



Stock Code : 6664

Group Up Industrial Co.Ltd.

2023 Annual Report

<http://www.gpline.com.tw>

2024.04.30

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## **Stock Agency**

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## **Certified Accountant for the most recent financial statements**

Accountants: Mr. Yu Chi-Long, and Ms. Hsu Ming- Fang  
Name of Accounting Firm : KPMG Accounting Firm  
Address: 68F, No. 7, Section 5, Xinyi Road, Taipei City, Taiwan (R.O.C.)  
Website: <http://www.kpmg.com.tw>  
Phone: (02)8101-6666

**Name of trading location where overseas securities are listed for trading and query the information of overseas securities: N/A**

**Official website of the Company: <http://www.gpline.com.tw>**

**The first (foreign) OTC Company should publish the details: not applicable.**

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# I. The Report to Shareholders

For the 2023 fiscal year, GP's revenue was NT\$2,432,621 thousand, an increase of NT\$75,568 thousand compared to the 2022 fiscal year, which had revenue of NT\$2,357,053 thousand. This represents a growth of approximately 3.21%. After-tax net profit was NT\$713,560 thousand, with earnings per share (EPS) of NT\$12.65. Please refer to the following details:

Unit : NT\$ 1,000 ; %

Accounting Items	2023	2022	Increase (decrease)	Rate Of Change %
Operating income	2,432,621	2,357,053	75,568	3.21%
Operating cost	1,293,350	1,361,019	(67,669)	-4.97%
Operating margin	1,139,271	996,034	143,237	14.38%
Operating expenses	439,189	397,109	42,080	10.60%
Business revenue	700,082	598,925	101,157	16.89%
Non-operating income (expenditure)	190,275	179,700	10,575	5.88%
Pre-tax benefits	890,357	778,625	111,732	14.35%

The operating income for the 2023 fiscal year increased by 3.21% compared to the 2022 fiscal year, primarily due to a 3.73% increase in printed circuit board manufacturing equipment in the 2023 fiscal year compared to the 2022 fiscal year. The operating gross profit for fiscal years 2023 and 2022 was NT\$1,139,271 thousand and NT\$996,034 thousand, respectively, with operating gross profit margins of 46.83% and 42.26%. This reflects a gross profit margin change of 5.97% due to product mix differences. The operating income for the fiscal years 2023 and 2022 was NT\$700,082 thousand and NT\$598,925 thousand, respectively, with operating profit margins of 28.78% and 25.41%. This reflects an increase in operating profit margins due to the increase in gross profit margins. The change in operating non-operating income/expenses was primarily driven by a notable surge in interest income, reflecting the rise in the interest rate for US dollar deposits. The revenue breakdown by product category is as follows:

Unit : NT\$ 1,000 ; %

Year Products	2023		2022		Increase (decrease)	Rate Of Change %
	Revenue	%	Revenue	%		
PCB equipment	1,964,011	80.74	1,893,454	80.33	70,557	3.73%
Display equipment	7,105	0.29	37,829	1.6	(30,724)	-81.22%
Others	461,505	18.97	425,770	18.07	35,735	8.39%
Total	2,432,621	100	2,357,053	100	75,568	3.21%

## 1. Company profitability

Unit : %

Items of analysis		2023	2022	2021
Profitability	Return on assets (%)	10.83	12.44	8.57
	Return on equity (%)	26.50	28.54	17.21
	Net profit before tax to capital ratio (%)	154.06	141.57	78.24
	Net profit rate (%)	29.33	26.69	17.6
	Earnings per share (NT\$)	12.65	11.44	6.12

The return on assets (ROA) for fiscal year 2023 decreased by approximately 15% to 10.83% compared to 12.44% in fiscal year 2022, primarily due to a significant increase in financial assets. The return on equity (ROE) for the fiscal year 2023 decreased by approximately 8% to 26.50% from 28.54% in the fiscal year 2022, mainly due to retaining more earnings to enhance operational funding. The pre-tax net profit to subscribed capital ratio increased to 154.06%, the net profit margin to 29.33%, and earnings per share to NT\$12.65, all higher than the fiscal year 2022, primarily due to an increase in gross profit margin resulting from changes in product mix leading to higher net profit.

## 2. Summary of this year's business plan:

GP primarily engages in the design, manufacturing, assembly, sales, and after-sales service of specialized machinery for electronic and semiconductor production. We provide coating, drying, exposure, and automation technologies for applications in printed circuit boards, displays, touch panels, and special glass covers. We are dedicated to producing process equipment sets for high-end rigid boards, flexible boards, multilayer boards, and IC carriers, tailored to customers' needs for high-quality and efficient customized production lines. We combine precision in processes with on-site production line requirements, leveraging years of experience in integrating automation equipment, customizing software for intelligent human-machine synchronized control, comprehensive factory planning for capacity expansion, vertical integration services, and more, all as part of our professional services.

The influence of consumer electronics is significant, but GP has flourished in IC carriers, packaging, servers, automotive electronics, and other products. The stability of future demands related to automobiles and servers, along with customers' investments in high-end PCB/IC carriers or their migration to Southeast Asia, remains robust. We are actively developing new products with our customers for the coming years and maintain a positive outlook for the future.

## 3. Development plan for the future

### (1) Short-term development plan

- Enhance equipment intelligence to support smart factory trends and improve market competitiveness.
- Continue alliances with industry peers to provide turnkey solutions, expand customer base, and secure orders.
- Explore markets such as semiconductors, OLEDs, 3D glass covers, flexible electronics, biotech materials, 5G infrastructure, and applications.

### (2) Long-term development plan

- Based on GP's equipment customization development capabilities, to meet the new process requirements of the existing customer base, develop and import the next-generation process-specific equipment.
- Cooperate with the development of new materials upstream of the client, develop special process equipment in the form of alliances between different industries, and sell or recommend the materials and equipment together to create a win-win opportunity.
- Forge alliances with large factories in Europe, America and Japan to cooperate with OEM/ODM and carry out market development. Overall, we will seize the industry trend direction of "big man + 5G", that is, "big data, artificial intelligence, Internet of Things + 5G" to deeply cultivate niche products and services in the market.

## 4. Impact of External Competitive, Regulatory, and Operational Environments

To address external competitive, regulatory, and operational challenges, the company adheres to the following principles to mitigate risks, improve operational performance, and foster profit growth:

- A. Continuously enhance core technical capabilities in coating, drying, exposure, and automation integration.
- B. Diversify application industries to reduce risks and align with industry trends, develop emerging application areas, and integrate various specialized automated process technologies to meet market demands.
- C. Provide diversified and market-relevant technologies to enhance our competitiveness within the industry.
- D. Follow the trend of smart manufacturing.
- E. Provide comprehensive after-sales service and establish real-time service points.

Sincere yours,

Mr. Chen, An Shun

Chairman of Board Director



## II. History of the Company

### 1. Date of establishment

1990.1.24

### 2. Contact information

Headquarter and factory

Address: No.188, He-Ping Road, Yangmei District, Taoyuan city, Taiwan.

Telephone: (03)485-3536

Branch company address and phone: none

### 3. History of the Company

1990

- Ministry of Economic Affairs approved the establishment and registration, and the paid-in capital was NT\$5,000,000. The main business items are manufacturing and trading of automation hot air and curing related equipment.
- Developed Taiwan's first D/F\_LPI dedicated double-sided irradiation UV machine, with patent.
- Developed Taiwan's first slab-type hot air conveyor oven, completed the installation and successfully mass-production.

1991

- Developed the first CURTAIN\_COATING equipment in Taiwan, completed the installation and successfully mass-production.

1992

- Developed Taiwan's first direct-off-rack blackening oven, and the installation was completed and mass production was successful.

1993

- Completed the development of the metal halide ultraviolet lamp power supply system, and established an application team.
- Developed a special automatic conveyor oven for single-sided silver glue through holes.

1994

- Third-generation CURTAIN COATING equipment was successfully developed, and the production capacity was increased from 4 pieces/min to 8 pieces/min, setting a record for high-speed manufacturing operations.

1995

- Successfully developed and obtained a patent for PCB POSTCURE OVEN dust collection and oil filtration equipment.

1996

- The development of first-generation FPC process roll-to-roll special automatic equipment is completed.

1997

- The factory expanded due to production capacity and moved to a new factory office, at No. 8, Gao-ching Road, Yangmei District, Taoyuan City.

1998

- Developed Taiwan's first thin-plate clamp conveyor oven, completed the installation and successfully mass-produced.

1999

- ISO9001 quality certification.

- Formally launched exposure machine products.
  - Successfully developed first vertical roller coating machine in Taiwan.
- 2000
- Roller coater has made a major breakthrough in technology, successfully applied to the FC/BGA/CSP process, and was introduced and published by Circuit Tree Journal in the United States.
  - The light washer and hot plate machine were successfully introduced into the TFT-LCD manufacturing process.
- 2001
- Developed first automatic drying line for touch panels in Taiwan, and the installation was completed and mass production was successful.
- 2002
- Completed sixth generation of inner layer roller coating machine.
- 2003
- Developed Taiwan's first automatic electrostatic spray baking line, completed the installation and mass production.
  - Roll-to-roll automatic alignment exposure line was successfully introduced into the market.
- 2004
- Roll-to-roll automatic pressing light successfully introduced into the market
  - Roll-to-roll automatic laminating line was successfully introduced into the market
- 2005
- Invested in Suzhou Industrial Park to serve customers in central China area.
- 2006
- The sales of automatic roller coating and baking line broke through 200 lines.
- 2007
- The sales of automatic electrostatic spray coating line broke through 40 lines.
- 2008
- Large-scale automatic robotic arm curing furnace and optical channel oven for solar energy successfully introduced into the market.
- 2009
- Develop multi-layer hot-air hot-plate oven and other equipment and gradually introduce them into the market.
  - Roll-to-roll automatic coating machine was successfully introduced into the optical film precision coating market.
- 2010
- Roll-to-roll air-floating oven was successfully introduced into the market.
- 2011
- Imported smartphone drying process equipment
  - Selected as a BRIC company by China Credit Information Service in 2011.
- 2014
- Roll-to-roll dual-column exposure machine successfully introduced into the market.
- 2015
- Roll-to-roll vacuum laminator was successfully introduced into the market.
  - Established Group Up Trading (Shenzhen) Co., Ltd. to serve customers in southern China area.
  - Expansion of the factory due to capacity demand, relocated to a new factory office, No. 188, Heping Road, Yangmei District, Taoyuan City.



2016

- The mSAP process dedicated automatic drying line was successfully introduced into the market.
- Obtained 100% equity of GP Technology (Suzhou Industrial Park) Co., Ltd. due to business development.

2017

- Selected as a BRIC company in 2017 by China Credit Information Service.
- Commonwealth Magazine ranked 1278 in the top 2000 rankings of manufacturing industries published in 2017, of which the business growth rate item ranked 77th, and profitability ranked 54<sup>th</sup>.
- Handle the public issuance of stocks and log in to the counter market for trading

2018

- Commonwealth Magazine ranked 1090 among the top 2000 publishing manufacturing industries.
- GP's stock is listed on the Taiwan Exchange, stock code: 6664.

2019

- Successfully developed advanced semiconductor packaging drying equipment
- The first domestic manufacturer of PCB circuit board baking equipment that has passed the TPCA certification of safety regulations for oven type.
- Promote PCB smart manufacturing, and jointly develop PCBECI equipment communication protocol with TPCA Association.
- Successfully imported equipment for baking special-shaped curved glass in vehicles from major American customer.

