd.	Other receivables - related parties	Y	50,000	-	-	3%	2	-	Operating capital	-	None	-	3,421,603	3,421,603	
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	259,600 (USD 8,000)	-	-	3%	2	-	Operating capital	-	None	-	3,421,603	3,421,603	
0	Gudeng Precision Industrial Co., Ltd.	Jiurun Precision Technology Co., Ltd.	Other receivables	N	25,000	-	-	3%	2	-	Operating capital	-	None	-	3,421,603	3,421,603	
1	Gudeng Venture Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	Other receivables - related parties	Y	30,000	30,000	-	3%	2	-	Operating capital	-	Promissory note	30,000	3,421,603	3,421,603	
1	Gudeng Venture Co., Ltd.	Hengyang Green Energy Co., Ltd.	Other receivables - related parties	Y	20,000	20,000	-	3%	2	-	Operating capital	-	Promissory note	20,000	3,421,603	3,421,603	
1	Gudeng Venture Co., Ltd.	Gudeng Co., Ltd.	Other receivables - related parties	Y	4,034 (JPY 20,000)	4,034 (JPY 20,000)	-	3%	2	-	Operating capital	-	Promissory note	4,034 (JPY 20,000)	3,421,603	3,421,603	
2	We Solutions Technology Co., Ltd.	Suting Precision Industry Co., Ltd.	Other receivables - related parties	Y	15,000	-	-	3%	2	-	Operating capital	-	None	-	158,660	158,660	
3	Gudeng Investment Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	Other receivables - related parties	Y	259,600 (USD 8,000)	-	-	3%	2	-	Operating capital	-	None	-	3,421,603	3,421,603	
4	Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Other receivables - related parties	Y	66,675 (CNY 15,000)	66,675 (CNY 15,000)	-	3%	2	-	Operating capital	-	Promissory note	66,675 (CNY 15,000)	3,421,603	3,421,603	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The nature of the financing is described below:

- (1) Fill in 1 for any business interaction.
- (2) Fill in 2 for any needs in short-term financing.

Note 3: Calculation method and limits for lending of funds

- (1) Financing limits for each borrowing company:
  - A. The Company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2024.6.30) in compliance with the Company's regulations of procedures for financing.
  - B. The investee company's financing limits for each borrowing company for is limited to 40% of the Company's current net worth (2024.6.30) in compliance with the Company's regulations of procedures for financing.
- (2) Total financing limits:
  - A. The Company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2024.6.30) in compliance with the Company's regulations of procedures for financing.
  - B. The investee company's aggregate financing limits for external parties for is limited to 40% of the Company's current net worth (2024.6.30) in compliance with the Company's regulations of procedures for financing.
- (3) The Company's financing limits are calculated based on the net worth of the Company's financial statements audited by the certified public accountants; the investee company's financing limits are calculated based on the net worth of the Company's foreign currency financial statements audited by the certified public accountants.

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

Endorsements/guarantees to others

From January 1 to June 30, 2024

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

No. (Note 1)	Name of the endorser's company	Endorsement object		Limit of endorsement for single enterprise (Note 3)	Maximum endorsement balance for the current period	Ending endorsement balance	Amount actually drawn	Amount of endorsement secured by property	Ratio of accumulated endorsement amount to net value of latest financial statement (%)	Maximum limit of endorsement (Note 3)	Endorsement of the parent company to the subsidiary company	Endorsement of the subsidiary company to the parent company	Endorsement to mainland China	Note
		Name of company	Relationship (Note 2)											
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	(3)	\$ 1,710,801	\$ 927,556 (RMB167,500) (USD 5,640)	\$ 927,556 (RMB167,500) (USD 5,640)	\$ 794,206	\$ -	10.84	\$ 4,277,004	Y	N	Y	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Inc. (USA)	(2)	1,710,801	32,450 (USD 1,000)	32,450 (USD 1,000)	-	-	0.38	4,277,004	Y	N	N	
0	Gudeng Precision Industrial Co., Ltd.	Suting Precision Industry Co., Ltd.	(3)	1,710,801	50,000	50,000	-	-	0.58	4,277,004	Y	N	N	
0	Gudeng Precision Industrial Co., Ltd.	Gudeng Co., Ltd.	(2)	1,710,801	174,491 (JPY 865,100)	174,491 (JPY 865,100)	-	-	2.04	4,277,004	Y	N	N	

Note 1: The No. column is filled as follows:

- (1) Fill in 0 for issuer.
- (2) Investee companies are numbered in order starting from Arabic numeral 1 by company.