2020

- Intellectual Property Bureau ranked 50th in the top 100 corporate patent applications.
- ISO9001:2015 management system certification updated.
- Commonwealth Magazine ranked no.1076 among the top 2000 manufacturing company.
- Progress in the 7th Corporate Governance Evaluation, ranking top 36~50%

2021

- RGV new rail robot curing system successfully developed for IC substrate market.
- Joined in membership of SEMI association, and presented the show at SEMICOM in December.
- Joined in iAsia alliance to promote common standard for smart manufacturing.
- GP's CSR report firstly published.
- Dow Jones Sustainability Index firstly invited GP to participate in ESG survey.
- Progress in the 8th Corporate Governance Evaluation, ranking top 21~35%

2022

- Capacity increased due to 4F factory construction project, and roof solar power project.
- 1<sup>st</sup> certificate of oven equipment safety from TPCA.
- Strategy successfully into global PCB and semiconductor advanced packaging market.

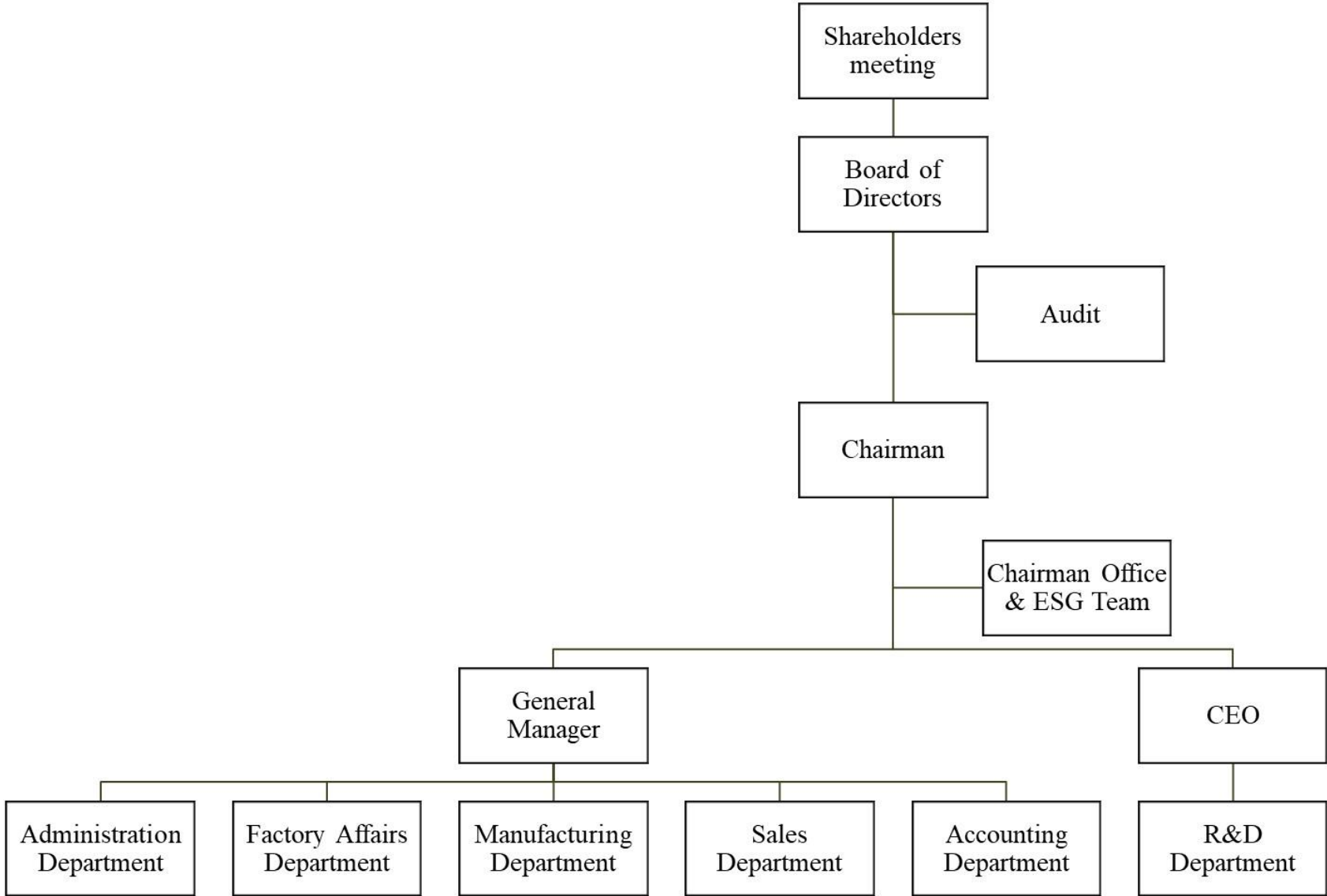
2023

- Selected by the American magazine "Forbes" for the 2023 "Best Under A Tien Hoion" list, also known as the "Top 200 Small and Medium-sized Listed Companies in Asia."
- Integrated five core technologies: coating, drying, exposure, lamination, and automation.
- Responding to ESG initiatives by progressively introducing energy-saving, carbon-reduction, and intelligent automation functionalities.

III. Corporate Governance Report

1. System of the Company

(1) Organizational structure



(2) Department and Function

Department	Role and Function
Chairperson and CEO	<ol style="list-style-type: none"> <li>1. Planning and execution of R&amp;D development, manufacturing planning and technology development</li> <li>2. Chairperson's office(ESG team): <ol style="list-style-type: none"> <li>(1) Writing and editing sustainability reports.</li> <li>(2) Plan and implementing corporate sustainability activities and programs.</li> </ol> </li> </ol>
General Manager	Corporate strategic planning, promotion and supervision
Audit office	<ol style="list-style-type: none"> <li>1. Promote and coordinate self-inspection operations related to internal control execution in various departments.</li> <li>2. Check whether internal controls within the company are continuously operational and compliant with laws and regulations, and whether operational activities are executed according to plans, timely proposing improvement suggestions.</li> </ol>
Manufacturing Department	<ol style="list-style-type: none"> <li>1. Enhance process smoothness.</li> <li>2. Control the actual production process.</li> <li>3. Manage production, outsourcing operations, and outsourced vendors.</li> <li>4. Execute production scheduling according to orders.</li> </ol>
Management Department	<ol style="list-style-type: none"> <li>1. Formulate management methods, handle human resources matters, and plan organizational structure.</li> <li>2. Plan and execute administrative affairs and asset management operations.</li> <li>3. Plan, promote and manage information security.</li> <li>4. Handle investor relations.</li> </ol>
Factory Affairs Department	<ol style="list-style-type: none"> <li>1. Coordinate production scheduling and inventory receiving and shipping for various products.</li> <li>2. Establish and execute procurement plans.</li> <li>3. Evaluate and manage suppliers.</li> <li>4. Plan quality systems and develop quality management plans.</li> <li>5. Inspect the quality of the production process.</li> <li>6. Conduct audits of supplier quality systems.</li> <li>7. Manage project documents and part numbers.</li> </ol>
Sales Department	<ol style="list-style-type: none"> <li>1. Analyze and collect market information, customer product, and industry change data.</li> <li>2. Develop and execute sales plans, strategies, and goals.</li> <li>3. Manage customer relationships, account receivables, handle customer complaints, and manage orders.</li> <li>4. Track project progress, and control manufacturing and shipping schedules.</li> </ol>
Accounting and Finance Department	<ol style="list-style-type: none"> <li>1. Financial scheduling and analysis, budget planning, and tracking</li> <li>2. Accounting management, cost control, and financial report analysis.</li> <li>3. Execute stock operations, and manage investments.</li> </ol>
Mechanical Engineering Electrical Engineering Software Research and Development	<ol style="list-style-type: none"> <li>1. Develop product specifications.</li> <li>2. Research and develop advanced technologies.</li> <li>3. Research and develop process technology improvements.</li> <li>4. Evaluate material and part selections.</li> </ol>

## 2. Information of board directors, general manager, vice general managers, associates, managers of various departments

### (1) basic information of board directors and independent directors

2024.3.31 ; Unit : share ; %

Title	Country	Name	Gender Age	Inauguration date	Term	Appointment date	Holding shares at the time of appointment		Number of shares currently held		Spouse, Children hold shares now		Holding shares in the name of another person		Experiences/academic background	Concurrently holding positions in the company and others	Other supervisors, directors or supervisors with spouse or second relative relationship			Note
							shares	%	shares	%	shares	%	shares	%			title	name	relationship	
Chairman of Board	R.O.C.	A.S. Chen	Male 61~70	1990.1.24	3 years	2021.7.30	—	—	879,408	1.52%	892,211	1.54%	—	—	Bachelor of Mechanical Engineering Taipei City University of Science & Technology,TPCU Manager of Design Dept. CSUN Industrial Co.Ltd.	Chairman of Group Up Industrial Co.Ltd. Supervisor of Zhanhong Investment Co., Ltd. GROUP UP (SAMOA) LTD Independent director Independent director of Asia Metal Industries, Inc.	Sales vice general manager	Asui Chen	brother	Chairman and CEO are the same person (Note 1)
	R.O.C.	Zhanhong Investment Co., Ltd.	—	2017.6.12	3 years	2021.7.30	2,755,104	5.01%	2,755,104	4.75%	—	—	—	2,755,104	n/a	—	n/a	n/a	n/a	—
Board Director	R.O.C.	Lee, Jung- Kung	Male 61~70	1990.1.24	3 years	2021.7.30	—	—	913,148	1.57%	1,335,812	2.30%	—	—	Dept. of Mechanical Engineering Xiehe Vocational High School Manager of Sales Dept. CSUN Industrial Co.Ltd.	General Manager of Group Up Industrial Co.Ltd. Supervisor of Yufeng Investment Co., Ltd.	—	—	—	—
	R.O.C.	Yufeng Investment Co., Ltd.	—	2017.6.12	3 years	2021.7.30	2,757,309	5.01%	2,757,309	4.75%	—	—	—	2,757,309	n/a	—	n/a	n/a	n/a	—
Board Director	R.O.C.	Lai, Wen- Chang	Male 61~70	1990.1.24	3years	2021.7.30	—	—	976,853	1.68%	878,521	1.51%	—	—	Bachelor of Mechanical Engineering Chien Hsin University of Science and Technology Manager of Quality Management CSUN Industrial Co.Ltd.	Vice general manager of Group Up Industrial Co.Ltd. Supervisor of Hongyi Investment Co., Ltd.	—	—	—	—
	R.O.C.	Hongyi Investment Co., Ltd.	—	2017.6.12	3 years	2021.7.30	2,758,119	5.01%	2,758,119	4.76%	—	—	—	2,758,119	n/a	—	n/a	n/a	n/a	—

Title	Country	Name	Gender Age	Inauguration date	Term	Appointment date	Holding shares at the time of appointment		Number of shares currently held		Spouse, Children hold shares now		Holding shares in the name of another person		Experiences/academic background	Concurrently holding positions in the company and others	Other supervisors, directors or supervisors with spouse or second relative relationship			Note
							shares	%	shares	%	shares	%	shares	%			title	name	relationship	
Board Director	R.O.C.	Yu, Tien Ho	Male 61~70	1990.1.24	3 years	2021.7.30	—	—	857,097	1.48%	925,036	1.60%	—	—	Bachelor of Electrical Engineering National Taipei University of Technology Manager of Sales Dept. CSUN Industrial Co.Ltd.	Vice general manager of Group Up Industrial Co.Ltd. Board Director of Living Water Investment Co., Ltd. Representative of Wangqun Technology (Suzhou Industrial Park) Co., Ltd. Representative of GP Trading (Shenzhen) Co., Ltd.	—	—	—	—
	R.O.C.	Living Water Investment Co., Ltd.	—	2017.6.12	3 years	2021.7.30	2,760,712	5.02%	2,760,712	4.76%	—	—	—	—	n/a	—	n/a	n/a	n/a	—
Board Director	R.O.C.	Dai, Shui Chuan	Male 71~80	2015.10.30 (Note2)	3 years	2021.7.30	80,000	0.15%	80,000	0.14%	—	—	—	—	Fu-Hsin Trade and Arts School General Manager, Xiefeng Mingban Printing Co., Ltd.	Chairman of the Board Pizazzy International Co. Ltd.	—	—	—	—
Board Director	R.O.C.	Kao, Chuan Chih	Male 61~70	2018.2.22	3 years	2021.7.30	30,000	0.05%	30,000	0.05%	—	—	—	—	Bachelor Of Mechanical Engineering Taipei City University Of Science & Technology, TPCU General Manager, Shang Ho Gear Machinery Co., Ltd.	Board Director, Xie-He-Xing Precision Machinery (Kunshan) Co., Ltd. Chairman Of Shang Ho Precision Machinery (Kunshan) Co., Ltd	—	—	—	—

Title	Country	Name	Gender Age	Inauguration date	Term	Appointment date	Holding shares at the time of appointment		Number of shares currently held		Spouse, Children hold shares now		Holding shares in the name of another person		Experiences/academic background	Concurrently holding positions in the company and others	Other supervisors, directors or supervisors with spouse or second relative relationship			Note
							shares	%	shares	%	shares	%	shares	%			title	name	relationship	
Independent director	R.O.C.	Li, Robert	Male 51~60	2018.2.22	3years	2021.7.30	—	—	—	—	—	—	—	—	Master of Industrial Management Institute, NCKU Chief Financial Officer of Bossdom Digi Co., Ltd. SBIR Deputy General Manager, Chi Feng Co., Ltd.	Independent Director of Elitegroup Computer Systems Co., Ltd. Independent Director of 3S Silicon Tech., Inc.	—	—	—	—
Independent director	R.O.C.	Hung, Ching- Chang	Male 61~70	2018.2.22	3years	2021.7.30	2,000	—	—	—	—	—	—	—	M.S., Cranfield University-Institute of Industrial Science, Ph.D., Cranfield University - Institute of Welding Technology General Manager, He-Zeng Technology Co., Ltd. Senior Vice President, Elite Material Co., Ltd.	Executive Consultant Of Tech Advance Industrial Co.,Ltd.	—	—	—	—
Independent director	R.O.C.	Chen, Ming Hsing	Male 61~70	2018.2.22	3years	2021.7.30	—	—	—	—	—	—	—	—	MBA, National Singapore University Chairman of Inventalk Technology Inc.	Independent Director of Elitegroup Computer Systems Co., Ltd	—	—	—	—

Note 1: Chairman of the company concurrently serves as the chief executive officer, mainly because he is the founding major shareholder of the company, leading the whole team to continue to grow and achieve good performance. for the interests of shareholders and the company, it is the best choice under his leadership.

Note 2: This independent director was elected for the first time on October 30, 2015, and in conjunction with the general re-election of directors at the interim shareholders' meeting on February 22, 2018. Under the company's charter, an audit committee was then formed by all independent directors to replace the supervisors, so the original supervisors were in 2018. He was automatically dismissed on February 22, 2018 and was changed to the position of board director.

Note 3: The board of directors of the company does not have any government agency or a single legal person organization and its subsidiaries occupying more than one-third of the seats on the board of directors.

Note 4: Incumbent independent directors are re-elected for 2 consecutive terms, with none for more than 3 terms.

## A. Main shareholders of corporate shareholders

2024.3.31

Name	Main shareholders
Zhanhong Investment Co., Ltd.	Chen, A.S. (30.00%) ; Yang, Yue Zhan (30.00%) ; Chen, Hung Chan (13.34%) ; Chen, Leyla (13.33%) ; Chen, Yu Xuan (13.33%)
Yufeng Investment Co., Ltd.	Lee, Jung-Kung(30.00%) ; Lin, Chin Jong (30.00%) ; Lee, Wan-Ting(20.00%) ; Lee, Hsin-Yun(20.00%)
Hongyi Investment Co., Ltd.	Lai, Wen-Chang(25.00%) ; Wang, Yumei (25.00%) ; Lai, Ying zhi(25.00%) ; Lai, Ying Yun(25.00%)
Living Water Investment Co., Ltd.	Yu, Tien Ho(30.00%) ; Feng, Yixin (30.00%) ; Yu, Vivien(20.00%) ; Yu, Zhekuan (20.00%)

## B. Professional knowledge and independence of directors or supervisors

Company and name	Professional qualifications	Independence (note2)	Serve as independent director of other companies
Zhanhong Investment Co., Ltd. Mr. Chen, A.S.	Board leadership experience (For work experience, please refer to pages 12~14 for director information) Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(4)(6)(8)(9)(11)(12)	None
Yufeng Investment Co., Ltd. Mr. Lee, Jung-Kung	Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(4)(6)(8)(9)(11)(12)	None
Hongyi Investment Co., Ltd. Mr. Lai, Wen-Chang	Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(4)(6)(7)(8)(9)(11)(12)	None
Living Water Investment Co., Ltd. Mr. Yu, Tien Ho	Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(4)(6)(7)(8)(9)(11)(12)	None
Mr. Dai, Shui Chuan	Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	None
Mr. Kao, Chuan Chih	Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	None
Mr. Li, Robert	Experiences in compensation committee and audit compensation Professional experience in operational judgment, accounting and finance, business management, crisis management, industry knowledge,	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	None

Company and name	Professional qualifications	Independence (note2)	Serve as independent director of other companies
	international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law		
Mr. Hung, Ching-Chang	Experiences in compensation committee and audit compensation Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	None
Mr. Chen, Ming Hsing	Experiences in compensation committee and audit compensation Professional experience in operational judgment, business management, crisis management, industry knowledge, international market outlook, leadership decision-making, etc. No circumstances under Article 30 of Company Law	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	None

Note 1: None of the above-mentioned directors and independent directors has any of the provisions of Article 30 of the Company Law.

Note 2: Independence of directors in the two years prior to their election and during their term of office. (Applicants are disclosed in the table above)

- (1) Non-employees of the company or its affiliates.
- (2) Directors and supervisors of companies other than the company or its affiliates (except if the company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up under this law or local laws and regulations to concurrently serve each other, this is not the case).
- (3) Non-self, spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top 10 shares in the name of others.
- (4) The spouse, relatives within the second or third relatives of the managers listed in (1) or the persons listed in (2) and (3) or the direct blood relatives within the third.
- (5) Directors of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint a representative as the company's director or supervisor under Article 27, Item 1 or Item 2 of the Company Law, Supervisors or employees (except for independent directors established by the company and its parent company, subsidiary or subsidiary of the same parent company under this law or local laws and regulations).
- (6) More than half of the non-company directors or voting shares are directors, supervisors or employees of other companies controlled by the same person (but if the company or its parent company, subsidiary or child of the same parent company independent directors established by the company under this law or local laws and regulations concurrently serve each other, except for this limitation).
- (7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions who are not the same person or spouse as the chairman, general manager or equivalent positions of the company (but if the company and its parent company, Subsidiaries or subsidiaries of the same parent company under this law or local laws and regulations set up independent directors to concurrently serve each other, not subject to this limitation).
- (8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that are not in financial or business dealings with the company (but if a specific company or organization holds the company's issued shares The total number is more than 20%, but not more than 50%, and independent directors established by the company and its parent company, subsidiary or subsidiary of the same parent company under this law or local laws and regulations concurrently serve each other, not limited to this).
- (9) Professionals, sole proprietorships, partnerships, companies or organizations that are not professionals, sole proprietors, partnerships, companies, or organizations that provide audits for companies or affiliated companies, or whose accumulated remuneration in the last two years does not exceed NT\$500,000. Business owners, partners, directors, supervisors, managers and their spouses. However, this does not apply to members of the Compensation Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their duties under the Securities Exchange Act or the relevant laws and regulations of Corporate Mergers and Acquisitions Act.
- (10) There is no relative relationship with other directors within a spouse or second relative.
- (11) There is no one of the conditions in Article 30 of the Company Law.
- (12) No government, legal person or representative was elected as required by Article 27 of the Company Law.

## C. Board of Directors: Diversity and Independence

### Board Diversity

The composition of Board of Directors of the Company is based on "Corporate Governance Code" and "Board of Director Election Rule" to consider the diversity of Board of Directors from various aspects. GP has a total of 9 directors, including 3 independent directors. It advocates and respects the policy of director diversity. To strengthen corporate governance and promote the sound development of the composition and structure of board of directors, it is believed that the policy of diversity will help improve overall performance of the company. The selection and appointment of board members are based on the principle of employing talents based on their



abilities, and they have diverse and complementary capabilities across industries, including basic conditions and values: (such as gender and age, etc.), and each has professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience...etc.

GP's current board member diversity policy and implementation are as follows

Name	Gender	Age	Core items							
			Operation	Accounting & finance	Management	Crisis management	Industry knowledge	Global market	Leadership	Decision-making
Mr. Chen, A.S.	Male	61~70	√		√	√	√	√	√	√
Mr. Lee, Jung-Kung	Male	61~70	√		√	√	√		√	√
Mr. Lai, Wen-Chang	Male	61~70	√		√	√	√		√	√
Mr. Yu, Tien Ho	Male	61~70	√		√	√	√		√	√
Mr. Dai, Shui Chuan	Male	71~80	√		√	√	√		√	√
Mr. Kao, Chuan Chih	Male	61~70	√		√	√		√	√	√
Mr. Li, Robert	Male	51~60	√	√	√	√			√	√
Mr. Hung, Ching-Chang	Male	61~70	√		√	√	√		√	√
Mr. Chen, Ming Hsing	Male	61~70	√		√	√		√	√	√

#### Independence

There are 9 seats on board of directors of the company, 3 of which are independent directors, accounting for 3/9 of the seats on the board of directors. For the independence of the board of directors, please refer to 3.2.1.2. Disclosure of information on the professional qualifications of directors and the independence of independent directors.

As you can see from the above-mentioned information table of directors, the company has established an audit committee to replace the supervisory position, and none of the 9 members of board of directors has a spouse or family relationship within the second degree of kinship with each other, so there is no Article 26-3(3) nor (4) of the Securities and Exchange Act.

## (2) General Manager, Vice General Manager, Associate and Supervisors of Various Departments and Branches

2024.3.31 ; Unit : share ;

%

Title	Nationality	Name	Gender	Date of appointment	Shares held		Spouse and children holding shares		Holding shares in name of others		Main experiences and academic background	Currently concurrently holding positions in other companies	Managers with spouse or second relative relationship			Note
					Shares	%	Shares	%	shares	%			Title	Name	Relationship	
CEO	R.O.C.	Chen, An Shun	Male	1990.01.24	879,408	1.52%	892,211	1.54%	—	—	Bachelor of Mechanical Engineering Taipei City University of Science & Technology, TPCU Manager of Design Dept. CSUN Industrial Co.Ltd.	Supervisor of Zhanhong Investment Co., Ltd. Person in charge of Group Up Industrial Co.Ltd. Independent director Independent director of Asia Metal Industries, Inc.	Sales Vice GM	Chen, Asui	Brother	Chairman and CEO are the same person (note 1)
General Manager	R.O.C.	Lee, Jung-Kung	Male	1990.01.24	913,148	1.57%	1,335,812	2.30%	—	—	Dept. of Mechanical Engineering Xiehe Vocational High School Manager of Sales Dept. CSUN Industrial Co.Ltd.	Supervisor of Yufeng Investment Co., Ltd. General Manager of Group Up Industrial Co.Ltd.	—	—	—	—
Manufacturing Vice GM	R.O.C.	Lai, Wen-Chang	Male	1990.01.24	976,853	1.68%	878,521	1.51%	—	—	Bachelor of Mechanical Engineering Chien Hsin University of Science and Technology Manager of Quality Management CSUN Industrial Co.Ltd.	Supervisor of Hongyi Investment Co.Ltd. Vice GM of Group Up Industrial Co.Ltd.	—	—	—	—
Management Vice GM	R.O.C.	Yu, Tien Ho	Male	1990.01.24	857,097	1.48%	925,036	1.60%	—	—	Bachelor of Electrical Engineering National Taipei University of Technology Manager of Sales Dept. CSUN Industrial Co.Ltd.	Board Director of Living Water Investment Co., Ltd. Vice General Manager of Group Up Industrial Co., Ltd.	—	—	—	—
Sales Vice GM	R.O.C.	Chen, Asui	Male	2000.11.20	176,836	0.30%	—	—	—	—	Master of Materials Science Engineering Institute, National Tsinghua University Deputy Manager of Taiwan Mitsubishi Corporation	No	CEO	Chen, A.S.	Brother	—
Sales Associate Manager	R.O.C.	Lee, Brent	Male	2006.07.01	33,461	0.06%	—	—	—	—	Ph.D., Institute of Electronic Engineering, Zhongyuan University Assistant Professor, Lingdong University of Science and Technology	No	—	—	—	—
R&D Associate Manager	R.O.C.	Chen, Xiu Rong	Male	2000.04.10	109,460	0.19%	136,977	0.22%	—	—	Bachelor of Mechanical Engineering, National United University Engineer, Whirlho Company	No	—	—	—	—
Accounting & Finance, Corporate Governance Manager	R.O.C.	Shen, Wendy	Female	2000.12.21	50,000	0.09%	—	—	—	—	Master of Management, NCU Team Manager of Deloitte Accounting Firm	No	—	—	—	—