Note 2: The relationship between the endorsement and the endorsed object is as follows:

- (1) The companies with business relationships.
- (2) The subsidiaries that directly hold more than 50% of the ordinary shares.
- (3) The investee company in which the parent company and its subsidiary indirectly hold more than 50% of the ordinary shares.
- (4) A parent company that owns more than 50% of its ordinary shares, either directly or indirectly through a subsidiary.

Note 3: Calculation method and amount of endorsement limit:

- (1) Limit of endorsement for single enterprise:
  - A. The limit of the Company's endorsement for a single company is in accordance with the Company's endorsement operating procedures, and the limit shall not exceed 20% of the Company's current net value (2024.6.30).
  - B. The limit of the Company's endorsement for an overseas single affiliated company is in accordance with the Company's endorsement operating procedures, and the limit shall not exceed 20% of the Company's current net value (2024.6.30).
- (2) Maximum limit of endorsement:
  - A. 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 (2024.6.30).

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

Marketable securities held at the end of the period

June 30, 2024

Unit: In Thousands of New Taiwan Dollars, Except Shares

Name of held company	Type and name of marketable securities (Note 1)	Relationship with the issuer of securities	Financial statement account	End of the period				Note
				Number of shares	Carrying amount	Percentage of ownership	Fair value	
Gudeng Precision Industrial Co., Ltd.	Listed companies Symtek Automation Asia Co., Ltd.	Substantial related party	Financial assets measured at fair value through other comprehensive income – non-current	4,161,692	\$ <u>487,777</u>	5.53	\$ <u>487,777</u>	Note 2
Gudeng Venture Co., Ltd.	Listed companies Symtek Automation Asia Co., Ltd.	Substantial related party	Financial assets at fair value through profit or loss - current	1,549,713	\$ 182,091	2.06	\$ 182,091	—
	Asia Neo Tech Industrial Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income – non-current	2,724,000	<u>204,845</u>	8.44	<u>204,845</u>	—
	Non-publicly traded company Yinsmart Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - current	25,000	\$ -	5.00	\$ -	—
	NanoClean Materials Co., Ltd.	—	Financial assets measured at fair value through other comprehensive income – non-current	1,000,000	4,020	10.00	4,020	—
	MontJade Engineering Co., Ltd.	—	"	751,472	7,883	3.36	7,883	—
	Jiurun Precision Technology Co., Ltd.	—	"	932,000	29,032	16.00	29,032	—
	Origin Precision Technology Co., Ltd.	—	"	590,000	5,021	19.67	5,021	—
	Certain Micro Application Technology Inc.	—	"	1,595,495	42,009	8.62	42,009	—
	Shun Jih Fa Co., Ltd.	Substantial related party	"	3,750,000	<u>37,500</u>	15.00	<u>37,500</u>	—
							<u>\$ 125,465</u>	<u>\$ 125,465</u>
Bor Sheng Industrial Co., Ltd.	Non-publicly traded company Ting Shan Enterprise Co., Ltd.	—	Financial assets at fair value through profit or loss - current	300,000	\$ -	9.58	\$ -	—
Fu Rui Sheng Industrial Co., Ltd.	Non-publicly traded company Ting Shan Enterprise Co., Ltd.	—	Financial assets at fair value through profit or loss - current	357,950	\$ -	11.43	\$ -	—

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

Note 2: Some of them are private ordinary shares which are financial commodities that have an active market but cannot be sold subject to a lock-up period, the fair value of which is determined based on the relevant market price.

Note 3: The negotiable securities held by the consolidated company are not subject to any guarantee, pledge or other restrictions as agreed except as disclosed in the remarks.

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

The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital

From January 1 to June 30, 2024

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

Company name	Type and name of marketable securities	Financial statement account	Counterparty	Relationship	Beginning		Buy		Sell				Other adjustment items (Note)	End of the period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Gain (loss) on disposal		Number of shares	Amount
Gudeng Aerospace Technologies Corporation	JYR Aviation Components Co., Ltd.	Investments Accounted for Using the Equity Method	JYR Aviation Components Co., Ltd.	Subsidiaries	-	\$ -	21,567,979	\$ 260,685	-	\$ -	\$ -	\$ -	( \$ 16,707 )	21,567,979	\$ 243,978

Note: This includes recognizing the share of profit or loss of subsidiaries under the equity method.