If the general manager or a person with an equivalent position (top manager) and the chairman of the board of directors are the same person, spouse, or relative of each other, the reasons, reasonable needs, and measures (such as increasing the number of independent directors, and more than half of the number of independent directors who are not concurrently serving as directors) should be disclosed. Employees or managers, etc. The chairman of the board of directors of the company concurrently serves as the chief executive officer, mainly because he is the founding major shareholder of the company and has led the company to continue to grow and achieve great results. It is the best choice in the interests of shareholders and the company. It is only to improve corporate governance and strengthen the independence of the board of directors. In addition to close and full communication between the chairman and the directors, the company currently has the following specific measures to strengthen the functions of the board of directors:

(1) Set up functional committees (salary, remuneration, and audit) to fully discuss and put forward professional suggestions for directors' reference to implement corporate governance.

(2) More than half of the board members do not concurrently serve as employees or managers.

(3) Each director is arranged to attend courses from external professional organizations every year to enhance the director's professional capabilities and thereby enhance the operational effectiveness of the board of directors.

### 3. Remuneration of Directors, Supervisors, General Managers and Vice General Managers

#### (1) Remuneration paid to directors in the most recent year (2023)

Unit : NT\$1,000 ; Share

Title	Name (Note1)	Remuneration of Directors								The proportion of items A, B, C and D to net profit after tax (Note10)		Receiving employee-related remuneration								A, B, C, D, E, F, and G as a percentage of total net profit after tax (Note 10)		Whether to receive remuneration from non-subsidiary investment (Note 11)
		Remuneration (A)(Note2)		Pension(B)		Reward(C) (Note3)		Execution Cost(D) (Note4)				Salaries, bonuses and special expenses, etc. (E) (Note 5)		Pension(F)		Reward(G) (Note10)						
		GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP		All companies in the report (Note7)		GP	All companies in the report (Note7)			
Chairman	Chen, An-Shun	1,440	1,440	-	-	3,950	3,950	102	102	0.77%	0.77%	19,656	19,656	-	-	3,760	-	3,760	-	4.05%	4.05%	-
Board Director	Lee, Jung-Kung																					
Board Director	Lai, Wen-Chang																					
Board Director	Yu, Tien Ho																					
Board Director	Dai, Shui Chuan																					
Board Director	Kao, Chuan Chih																					
Independent Director	Li, Robert	720	720	-	-	1,550	1,550	54	54	0.33%	0.33%	-	-	-	-	-	-	-	-	0.33%	0.33%	-
Independent Director	Hung, Ching-Chang																					
Independent Director	Chen, Ming-Hsing																					

1. Please state the policy, system, standards and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, and time invested: it is based on the company's "directors, supervisors and managers" Salary payment method.
2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: None.

Table of Board of Directors Remuneration scale (2023)

Remuneration to each director of the Company	Name of Board Directors			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (note8)	All companies in this financial report H (note9)H	The Company (note8)	All companies in this financial report I (note9)I
< NT\$ 1,000,000	Chen An Shun, Zhanhong Investment Company, Lee Rung Kun, Yufeng Investment Company, Lai Wen Chang, Hongyi Investment Company, Yu Tien Ho, Living Water Investment Company, Dai Shui Chuan, Kao Chuanchih, Li Robert, Hung Chihng-chang, Chen Ming Hsing	Chen An Shun, Zhanhong Investment Company, Lee Rung Kun, Yufeng Investment Company, Lai Wen Chang, Hongyi Investment Company, Yu Tien Ho, Living Water Investment Company, Dai Shui Chuan, Kao Chuanchih, Li Robert, Hung Chihng-chang, Chen Ming Hsing	Zhanhong Investment Company, Yufeng Investment Company, Hongyi Investment Company, Living Water Investment Company, Dai Shuiquan, Gao Quanzhi, Li Jinde, Hong Qingchang, Chen Mingxing	Zhanhong Investment Company, Yufeng Investment Company, Hongyi Investment Company, Living Water Investment Company, Dai Shuiquan, Gao Quanzhi, Li Jinde, Hong Qingchang, Chen Mingxing
NT\$ 1,000,000~NT\$ 1,999,999	—	—	—	—
NT\$ 2,000,000~NT\$ 3,499,999	—	—	—	—
NT\$ 3,500,000~NT\$ 4,999,999	—	—	—	—
<b>NT\$ 5,000,000~NT\$ 9,999,999</b>	—	—	Lai, Wen Chang Yu, Tien Ho Chen, A.S. Lee, Jung Kung	Lai, Wen Chang Yu, Tien Ho Chen, A.S. Lee, Jung Kung
NT\$ 10,000,000~NT\$ 14,999,999	—	—	—	—
NT\$ 15,000,000~NT\$ 29,999,999	—	—	—	—
NT\$ 30,000,000~NT\$ 49,999,999	—	—	—	—
NT\$ 50,000,000~NT\$ 99,999,999	—	—	—	—
NT\$ 100,000,000 and more	—	—	—	—
Total number of Board Directors	13	13	13	13

Note 1: The names of directors should be listed separately (corporate shareholders should separately list the names of legal person shareholders and their representatives), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary manner.

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, post bonus, severance payment, various bonuses, incentives, etc.).

Note 3: This is the amount of directors' remuneration approved by the board of directors in the most recent year.

Note 4: Refers to the director's relevant business execution expenses in the most recent year (including carriage fees, special expenses, various allowances, dormitories, car allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration.

Note 5: Refers to the salary received by concurrent directors (including concurrent general manager, deputy general manager, other managers and employees) in the most recent year, including salary, post bonus, severance payment, various bonuses, incentives, carriage fees, special expenses, various Allowances, dormitories, car distribution and other in-kind provision, etc. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized under IFRS 2 "Share Basic Benefits", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 6: Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors (including concurrently serving as general manager, deputy general manager, other managers and employees) in the most recent year, and the amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled in.

Note 7: The total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 8: GP pays the total amount of remuneration to each director, and reveals the name of the director in the attribution level.

Note 9: The total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the directors should be disclosed in the attribution level.

Note 10: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 11:

- a. This column should indicate the amount of relevant remuneration received by the directors of the company from the subsidiary company or the parent company (if none, please fill in "none").
- b. If the directors of the company receive relevant remuneration from the out-of-subsiary investment business or the parent company, the remuneration received by the company directors from the out-of-subsiary investment business or the parent company shall be included in column I of the remuneration scale table. And change the field name to "parent company and all reinvested businesses".
- c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses received by the directors of the company as directors, supervisors, or managers of non-subsiary investment enterprises or parent companies' remuneration.

\* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(2) Supervisor's remuneration: The company has changed to Audit committee, not applicable

(3) Remuneration paid to general manager and deputy general managers in 2023

Unit : NT\$1,000

Title	Name (Note1)	Remuneration(A) (Note2)		Pension(B)		Bonuses and special expenses, etc. (C) (note3)		Employee Remuneration(D) (note4)				The proportion of four items A, B, C and D to net profit after tax ( % ) (note8)		Whether to receive remuneration from non-subsidiary investment business(note9)
		GP	All companies in the report (Note5)	GP	All companies in the report (Note5)	GP	All companies in the report (Note5)	GP		All companies in the report(Note5)		GP	All companies in the report (note5)	
								cash	share	cash	share			
CEO	Chen, An Shun	11,387	11,387	-	-	11,622	11,622	4,260	-	4,260	-	3.82	3.82%	—
General Manager	Lee, Jung Kung													
Manufacturing Vice GM	Lai, Wen Chang													
Management Vice GM	Yu, Tien Ho													
Sales Vice GM	Chen, Asui													

Table of Remuneration scale

Remuneration levels paid to each general manager and deputy general manager of the company	Names	
	The Company(Note6)	All companies in this report(note 7) E
< NT\$1,000,000	—	—
NT\$ 1,000,000~NT\$ 1,999,999	—	—
NT\$ 2,000,000~NT\$ 3,499,999	—	—
NT\$ 3,500,000~NT\$ 4,999,999	Mr. Chen, Asui	Mr. Chen, Asui
NT\$ 5,000,000~NT\$ 9,999,999	Mr. Chen, An Shun / Mr. Lee, Jung Kung/ Mr. Lai, Wen Chang / Mr. Yu, Tien Ho	Mr. Chen, An Shun / Mr. Lee, Jung Kung/ Mr. Lai, Wen Chang / Mr. Yu, Tien Ho
NT\$ 10,000,000~NT\$ 14,999,999	—	—
NT\$ 15,000,000~NT\$ 29,999,999	—	—
NT\$ 30,000,000~NT\$ 49,999,999	—	—
NT\$ 50,000,000~NT\$ 99,999,999	—	—
NT\$ 100,000,000 and more	—	—
Total number of directors	5	5

Note 1: The names of the general manager and deputy general managers should be listed separately, and the payment amounts should be disclosed in a summary manner.

Note 2: It is to fill in the most recent annual general manager and deputy general manager salaries, job bonuses, and severance pay.

Note 3: The number of bonuses, incentives, carriage fees, special expenses, allowances, dormitories, car distribution, etc., provided by the general manager and deputy general managers in the most recent year, and other remunerations are listed. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized under IFRS 2 "Share Basic Benefits", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 4: Fill in the amount of employee compensation (including stocks and cash) approved by the board of directors to distribute the general manager and deputy general managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year. Fill out Attachment One ter.

Note 5: The total amount of remuneration paid by all companies (including the company) to the general manager and deputy general managers of the company in the consolidated report should be disclosed.

Note 6: GP pays the total amount of remuneration to each general manager and deputy general manager, and reveals the names of the general manager and deputy general managers in the attribution level.

Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the general manager and deputy general managers should be disclosed in the attribution level.

Note 8: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 9:

- a. This column should clearly state the amount of remuneration received by the general manager and deputy general manager of the company from the subsidiary company or the parent company (if none, please fill in "none").
- b. If the general manager and deputy general managers of the company receive relevant remuneration from the subsidiary company or the parent company, the general manager and deputy general managers of the company shall transfer the remuneration received from the subsidiary company or the parent company. Incorporate it into column E of the remuneration grading table, and change the name of the column to "parent company and all reinvested businesses".
- c. Remuneration refers to the remuneration, remuneration (including remuneration for employees, directors and supervisors) received by the general manager and deputy general managers of the company as directors, supervisors or managers of subsidiaries outside the investment business or parent company. Remuneration related to business execution expenses.

\* The content of remuneration disclosed in this table is different from income concept of income tax law, so purpose of this table is for information disclosure, not for taxation.

(4) Name of the managers and distribution of compensation

2023.12.31 ; Unit : NT\$1,000

Title	Name	Shares	Cash	Total Amount	Total amount of Proportion of net profit after tax (%)
CEO	Mr. Chen, An Shun	—	5,100	5,100	0.71%
General Manager	Mr. Lee, Jung Kung				
Manufacturing Vice GM	Mr. Lai, Wen Chang				
Management Vice GM	Mr. Yu, Tien Ho				
Sales Vice GM	Mr. Chen, Asui				
Sales Associate Manager	Mr. Lee, Brent				
Research & Development Associate Manager	Mr. Chen, Xiurong				
Accounting & Finance, Corporate Governance Manager	Ms. Shen, Wendy				

(5) Note: Remuneration of the company's top five remuneration executives: Not applicable

(6) Analysis of the proportion of the total remuneration paid by the company and all companies in the consolidated report to the directors, supervisors, general managers and deputy general managers of the company in the net profit after tax of the individual or individual financial reports in the last 2 years and explain the policies, standards and combinations of remuneration, procedures for setting remuneration and its relevance to business performance and future risks.

A. Total remuneration paid by the company to the directors, supervisors, general managers and deputy general managers of the company in the most recent 2 years accounted for the percentage of after-tax profits and losses

Unit : NT\$1,000

Title	2022		2023	
	Remuneration	Proportion of net profit after tax (%)	Remuneration	Proportion of net profit after tax (%)
Board of Directors	6,772	1.08%	7,816	1.10%
General Manager and Vice General Managers	23,323	3.71%	27,269	3.82%

B. Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to operating performance and future risks:

Article 19 of the company's charter shall deduct the current year's pre-tax benefits from the distribution of employee's remuneration and the benefits of director's remuneration. After retaining the number of accumulated losses, if there is a balance, no less than 2% should be allocated for employee compensation and no more than 5% for directors' compensation. The remuneration evaluation of directors and managers is based on salary level of the position in inter-industry market, the scope of rights and responsibilities of the position in the company, the degree of contribution to the company's operational goals, and the degree of operational participation, as well as company's "directors, supervisors" "Remuneration Measures for Managers" for overall consideration, including financial performance indicators, talent cultivation, compliance with laws and regulations, and other special contributions.



#### 4. Overview of Corporate Governance

##### (1) Meetings of Board of Directors

In the year of 2023, the Board of Directors held a total of 10 board meetings with the details below:

Title	Name	Number of Attendance	Number of Delegate to attend	Attendance Rate (%) (B/A)	Note
Chairman	Mr. Chen, An Shun	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director
Board Director	Mr. Lee, Jung Kung	9	1	90%	Re-elected as the 12 <sup>th</sup> Board of Director
Board Director	Mr. Lai, Wen Chang	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director
Board Director	Mr. Yu, Tien Ho	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director
Board Director	Mr. Kao, Chuan Chih	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director
Board Director	Mr. Dai, Shui Chuan	6	4	60%	Re-elected as the 12 <sup>th</sup> Board of Director
Independent Director	Mr. Li, Robert	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director
Independent Director	Mr. Hung, Ching Chang	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director
Independent Director	Mr. Chen, Ming Hsing	10	—	100%	Re-elected as the 12 <sup>th</sup> Board of Director

Other matters to be recorded:

1. The operation of the board of directors, if one of the following situations occurs, shall state the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act. Please see the memo page 46-49.

(2) In addition to the previous matters, other board meeting decisions that have been opposed or reserved by independent directors and have records or written statements: none.

2. The implementation of the director's avoidance of the interested proposal shall state the name of the director, the content of the proposal, the reason for the avoidance of interest and the circumstances of participation in voting:

Date	Name of Board Director	Contents of the motion	Reasons for avoiding benefits	Participation in voting
2023.02.24 12th No.11	Mr. Chen, A.S. Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho	Manager's Quarterly Work Assessment Bonus Distribution Plan	Mr. Chen Anshun, Mr. Lee Jung Kung, Mr. Lai Wen Chang, and Mr. Yu Tien Ho are all Board Directors and managers of the company.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining directors who attended the meeting agreed to pass the meeting without objection.
2023.05.30 12th No.14	Mr. Chen, A.S. Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho	Manager's Quarterly Work Assessment Bonus Distribution Plan	Mr. Chen Anshun, Mr. Lee Jung Kung, Mr. Lai Wen Chang, and Mr. Yu Tien Ho are all Board Directors and managers of the company.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining directors who attended the meeting agreed to pass the meeting without objection.
2023.08.11 12th No.15	Mr. Chen, An Shun Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho Mr. Kao, Chuan Chih Mr. Dai, Shui Chuan Mr. Li, Robert Mr. Hung, Ching Chang Mr. Chen, Ming Hsing	2023 Directors' Remuneration Distribution Details.	Mr. Chen, An Shun; Mr. Lee, Jung Kung; Mr. Lai, Wen Chang; and Mr. Yu, Tien Ho are directors and managers of GP. Mr. Kao, Chuan Chih; Mr. Dai, Shui Chuan; Mr. Li, Robert; Mr. Hung, Ching Chang; Mr. Chen, Ming Hsing are directors of GP.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining directors who attended the meeting agreed to pass the meeting without objection.
2023.11.10 12th No.16	Mr. Chen, An Shun Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho	Quarterly work appraisal bonus distribution details of managers.	Mr. Chen, An Shun; Mr. Lee, Jung Kung; Mr. Lai, Wen Chang; and Mr. Yu, Tien Ho are directors and managers of GP.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining

				directors who attended the meeting agreed to pass the meeting without objection.
2023.12.22 12th No.17	Mr. Chen, An Shun Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho	1. The Company renews the lease of the house and the official car to the related party. 2. GP's 2022 annual manager-employee remuneration and 2023 annual year-end bonus, operating performance, and quarterly work appraisal bonus distribution.	Mr. Chen, An Shun; Mr. Lee, Jung Kung; Mr. Lai, Wen Chang; and Mr. Yu, Tien Ho are directors and managers of GP.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining directors who attended the meeting agreed to pass the meeting without objection.
2024.01.26 12th No.18	Mr. Chen, An Shun Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho	GP's managers' 2023 year-end bonus and business performance distribution change.	Mr. Chen, An Shun; Mr. Lee, Jung Kung; Mr. Lai, Wen Chang; and Mr. Yu, Tien Ho are directors and managers of GP.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining directors who attended the meeting agreed to pass the meeting without objection.
2024.02.23 12th No.19	Mr. Chen, An Shun Mr. Lee, Jung Kung Mr. Lai, Wen Chang Mr. Yu, Tien Ho Mr. Kao, Chuan Chih Mr. Dai, Shui Chuan Mr. Li, Robert Mr. Hung, Ching Chang Mr. Chen, Ming Hsing	1. Nominate and resolve the list of candidates for directors (including independent directors). 2. Lifting the non-compete restriction on the new directors and their representatives. 3. Quarterly work appraisal bonus distribution of managers.	Mr. Chen, An Shun; Mr. Lee, Jung Kung; Mr. Lai, Wen Chang; and Mr. Yu, Tien Ho are directors and managers of GP. Mr. Kao, Chuan Chih; Mr. Dai, Shui Chuan; Mr. Li, Robert; Mr. Hung, Ching Chang; Mr. Chen, Ming Hsing are directors of GP.	Except for the above-mentioned personnel who abstained from the meeting and did not participate in the discussion and voting under the law, the remaining directors who attended the meeting agreed to pass the meeting without objection.

3. Evaluation by the board of directors:

Type	Period	Evaluation Scope	Method of Evaluation	Evaluation items
Every year	2023/1/01~ 2023/12/31	Board of directors, individual directors and functional committees	Self-evaluation by the board of directors, self-evaluation by directors	(note)

Note: The assessment content includes at least the following items according to the assessment scope:

- (1) The performance evaluation of the board of directors: including at least the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board, the selection and continuous education of directors, and internal control.
- (2) Performance evaluation of individual director members: at least including the mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control, etc.
- (3) Functional committee performance evaluation: the degree of participation in the company's operations, the recognition of the responsibilities of the functional committee, the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, internal control, etc.

4. Evaluation of the objectives and implementation of strengthening the functions of the board of directors in the current and recent years:

- (1) To enhance information transparency, the company's major operations related news is announced in the form of major messages.
- (2) The chairman of the board of directors and CEO of the company are the same person. GP intends to complete the 4th independent directors before December 31, 2025 under the "Key Points of the Board of Directors of OTC Companies to Follow in the Establishment and Exercise of Powers" by the OTC rule.

(2) Overview of Audit Committee

In the year of 2023, Audit Committee held a total of 8 meetings with details below:

Title	Name	Number of Attendance	Number of Delegate to attend	Attendance Rate (%)	Note
Independent Director	Mr. Li, Robert	8	0	100%	Re-elected as the second term of audit member
Independent Director	Mr. Hung, Ching Chang	8	0	100%	Re-elected as the second term of audit member
Independent Director	Mr. Chen, Ming Hsing	8	0	100%	Re-elected as the second term of audit member
<p>Other matters to be recorded:</p> <p>1. If the operation of the audit committee is in any of the following circumstances, the date, period, resolution of the board of directors, the resolution of the audit committee, and the company's handling of the audit committee's opinions should be stated: (1) Matters listed in Article 14-5 of the Securities and Exchange Act: Please see the memo on page 46-49. (2) Except for the previous matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: none.</p> <p>2. The implementation status of independent directors' avoidance of interested proposals shall state the names of independent directors, the content of the proposals, the reasons for the avoidance of interests, and the circumstances in which they participated in voting: None</p> <p>3. Communication between independent directors and internal audit supervisors and accountants: (1) GP's internal audit supervisor regularly conducts audit business reports and discussions with the audit committee; the company's audit committee and the internal audit supervisor communicate with each other in good condition. (2) The audit committee of the company and the certified accountant communicate with each other very well.</p> <p>4. The members of the Audit Committee are independent directors. Please refer to pages 9-12 for the professional knowledge and independence of directors or supervisors for their relevant working experience, professional qualifications, experience and independence.</p>					

(3) Corporate governance operation and its differences with code of practice of listed companies and reasons

Items of Evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
1. Does the company formulate and disclose the code of practice of corporate governance under the code of practice of corporate governance of listed companies?	V		The company has established a "Code of Corporate Governance Practice" to establish good corporate governance and risk control, to create shareholder value and operate with integrity, and aims to protect shareholders' rights and interests, strengthen the functions of the board of directors, respect the rights and interests of stakeholders, and enhance information transparency. There are relevant regulations, and they are disclosed on the public information observatory and the company website for shareholders to inquire.	Comply with the Code, with no difference.
2. GP's share structure and shareholders' rights				
(1) Does the company establish internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implement them under the procedures?	V		(1) The company has appointed spokespersons and acting spokespersons to deal with issues such as shareholder suggestions or disputes, and discloses contact information such as email, telephone, and fax in the annual report, the shareholder area of the company website, and the public information observatory, and has also formulated separate "Internal major information processing operating procedures" implement the spokesperson system.	Comply with the Code, with no difference.
(2) Does the company have a list of major shareholders who actually control the company and the final controllers of major shareholders?	V		(2) The company maintains close contact with its major shareholders and appoints a stock agency to understand changes in the list of major shareholders and their ultimate controllers based on the shareholder list and shareholding declaration information.	Comply with the Code, with no difference.
(3) Does the company establish and implement risk control and firewall mechanisms between affiliated companies?	V		(3) Matters that should be followed for risk control and transactions between the company and its related enterprises. A cross-departmental risk management team has been established to be responsible for the formulation and supervision of risk control policies. In addition, the company has formulated "Subsidiary Supervision" and "Relationship Principles for Financial Business Operations between Persons and Related Enterprises", "Procedures for Acquiring or Disposing of Assets", "Operating Procedures for Endorsements and Guarantees" and other provisions to standardize it.	Comply with the Code, with no difference.
(4) Does the company set internal regulations to prohibit the company's insiders from using undisclosed information on the market to buy and sell securities?	V		(4) The company has formulated "Internal Material Information Processing Operation Procedures", "Insider Trading Prevention Management Operation Procedures", "Interested Person Trading Guidelines" and "Insider Personnel Entrusted Trading of Securities or Futures Trading Management Measures" to prevent Insider trading is prohibited and insiders of the company are prohibited from engaging in securities or futures trading activities using information learned through their duties.	Comply with the Code, with no difference.
3. Composition and responsibilities of Board of Directors				
(1) Does the board of directors formulate and implement a diversified policy on the composition of members?	V		(1)The company stipulates in the "Corporate Governance Code of Practice" the principles and policies that the composition of the board of directors should be diversified, and formulates the "Director Election Methods" to implement the legality and selection procedures for executive director members. In addition to considering different professional backgrounds and work fields, the members of the company's board of directors should have leadership, operational judgment, business management, crisis management, industrial knowledge and international market outlook, and financial and financial professional capabilities and experience.	Comply with the Code, with no difference.
(2) In addition to setting up a salary and remuneration committee and an audit committee in accordance with the law, does the company voluntarily set up other functional committees?		V	(2) The Company currently does not voluntarily set up any other functional committees. In the future, other functional committees will be established under legal provisions.	Although the company currently only has a compensation committee and an audit committee, the board of directors exercises its functions and powers under laws and regulations, the company's Charter, resolutions of the