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

Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital

From January 1 to June 30, 2024

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

Company acquiring the property	Types of property	Transaction date	Transaction amount	Payment term	Counterparty	Relationship	Information on prior transaction for the counterparty of related party				Reference for price determination	Purpose of acquisition and situation of usage	Other agreements
							Owner	Relationship with the issuer	Transfer date	Amount			
Gudeng Co., Ltd.	Self-owned land	2024.3.27	\$ 181,486 (JPY899,784)	Payment in accordance with the property sale and purchase contract	Ju-ken Co., Ltd.	Non-related party	-	-	-	\$ -	Referred to transactions based on market conditions and property valuation reports from real estate appraisers	Self-usage in operation	-

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

Business relationships and significant transactions between parent and subsidiaries

From January 1 to June 30, 2024

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

No. (Note 1)	Trade Provider	Trade Recipient	Relationship with Provider (Note 2)	Transaction status			Ratio to total consolidated revenue or total assets (Note 3)
				Account	Amount	Transaction terms (Note 4)	
0	Gudeng Precision Industrial Co., Ltd.	Shanghai Gudeng Trading Co., Ltd.	1	Sales	\$ 96,636	—	3
			1	Service fees	60,403	—	2
			1	Trade receivables - related parties	81,524	—	-
		We Solutions Technology Co., Ltd.	1	Other payables - related parties	24,444	—	-
			1	Purchase	87,662	—	3
			1	Trade payables - related parties	26,619	—	-
		Gudeng Inc.	1	Other payables - related parties	6,690	—	-
			1	Service fees	29,308	—	1
		Suting Precision Industry Co., Ltd.	1	Acquisition of land	139,647	—	1
			1	Trade payables - related parties	6,258	—	-
			1	Purchase	8,447	—	-
		Dachuan Plastic Industrial (Kunshan) Co., Ltd.	1	Sales	77,329	—	2
			1	Purchase	79,414	—	2
1	Trade receivables - related parties		74,873	—	-		
1	Trade payables - related parties		62,323	—	-		
1	Gudeng Equipment Co., Ltd.	Gudeng Precision Industrial Co., Ltd.	2	Sales	15,434	—	-
			3	Contract liabilities	13,913	—	-
		Shanghai Gudeng Trading Co., Ltd.	3	Sales	22,153	—	1
			3	Trade receivables - related parties	9,532	—	-

Note 1: Information on business transaction information between the parent company and its subsidiaries should be specified separately in the No. column. The method for filling in the numbers is as follows:

- (1) Fill in 0 for parent company.
- (2) Subsidiaries are numbered in order starting from Arabic numeral 1 by company.

Note 2: There are three types of relationships with counterparties, simply indicate the type:

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: For calculating the ratio of transaction amount to total consolidated revenue or total assets, if it is under the asset and liability accounts, it is the ratio of the ending balance to the total consolidated assets. If it is under the profit or loss account, it is the ratio of the cumulative amount for the interim period to the total consolidated revenue.

Note 4: The prices of purchases and sales between the parent company and its subsidiaries are determined according to the contract, with a payment term of 90 days, and are subject to adjustments based on the capital utilization of affiliated companies. For the rest of the transactions, as there are no relevant or similar transactions to follow, the two parties shall determine through negotiation.