Items of Evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
				shareholder's meeting, and the spirit of corporate governance. Comply with the Code, with no difference.
(3) Does the company formulate board performance evaluation methods and evaluation methods, conduct annual and regular performance evaluations, and report the results of performance evaluations to the board of directors, and use them as a reference for individual directors' remuneration and nomination for renewal?	V		(3) GP's board of directors has adopted the "Board of Directors Self-evaluation or Peer Evaluation Management Measures" to stipulate that the internal performance evaluation of the board of directors should be carried out under regulations every year, and it can be carried out by an external professional independent agency or a team of external experts and scholars as necessary every three years. Evaluate once. The evaluation results will be reported to the board of directors before the end of the first quarter of the next year and will be used as a reference when selecting or nominating directors.	Comply with the Code, with no difference.
(4) Does the company regularly assess the independence of certified public accountants?	V		(4) GP's board of directors regularly obtains the accountant's "Independence Statement" every year to evaluate the independence of the certified accountant. 113 years02month 23dayThe board of directors discussed and approved the assessment of the independence of the certified accountant. The assessment matters include whether there is a financial relationship, employment relationship, commercial relationship, non-auditing service, and public funding type with the accountant. After the assessment, the company's certified accountant meets the independence assessment. standard.	Comply with the Code, with no difference.
4. Whether the listed company allocates competent and appropriate number of corporate governance personnel, and appoints a director of corporate governance to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform business, assisting directors and supervisors to follow Laws, handling matters related to the board of directors and shareholders meeting under the law, making minutes of the board of directors and shareholders meeting, etc.)	V		The company passed the resolution at the 19th meeting of the 11th Board of Directors and appointed Finance Director Shen Jinwei to concurrently serve as the Director of Corporate Governance from December 2019. He is the top manager of corporate governance-related matters and is responsible for the main promotion of corporate governance. Matters related to the company's corporate governance are handled according to the division of organizational power and are jointly handled by personnel from all relevant departments. (1) Scope of authority: matters related to meetings of the board of directors and shareholders' meetings, assisting directors in taking up their posts and continuing their studies, providing directors with the requirements for executing their business information, assisting directors in complying with laws, etc. (2) Annual corporate governance business execution status: 1. Provide company information required by directors and maintain smooth communication between directors and business managers. 2. In line with the latest laws and regulations related to corporate governance, we have revised internal regulations related to corporate governance and submitted them to the board of directors for resolution. 3. Cooperate with the policies of the competent authorities and consider industry trends, plan, and arrange for directors to take courses. 4. Draft the agenda of the board of directors notify the directors seven days in advance and provide meeting materials. If the agenda requires the avoidance of interests, the directors will be reminded in advance and completed within the deadline. 5. Register in advance of the date of the shareholders' meeting under the law, prepare meeting notices, meeting manuals, and minutes within the legal period, and handle changes when amending the articles of association or re-electing directors' registration affairs.	Comply with the Code, with no difference.
5.Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a special channel for	V		(1) The company has a spokesperson and acting spokesperson responsible for handling shareholder suggestions or disputes and other issues and disclosing contact information in annual reports,	Comply with the Code, with no difference.

Items of Evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
stakeholders on the company's website, and appropriately respond to important CSR issues that stakeholders are concerned about?			<p>company websites, and public information observatories</p> <p>(2) The company has a customer service mailbox and telephone number to deal with customer problems, suggestions, or complaints in real time, and the customer service telephone number and electronic mail are disclosed in the "Contact Us" area of the company website.</p> <p>(3) The company provides interactions with stakeholders in the "Investor Relations" section of the company's website and maintains smooth communication with banks and other creditors, employees, customers, suppliers, society, or the company's stakeholders.</p> <p>(4) The company designates a dedicated person to be responsible for the collection and disclosure of company information and also publishes financial information and shareholder information on the public information observatory and the company website to ensure that information that may affect the decision-making of investors and stakeholders can enable real-time approval and transparency.</p>	
6. Does the company appoint a professional stock affairs agency to handle the affairs of the shareholders meeting?	V		The company appoints the stock agency department of Fubang Securities Co., Ltd., a professional stock agency, to serve as the stock agency and handle shareholder meeting matters.	Comply with the Code, with no difference.
7. Information disclosure				
(1) Does the company set up a website to expose financial business and corporate governance information?	V		(1) GP's financial, business, investor services, and corporate governance information have been disclosed on the company's website at: <a href="http://www.gpline.com.tw">http://www.gpline.com.tw</a> . Investors can inquire about the company on the website-related information.	
(2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the company website in the process of legal person briefings, etc.)?	V		<p>(2) GP's finance department is responsible for collecting and disclosing company information. In addition to having a spokesperson and acting spokesperson system, the company also discloses information to the "Public Information Observatory" under regulations.</p> <p>In addition, the company's website has special areas for investor services and corporate governance, which fully disclose financial information, shareholder information, major news announcements, legal person briefings, and corporate governance-related information for the reference of shareholders and the public.</p>	
(3) Has the company announced and filed its annual financial report within two months after the end of the fiscal year, and announced and filed the financial report for Q1, Q2 and Q3 and the operating conditions of each month before the prescribed deadline?	V		(3) The financial report for the fiscal year 2023 of GP was approved by the board of directors on February 24, 2024, and announced on the same day. The financial reports for the first, second, and third quarters of fiscal year 2023 were approved by the respective board meetings on May 12, August 11, and November 10 of 2023 and announced on the same day. Revenue figures for each month were reported before the 10th of the following month as per regulations.	

Items of Evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
8. Does the company have other important information that helps to understand the corporate governance and operation conditions (including but not limited to employee rights, employee care, investor relations, supplier relations, the rights of interested parties, directors and supervisors' training, Implementation status of risk management policies and risk measurement standards, implementation status of customer policies, status of companies purchasing liability insurance for directors and supervisors, etc.)?	V		<p>(1) Employee rights and interests: In addition to ensuring employee group insurance for each employee, the company also conducts regular employee health examinations to take care of employee safety and health, and has established an employee retirement fund management committee, a labor retirement reserve fund supervisory committee, and employee welfare. The committee and others monitor the rights and interests of employees.</p> <p>(2) Investor relations: To implement information transparency and facilitate investors understanding of the company's operations, the company has a spokesperson mailbox, and relevant information is posted on the public information observatory and the corporate governance area of the company's website. In addition, the company's website also provides the company's basic information, important information, financial statement information, monthly revenue, and other information, and is updated regularly to maintain its effectiveness. And provide investors' opinions to the company's management for reference. The company will continue to strengthen investor relations and maintain good relations with investors.</p> <p>(3) Supplier relations: The company handles all procurement matters under the "Integrity Business Code" and "Procurement Management Measures" formulated by the company to implement the principles of fairness and transparency and prevent dishonest behavior. In addition, the company promotes environmental protection policies and concepts to suppliers. All suppliers must meet the company's relevant requirements for environmental protection before they can be listed as qualified suppliers.</p> <p>(4) Interested parties:</p> <ol style="list-style-type: none"> <li>1. The Company's business dealings with interested parties shall be under the Company's "Group Enterprise shall be handled under the "Regulations on the Management of Transactions between Enterprises and Related Parties" to avoid the occurrence of irregular transactions and the transfer of improper interests.</li> <li>2. The company has established a complete internal control system and implemented it in business execution. Internal auditors regularly perform inspections and report the results to the important meeting and management for further review.</li> <li>3. GP provides diverse channels and information disclosure, maintains good interaction and communication with stakeholders, and continuously responds to and addresses issues of stakeholder concern.</li> </ol> <p>(5) Directors' further education: Please refer to the "Directors' Participation in Corporate Governance-Related Courses in 2012" of this annual report. (Note2)</p> <p>(6) The company purchased liability insurance for directors and supervisors: To increase the protection for directors, supervisors, and managers and strengthen corporate governance, the company purchased liability insurance for directors, supervisors, and managers in 2013, and the insured amount of the relevant liability insurance, coverage and insurance rates and other relevant information have been 2023/0 Report to the Board of Directors on 8/11.</p> <p>(7) Implementation of risk management policies and risk measurement standards: GP's risk management policies are based on the principle of "conservatism and prudence" and create the maximum returns for shareholders based on the current capital scale and the risks decided by the board of directors. Please refer to "Analysis and Assessment of Risk Events" in this annual report.</p>	Comply with the Code, with no difference.

Items of Evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	

During the 2022, GP improved the following aspects in response to corporate governance evaluations:

1. Since 2020, GP has included functional committees in the board performance assessment scope. The board's performance assessment for the 2023(including functional committees) was completed on January 31, 2024, and the assessment results were submitted to the board on February 23, 2024.
2. GP will continue to cooperate with regulatory authorities in promoting and improving corporate governance evaluations in the future

**Note 1 : Criteria for Accountant Independence Evaluation**

No.	Items for Accountant Independence Evaluation	yes	no
1	Not an employee of the company or its affiliates	V	
2	Directors and supervisors of non-company or its affiliates	V	
3	Non-self and their spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top ten shares	V	
4	The spouse, relatives within the second class or the immediate blood relatives within the third class of the persons not listed in the preceding three paragraphs	V	
5	Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of corporate shareholders who hold shares of Top5	V	
6	Directors, supervisors, managers, or shareholders holding more than 5% of the company's specific companies or organizations that are not in financial or business dealings with the company	V	
7	Does not have a spouse or second relative relationship with other directors	V	
8	There is no one of the items in Article 30 of the Company Law	V	
9	Other valid reference information: Statement of Independence of Accountants	V	

**Note 2 : 2023 Board Directors and Corporate Governance Manager's participation in the training courses**

Title	Name	Date	Training Unit	Module	Hours
Board Director	Chen, An Shun	2023/08/07	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Lee, Jung Kung	2023/08/07	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Lai, Wen Chang	2023/08/07	Taipei Exchange	Publicity and briefing session on insider equity of listed companies	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Yu, Tien Ho	2023/11/14	Taiwan Institute for Sustainable Energy	The 6th Global Business Sustainability Forum	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		2023/04/27	Taipei Exchange	Publicity meeting on sustainable development action plans for listed companies	3
Board Director	Kao, Chuan Chih	2023/11/16	Securities and Futures Institute	Transformation opportunities and challenges for Taiwan's industries under geopolitics	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Board Director	Dai, Shui Chuan	2023/11/10	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies on corporate management	3
		2023/08/04	Securities and Futures Institute	Challenges and opportunities of sustainable development path and introduction to greenhouse gas inventory	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Independent Director	Li, Robert	2023/12/13	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/12/13	Accounting Research and Development Foundation	Financial and tax issues and tax governance practices for Taiwanese businessmen investing overseas	3
		2023/11/15	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/11/15	Accounting Research and Development Foundation	Analysis of IFRS regulations and financial accounting practices related to organizational restructuring	3
		2023/10/18	Accounting Research and Development Foundation	Analysis of legal liability cases of whistleblowers in economic crimes and financial reporting fraud cases	3
		2023/10/18	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/09/13	Accounting Research and Development Foundation	Prevention and resolution of withholding disputes arising from "cross-border transactions"	3