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

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

Names, locations and relevant information of investee companies

From January 1 to June 30, 2024

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

Name of investor company	Name of investee company	Location	Main business activities	Original investment amount		Held at the end of the period			Net income (loss) of the investee	Investment profit (loss) recognized in the current period	Note
				End of the current period	Year-end of the last year	Number of shares	Ratio (%)	Carrying amount			
Gudeng Precision Industrial Co., Ltd.	Rich Point Global Corp.	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	\$ 388,571	\$ 388,571	-	100	\$ 518,517	\$ 61,050	\$ 61,050	Note 2
	Gudeng Venture Co., Ltd.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Venture capital and management consulting business	1,077,000	877,000	58,700,000	100	1,253,323	18,257	18,257	Notes 1 and 2
	We Solutions Technology Co., Ltd.	No. 9, Dongyuan Rd., Zhongli Dist., Taoyuan City	Various semiconductor component manufacturing and trading business	248,825	248,825	25,000,000	76.78	302,868	32,517	21,179	Note 2
	Gudeng Equipment Co., Ltd.	No. 106, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County	Manufacture, trading, repair, and maintenance of various precision instruments	283,782	86,566	13,500,268	44.98	639,967	104,935	43,053	Notes 1 and 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in the business of various electronic components	USD 2,652	USD 2,652	2,652,000	51	106,112	8,655	4,414	Note 2
	Gudeng Aerospace Technologies Corporation	10F, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Retail, wholesale, and manufacturing of aircraft and their components	320,000	320,000	16,000,000	100	303,959	( 16,445 )	( 16,445 )	Note 2
	TSS Holdings Limited	4F, No. 172, Sec. 2, Minsheng E. Road, Zhongshan District, Taipei City	Investment and management consulting business	20,000	20,000	2,132,483	12.5	24,579	4,061	507	-
	Gudeng Co., Ltd.	2-5-19 Hakataeki Higashi, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0013, Japan	Engaged in the business of various electronic components	JPY 580,900	-	29,540	100	114,267	( 2,993 )	( 2,993 )	Note 2
	Global Magic Electronic Co., Ltd.	12th Floor, No. 2, Jianba Road, Zhonghe District, New Taipei City	Engaged in the business of various electronic components	150,000	-	1,250,000	29.98	143,511	( 37,599 )	( 9,939 )	-
	Rich Point Global Corp.	Sun Park Development Limited	Suite 2302-6 23/F Great Eagle CTR 23 Harbour RD Wanchai H.K.	Engaged in reinvestment of various business	RMB 63,920	RMB 63,920	-	100	RMB 103,225	RMB 13,468	RMB 13,468
	Gudeng Investment Co., Ltd.	TMF Chambers, P. O. Box 3269, Apia, Samoa	Engaged in reinvestment of various business	RMB 22,549	RMB 22,549	-	100	RMB 27,791	RMB 281	RMB 281	Note 2
Gudeng Venture Co., Ltd.	Jia Shuo Construction, Inc.	8F.-5, No. 2, Sec. 4, Zhongyang Rd., Tucheng Dist., New Taipei City	Industrial plant, residential and building development and leasing, real estate sales and leasing	221,100	165,100	22,110,000	100	211,694	( 1,943 )	( 1,943 )	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	51,041	3,797	1,307	-
	i Analyzer Incorporation	7F-8, No. 200, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	Manufacture, trading, repair, and maintenance of various precision instruments	78,806	78,806	24,298,415	30.64	59,597	( 6,130 )	( 2,158 )	-

(Continued on next page)

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Name of investor company	Name of investee company	Location	Main business activities	Original investment amount		Held at the end of the period			Net income (loss) of the investee	Investment profit (loss) recognized in the current period	Note
				End of the current period	Year-end of the last year	Number of shares	Ratio (%)	Carrying amount			
Gudeng Equipment Co., Ltd.	Hengyang Green Energy Co., Ltd.	2F, No. 50, Yongkehuan Rd., Wangxing Vil., Yongkang Dist., Tainan City	Piping works and electrical installations	\$ 157,500	\$ 153,000	\$ 15,750,000	45	\$ 146,648	(\$ 6,037)	(\$ 2,717)	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	45,389	26,601	1,586,073	20.05	57,976	17,489	3,600	-
	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	3,773,236	100	66,873	( 2,602 )	( 3,023 )	Note 2
	Gudeng Inc. (USA)	1798 Technology DR, #298 San Jose, CA, 95110	Engaged in the business of various electronic components	USD 208	USD 208	208,000	4	8,322	8,655	346	Note 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	123,178	96,551	4,404,531	75.19	132,234	5,717	2,664	Note 2
Gudeng Aerospace Technologies Corporation	Suting Precision Industry Co., Ltd.	1F, No. 8, Ln. 64, Sec. 2, Gansu Rd., Dahe Vil., Xitun Dist., Taichung City	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	88,986	76,365	9,274,666	85.54	62,534	3,179	( 1,850 )	Note 2
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	450	450	9,000	0.5	434	5,977	30	Note 2
	JYR Aviation Components Co., Ltd.	No. 3, Shengde Rd., Gangshan Dist., Kaohsiung City	Retail, wholesale, and manufacturing of aircraft and their components	260,685	-	21,567,979	51	243,978	( 32,758 )	( 16,707 )	Note 2
Fu Rui Sheng Industrial Co., Ltd.	Gudeng Aerospace Inc.	919 North Market Street, Suite 950, New Castle, Wilmington, DE 19801, US.	Retail, wholesale, and manufacturing of aircraft and their components	USD 500	USD -	5	100	16,225	-	-	Note 2
	Bor Sheng Industrial Co., Ltd.	No. 2, Ln. 146, Fuyi Rd., Yixin Vil., Taiping Dist., Taichung City.	Manufacturing and wholesale of mold and manufacturing of machinery and equipment	16,740	16,740	1,674,000	93	80,692	5,977	5,559	Note 2

Note 1: Net income (loss) of the investee and investment profit (loss) recognized in the current period are the amounts audited by the certified public accountants.

Note 2: Wholly eliminated when preparing consolidated financial statements.

Note 3: Please refer to Table VIII for the information about investments in mainland China.

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

Information on investments in mainland China

From January 1 to June 30, 2024

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

Name of investee company in mainland China	Main business activities	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net income (loss) of the investee	Ratio of shareholding (%) of the direct or indirect investment of the Company	Investment profit (loss) recognized in the current period (Note 2)	Carrying amount of the investment at the end of the period	Investment income repatriated up to the current period	Note
					Remitted	Repatriated							
Shanghai Gudeng Trading Co., Ltd.	Wholesale, import and export, commission agency and related ancillary services of plastic products, power products and hardware & electric materials	USD 7,950	(2) Investor company: Sun Park Development Limited	\$ 257,978 (USD 7,950)	\$ -	\$ -	\$ 257,978 (USD 7,950)	\$ 59,037 (RMB 13,381)	100	\$ 59,037 (RMB 13,381) (2)C	\$ 430,040 (RMB 96,748)	\$ -	
Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	Manufacturing of plastic and electronic products	RMB 13,656	(1) Investor company: Shanghai Gudeng Trading Co., Ltd.	-	-	-	-	47,579 (RMB 10,784)	100	47,579 (RMB 10,784) (2)C	542,757 (RMB 122,105)	-	
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Manufacturing of plastic and electronic products	RMB 500	(1) Investor company: Kawaguchi Plastic Industry (Kunshan) Co., Ltd.	-	-	-	-	47,601 (RMB 10,789)	100	47,601 (RMB 10,789) (2)C	296,361 (RMB 66,673)	-	

Accumulated amount of investment remitted out of Taiwan to mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper limit on investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs
NTD 257,978 (USD 7,950)	NTD 516,668 (USD 7,950) (RMB 58,198)	NTD 5,132,404 (USD 158,163)

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

- (1) Direct investment in mainland China.
- (2) Reinvestment in mainland China through companies registered in a third region (please specify the investment company in a third region).
- (3) Other 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) Recognized basis of investment profit (loss) includes below three types and shall be remarked.
  - A. Financial statements reviewed by international accounting firms in cooperation with accounting firms of Republic of China.
  - B. The financial statements had been reviewed by the parent company's certified public accountant in Taiwan.
  - C. Other - Based on the financial statements unreviewed by the certified public accountants.

Note 3: Amounts related to this table are listed in New Taiwan Dollars, and any foreign currencies are converted into New Taiwan Dollars with spot exchange rate on the financial report date. (USD spot exchange rate of 32.45; RMB spot exchange rate of 4.445; RMB profit and loss exchange rate of 4.412 on 2024.6.30).

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

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

From January 1 to June 30, 2024

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

Name of investee company in mainland China	Type of transaction	Purchases, sales, and service fees		Price	Transaction terms		Notes/trade receivable (payable)		Unrealized gain (loss)	Note
		Amount	Percentage		Payment terms	Compared with normal transactions	Amount	Percentage		
Shanghai Gudeng Trading Co., Ltd.	Sales	\$ 119,545	4	Same as normal clients	Same as normal clients	Same as normal clients	\$ 91,056	7	\$ -	
"	Service fees	60,707	8	Same as normal clients	Same as normal clients	Same as normal clients	( 24,444 )	( 2 )	-	
Dachuan Plastic Industrial (Kunshan) Co., Ltd.	Sales	77,329	2	Same as normal clients	Same as normal clients	Same as normal clients	74,873	6	-	
"	Purchase	79,414	5	Same as normal clients	Same as normal clients	Same as normal clients	( 62,323 )	( 4 )	-	

Table X

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

Information on major shareholders

June 30, 2024

Name of major shareholders	Shareholding	
	Number of shares held	Percentage of ownership
Ming-Lang Zhuang	8,311,219	8.81%
Ming-Chien Chiu	6,708,527	7.11%

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