		2023/09/13	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/08/16	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/08/16	Accounting Research and Development Foundation	Legal liability and case analysis related to the company's "competition for management rights"	3
		2023/06/14	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/06/14	Accounting Research and Development Foundation	Performance evaluation practices related to corporate "ESG sustainability" and "risk management"	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		2023/05/17	Accounting Research and Development Foundation	How to effectively play the role of corporate governance supervisor - also discussing the legal responsibilities of managers	3
		2023/05/17	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/04/19	Accounting Research and Development Foundation	Practical seminar on the latest annual income tax return for profit-making enterprises	3
		2023/04/19	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/03/15	Accounting Research and Development Foundation	Practical response to self-preparation of financial reports: reinvestment using the equity method	3
		2023/03/15	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/02/15	Accounting Research and Development Foundation	Information disclosure trends related to "IFRS financial reporting" and "ESG sustainability"	3
		2023/02/15	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
		2023/01/18	Accounting Research and Development Foundation	Decrypting corporate "financial statement" issues and "corporate diagnosis" practices	3
		2023/01/18	Accounting Research and Development Foundation	Analysis of the latest securities finance tax laws and professional standards issues	1
Independent Director	Hung, Ching Chang	2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		2023/05/10	Independent Director Association Taiwan	A cutting-edge tool for the board of directors to check fraud warnings	3
Independent Director	Chen, Ming Hsing	2023/11/24	Taipei Foundation of Finance	Principles of Fair Treatment of Customers in the Financial Services Industry	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
Corporate Governance Manager	Shen, Wendy	2023/04/27	Taipei Exchange	Publicity meeting on sustainable development action plans for listed companies	3
		2023/05/26	Environmental Protection Department	Green Chemistry Creates Sustainability Together	3
		2023/07/18	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure Seminar	3
		2023/08/09	Taipei Exchange	Insider equity promotion briefing meeting of the company on the OTC	3

(4) If the company has set up a remuneration committee or a nomination committee, it shall disclose its composition and operation.

#### A. Term of Compensation Committee

Title	items Name	Professional qualifications and experiences	Independence	Number of Independent Directors of other companies
Independent Director	Li, Robert	Master of Industrial Management Institute, NCKU Chief Financial Officer of Bosdom Digi Co., Ltd. SBIR Deputy General Manager, Chi Feng Co., Ltd.	(Note1)	2
Independent Director	Hung, Ching Chang	M.S., Cranfield University-Institute of Industrial Science, Ph.D., Cranfield University - Institute of Welding Technology General Manager, He-Zeng Technology Co., Ltd Senior Vice President, Elite Material Co., Ltd.	(Note1)	-
Independent Director	Chen, Ming Hsing	MBA, National Singapore University Chairman of Inventalk Technology Inc.	(Note1)	1

Note 1: The members of the Compensation and Remuneration Committee are all independent directors. For their relevant working years, professional qualifications and experience, and independence, please refer to page 9~12 for the professional knowledge and independence of directors or supervisors.

## B. Overview of Remuneration and Compensation Committee

There's a total of 3 board directors in this committee.

The 3<sup>rd</sup> Remuneration and Compensation Committee held a total of 7 meetings in the year of 2023 as follows:

Title	Name	Actual Attendance	Delegate to attend	Attendance Rate (%)	Note
Convener	Li, Robert	7	0	100%	Re-elected
Board member	Hung, Ching Chang	7	0	100%	Re-elected
Board member	Chen, Ming Hsing	7	0	100%	Re-elected
Other matters to be recorded: 1. If the Board Director does not adopt or amend the recommendations of the Remuneration and Compensation Committee, the Board Director's meeting date, period, content of the proposals, Board Director's resolution results, and the company's handling of the opinions of the Remuneration and Compensation Committee (e.g. Board Director The salary remuneration that will be passed is better than the recommendation of the Remuneration and Compensation Committee, and the difference and reasons should be stated): None, see the attachment. 2. The resolutions of Compensation Committee: If members have objections or reservations and have records or written declarations, the Remuneration and Compensation Committee date, period, content of the proposal, all members' opinions and the handling of members' opinions shall be stated: None.					

## C. Role and function of Compensation and Compensation Committee

According to Article 6 of the Company's "Organizational Regulations of the Remuneration Committee", the functions and powers of the Remuneration Committee are as follows:

The committee shall faithfully perform the following functions and powers with the attention of good managers, and submit its recommendations to the board of directors for discussion. However, if the proposal on the remuneration of directors is submitted to the board of directors for discussion, the remuneration of directors is limited to those whose remuneration is stipulated in the company's articles of association or authorized by the board of directors through a resolution of the shareholders' meeting:

1. Review this Regulation and propose amendments as necessary depending on the implementation situation.
2. To formulate and regularly review performance evaluation standards for directors and managers, annual and long-term performance goals, and policies, systems, standards and structures for remuneration.
3. Regularly evaluate the achievement of the performance objectives of directors and managers, and determine the content and amount of their individual salaries based on the evaluation results obtained from the performance evaluation standards.

When performing the functions and powers of the preceding paragraph, the Committee shall do so under the following principles:

1. Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
2. The performance evaluation and salary remuneration of directors and managers should refer to the usual level of payment in the industry, and consider the results of individual performance evaluation, the time invested, the responsibilities undertaken, the achievement of personal goals, the performance of other positions, the company's recent years Salary and remuneration given to those in the same position, and the rationality of the connection between individual performance and the company's operating performance and future risks is assessed by the achievement of the company's short-term and long-term business goals, the company's financial status, etc.
3. Directors and managers should not be led to engage in behavior that exceeds the company's risk appetite in pursuit of remuneration.
4. The proportion of the remuneration for the short-term performance of senior directors and managers and the payment time of part of the variable remuneration shall be determined in consideration of the industry characteristics and the nature of the company's business.
5. The content and amount of remuneration for directors and managers should be considered reasonable. The decision on remuneration for directors and managers should not be significantly inconsistent with financial performance. The remuneration should not be higher than the previous year.
6. Members of this committee shall not participate in discussions or vote on their personal salary and remuneration decisions.

The salary and remuneration referred to in the preceding two paragraphs includes cash remuneration, stock options, dividends, retirement benefits or severance pay, various allowances and other measures with substantial

incentives; The remuneration of directors and managers is the same.

If matters concerning the compensation and remuneration of directors and managers of the Company's subsidiaries are subject to the approval of the Company's Board of Directors, such matters should be approved by the Company's Board of Directors, and then submitted to the Board of Directors for discussion.

If there is any inconsistency between the recommendations of this committee and the resolutions of the board of directors, it shall be handled under the "Regulations on the Establishment and Exercise of Powers of the Compensation and Compensation Committee of Companies Listed in Stocks or Trading at the Business Office of Securities Firms"

#### D. Important resolutions of Remuneration and Compensation Committee

Meeting Date	Proposal content and follow-up processing	Resolution result	GP's handling of the opinions of the Remuneration and Compensation Committee
2023.02.24	1. GP's 2023 annual employee remuneration and director remuneration distribution case 2. Quarterly work appraisal bonus distribution case for managers	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2023.05.30	Quarterly work appraisal bonus distribution for managers	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2023.08.11	2022 annual directors' remuneration distribution details	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2023.11.10	Quarterly work appraisal bonus distribution for managers	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2023.12.22	The company's 2022 annual executive compensation and 2023 year-end bonuses, operating performance, quarterly job performance bonus distribution.	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2024.01.26	GP's managers' 2023 year-end bonus and business performance distribution change	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2024.02.23	1. The Company's 2023 annual employee remuneration and director remuneration distribution case 2. Quarterly work appraisal bonus distribution of managers	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.

E.Information on members of the Nomination Committee and information on their operation: None, not applicable

(5) **Corporate Sustainability:** Implementation of promotion of sustainable development and differences and reasons for code of practice for sustainable development of listed OTC companies

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
1. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the company's operations under the principle of materiality, and formulate relevant risk management	V		In compliance with the vision and mission of the Company's ESG policy, the company established the "Corporate Sustainability Promotion Group" To coordinate and promote the enterprise's sustainable development part-time unit, Yu Tianhe, Vice President of the Management Department, serves as the convener. Review	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies										
	yes	no	Summary											
policies or strategies?			the company's core operating capabilities with several middle- and senior-level executives from different fields, identify sustainability issues related to the company's operations and stakeholders' concerns through meetings, plan and implement the various items, and ensure that sustainable development strategies are fully implemented in the company's daily operations and year at least once Compile reports to the Board of Directors. The head of corporate governance reported to the board of directors on the implementation of sustainable development on May 12, 2023, and requested the board of directors to provide guidance and suggestions.											
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations under the principle of materiality, and formulate relevant risk management policies or strategies?	V		<div>The company relies on "Risk Management Policies and Procedures" as the highest guiding principle for the company's risks.</div> <div><div>Environmental</div><table><tr><th>Item</th><th>Risk Management Strategy</th></tr><tr><td>Climate Change</td><td>Collect and analyze information on climate change, energy risks, etc., refer to ISO14001 risk identification procedures, identify and evaluate risks related to climate change, and reduce the possible impact of climate change.</td></tr><tr><td>Water Resources Management</td><td>1.Promote improvements in energy and water conservation, Adjust the water output of faucets on each floor, to reduce energy consumption and water costs. 2.Carry out wastewater and rainwater recycling promotion and technology research and development to reduce water consumption in the factory.</td></tr><tr><td>Greenhouse Gas Emissions Management</td><td>1.Regularly review energy conservation and carbon reduction, participate in and observe seminars, and improve various energy-saving and carbon-reduction improvement technologies. 2.Conduct a carbon footprint inventory, and establish short, medium, and long-term carbon emission targets.</td></tr><tr><td>Energy</td><td>1.Promote energy-saving and</td></tr></table></div>	Item	Risk Management Strategy	Climate Change	Collect and analyze information on climate change, energy risks, etc., refer to ISO14001 risk identification procedures, identify and evaluate risks related to climate change, and reduce the possible impact of climate change.	Water Resources Management	1.Promote improvements in energy and water conservation, Adjust the water output of faucets on each floor, to reduce energy consumption and water costs. 2.Carry out wastewater and rainwater recycling promotion and technology research and development to reduce water consumption in the factory.	Greenhouse Gas Emissions Management	1.Regularly review energy conservation and carbon reduction, participate in and observe seminars, and improve various energy-saving and carbon-reduction improvement technologies. 2.Conduct a carbon footprint inventory, and establish short, medium, and long-term carbon emission targets.	Energy	1.Promote energy-saving and	Comply with the Code, with no difference.
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Energy	1.Promote energy-saving and													

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies	
	yes	no	Summary		
			<div>Management</div> <div>high-efficiency equipment, and set power-saving goals to continue to reduce unit power consumption of products. 2.Promote process energy consumption reduction. 3.Energy-saving improvement measures such as technology and equipment efficiency improvement and energy management.</div>		
			<div>Air Pollution Management</div> <div>1.Strengthen the control and improvement of leakage of factory equipment components. 2.Establish monitoring standards to manage the factory environment, and add air pollution control equipment to reduce pollutant emissions.</div>		
			<div>Waste Management</div> <div>1.Committed to waste source reduction, process waste reduction, and recycling and reuse, to minimize waste output and maximize resource reuse. 2.Implement the qualification review and management of waste removal and treatment vendors by the law to ensure that waste is properly disposed of to mitigate the impact on the environment.</div>		
			<b>Social</b>		
			<div>Item</div> <div>Risk Management Strategy</div>		
			<div>Human Rights</div> <div>We comply with international human rights norms and labor laws in locations where our global operations are located and are committed to equal employment and a working environment free from discrimination and harassment. We also respect individual privacy rights and establish diversified labor-management communication channels and grievance mechanisms to ensure labor rights and interests.</div>		
			<div>Human Capital</div> <div>1.Through multiple and open recruitment channels, actively participate in campus activities and provide summer work-study opportunities, to improve recruitment efficiency and recruit talents. 2.Provide stable and preferential treatment and benefits, plan comprehensive education and training, encourage employees to obtain certificates or professional certifications, and provide</div>		

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies		
	yes	no	Summary			
				reasonable and smooth promotion channels for outstanding performers.		
				1.Establish a safe and hygienic working environment, carry out hazard identification and risk assessment promptly, and conduct risk reduction measures and emergency response drills to reduce the risk of occupational disasters for employees. We will continue to conduct special health examinations for employees working in high-risk operations, and conduct health grade management and tracking based on the results. 2.Regularly conduct health consultations with in-factory doctors, and provide workers with physical and mental health consultation and assistance plans. 3.We hold employee welfare committees, labor-management, and safety meetings every quarter to communicate with employees and provide timely legal promotion to avoid labor disputes. Employees can put forward suggestions through meetings or suggestion boxes, and the company and employees work together to create harmonious and good labor relations.		
			Safety & Health			
			Corporate Governance			
			<table><tr><th>Item</th><th>Risk Management Strategy</th></tr><tr><td>Board Capacity</td><td>Formulate the board diversity policy, improve the planning of director training topics, and provide directors with the latest information on regulations, ESG, industrial and economic development , and policies. Company executives and directors attend external corporate governance-related courses to enhance their corporate governance-related knowledge. Directors' liability insurance is also purchased for directors to protect their rights and interest and to reduce and disperse the risk of major damage to the company.</td></tr><tr><td>Strategy</td><td>With the company's sustainable operation as the goal, we continue to develop high-value and differentiated products, sign</td></tr></table>	Item		Risk Management Strategy
Item	Risk Management Strategy					
Board Capacity	Formulate the board diversity policy, improve the planning of director training topics, and provide directors with the latest information on regulations, ESG, industrial and economic development , and policies. Company executives and directors attend external corporate governance-related courses to enhance their corporate governance-related knowledge. Directors' liability insurance is also purchased for directors to protect their rights and interest and to reduce and disperse the risk of major damage to the company.					
Strategy	With the company's sustainable operation as the goal, we continue to develop high-value and differentiated products, sign					

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
			<div>long-term contracts with customers and suppliers, maintain a good supply and demand relationship, and continue to improve processes and enhance competitiveness to reduce operational risks.</div> <div>Integrity Stipulate "moral behavior criteria", and establish a good corporate governance and risk control mechanism, that is, assess the risks of dishonest behavior, formulate relevant preventive measures accordingly, and implement policies to promote honest operations.</div> <div>Legal Compliance By establishing a governance organization and implementing internal controls, we strictly require business execution to comply with laws and regulations and to promptly understand and respond to changes in policies and regulations. Establish additional legal affairs unit, formulate contract templates, conduct legal compliance education and training, etc., with a view to drop legal risk. Each department conducts an internal control self-assessment regularly every year to review the implementation of internal control and legal compliance in the previous year.</div>	
3. Environmental issues				
(1) Does the company establish an appropriate environmental management system based on industrial characteristics?	V		<p>(1) The company attaches great importance to environmental protection cherishes resources, and purchases materials with green building materials, water saving, energy saving, and other labels to ensure that air, noise, water, and waste pollution can be effectively controlled. In the spirit of "cherishing natural resources", we combine environmental protection with customer trust, jointly create the concepts of "sustainable management" and "giving back to society", and continue to implement waste reduction work.</p> <p>Relevant information is disclosed in the sustainability report and the company's website  <a href="https://www.gpline.com.tw">https://www.gpline.com.tw</a></p>	Comply with the Code, with no difference.
(2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials	V		<p>(2)</p> <p>1.The company has assessed the current and future potential risks of climate change to the company, is committed to promoting</p>	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
with low impact on the environment?			<p>energy conservation and carbon reduction, and plans to install solar power generation equipment.</p> <p>2.GP attaches great importance to customer health and safety at all stages from raw material procurement to product sales, continues to improve the production process, and adapts to market trends and customer needs. Towards the development trend of producing non-toxic, environmentally friendly, and green energy products.</p> <p>3.The first phase of the solar photovoltaic system construction project was completed in July 2023. The remaining roof space is used to build a solar photovoltaic system that maximizes power generation. It will be used "for self-use" to achieve the goals of carbon reduction and green energy expansion.</p> <p>4.The company has a rainwater storage and recycling device. After the rainwater passes through a simple filtration system to filter out impurities and is left to stand, the collected rainwater can be used as water for flushing toilets and watering flowers in gardening, reducing the use of tap water and promoting the reuse of water resources.</p>	
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to respond to climate-related issues?	V		<p>(3)</p> <p>In response to the impact of climate change on operating activities, the company has implemented energy conservation, carbon reduction, and greenhouse gas reduction measures:</p> <p>The management department is responsible for maintaining the environment. The manufacturing department and factory affairs department fully comply with environmental regulations in the aforementioned environmental management system. The management department implements power-saving plans such as turning off lights and controlling air-conditioning temperatures to reduce energy waste. The current situation of the company's energy conservation, carbon reduction and greenhouse gas reduction strategies are as follows:</p> <p>1.Print documents on both sides as much as possible. Set up a recycling box next to the photocopier for paper recycling and reuse. The company uses electronic invoices and</p>	Comply with the Code, with no difference.



Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies																
	yes	no	Summary																	
			encourages employees to use electronic means to deliver official documents or letters, which can greatly reduce paper consumption. 2.In addition, the air-conditioning temperature in the office is set at 26 degrees Celsius in summer, and energy-saving LED lamps are used for lighting. Employees also respond to company policies and develop good habits of turning off lights and saving energy, To slow down global warming.																	
(4) Does the company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past 2 years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	V		<div>(4) The company strictly implements energy-saving and carbon-reducing measures, including replacing with high-efficiency lamps, enhancing air-conditioning efficiency, shortening the supply time of air-conditioning and controlling temperature; and promoting paperless operation.</div> <table><tr><td>Item/unit</td><td>Year 2023</td><td>Year 2022</td><td>Year 2021</td></tr><tr><td>Water (1000 liter)</td><td>4262</td><td>5362</td><td>4605</td></tr><tr><td>Waste(ton)</td><td>89.03</td><td>60.54</td><td>22.84</td></tr><tr><td>CO2e (ton)</td><td>932</td><td>510</td><td>417</td></tr></table>	Item/unit	Year 2023	Year 2022	Year 2021	Water (1000 liter)	4262	5362	4605	Waste(ton)	89.03	60.54	22.84	CO2e (ton)	932	510	417	Comply with the Code, with no difference.
Item/unit	Year 2023	Year 2022	Year 2021																	
Water (1000 liter)	4262	5362	4605																	
Waste(ton)	89.03	60.54	22.84																	
CO2e (ton)	932	510	417																	
4. Social issues																				
(1) Does the company formulate relevant management policies and procedures under relevant regulations and international human rights conventions?	V		<div>(1) To protect the basic human rights of employees, customers and other stakeholders, the company formulates personnel rules and regulations in compliance with international human rights norms such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization Tripartite Declaration of Principles on Multinational Enterprises and Social Policy. To protect the rights and interests of employees, provide stable and preferential treatment, complete education and training, promotion and development system, and create a safe and hygienic working environment to enhance the professional capabilities of employees.</div> <div>By the Labor Standards Law and relevant regulations, the company formulates relevant measures and urges their compliance promptly to protect the legitimate rights and interests of employees. In terms of employment policy, there will be no differential treatment based on race,</div>	Comply with the Code, with no difference																

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
			class, language, thought, religion, political party, place of origin, gender, marriage, appearance, facial features, physical and mental disabilities, place of birth, sexual orientation, age, etc. In terms of gender equality, we have formulated "Complaint and Punishment Measures for Sexual Harassment Prevention Measures in the Workplace" and provided a complaint channel to protect the rights and interests of colleagues, and provide maternity (check-up) leave, paternity leave, and parental leave by the law.	
(2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	V		<p>(2)</p> <p>1.The company has work rules and relevant personnel management regulations, which cover the basic wages, working hours, vacations, pension payments, labor health insurance benefits, occupational accident compensation, etc. of the employees employed by the company, and all comply with the relevant provisions of the Labor Standards Act. The Employee Welfare Committee is established to operate through the welfare committee elected by employees to handle various welfare matters; the company's remuneration policy is based on individual abilities, contribution to the company, and performance, which is positively related to the correlation with operating performance.</p> <p>2.We hold employee welfare committee, labor-management meetings and other meetings every quarter to communicate with employees, and provide timely legal promotion to avoid labor disputes. Employees can put forward suggestions through meetings or suggestion boxes, and the company and employees work together to create harmonious and good labor relations.</p>	Comply with the Code, with no difference.
(3) Does the company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?	V		<p>(3)</p> <p>1.The company regularly provides employee health and education information. To enhance employees' safety and health awareness, it reminds employees of workplace safety through education, training and safety observation.</p> <p>2.The company has been equipped with security guards, access control, automated external defibrillators (AED), dry powder fire extinguishers, fire hydrants, foam fire</p>	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
			<p>extinguishing equipment, automatic fire alarm equipment, emergency broadcast equipment, exit direction lights, evacuation equipment, and emergency lighting equipment. , perform maintenance on the elevators every month, in addition to regular fire inspections, assign employees to obtain fire administrator licenses, and hold regular fire drills. The company provides employee health examinations, performs environmental sanitation and disinfection operations from time to time, and handles relevant publicity matters in conjunction with government announcements of major epidemics.</p> <p>3. Conduct employee health checks on 28 August, 2023.</p>	
(4) Does the company establish an effective career development training program for employees?	V		<p>(4)</p> <p>In response to the needs of colleagues and in compliance with relevant regulations, we organize various types of education and training such as employee education and training, professional technical training, quality control training, employee growth-related training, and labor safety and health lectures to provide employees with complete professional skill development and self-growth. In 2023, relevant colleagues will be subsidized from time to time to further their studies or obtain domestic and foreign professional certificates. Continue to carry out talent development and supervisor training to lay the foundation for future corporate expansion.</p> <p>The total hours of employee education and training in 2023 are 376 hours.</p>	Comply with the Code, with no difference.
(5) About customer health and safety, customer privacy, marketing and labeling of products and services, does the company follow relevant laws and regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V		<p>(5)</p> <p>GP's products are not sold directly to general consumers, and there are few marketing activities such as media advertising and publicity. If there are any activities involving legal aspects, each unit will consult the legal department for advice to avoid violating the law.</p> <p>GP's external promotional documents, press releases, statements, etc. are free of discriminatory words and phrases. We also adhere to the principle of fair hospitality when treating each customer. We publish open and transparent information on the company's website and make it available to customers through various channels.</p>	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
			Adhering to the principle of customer first, a dedicated team will respond promptly when dealing with customer issues, so that customer rights are fully protected. GP's marketing and labeling of products and services follows relevant laws and regulations and ISO9001:2015 international standards. We abide by confidentiality agreements and personal data protection laws regarding customer privacy, and have a complaint channel for interested parties.	
(6) Does the company formulate supplier management policies that require suppliers to comply with relevant regulations on topics such as environmental protection, occupational safety and health, or labor human rights, and their implementation?	V		(6) When purchasing, GP requires suppliers to meet national requirements for industrial safety qualifications, ISO qualifications, hazard notices and illustrations on goods, and manufacturers must properly recycle and reuse containers or loading aids. "Purchase Order" requires suppliers to truly comply with the regulations, and explain in the above form the company's position on adhering to the spirit of sustainable management, adhering to the principle of fair trade, and is committed to requiring suppliers to comply with environmental protection, industrial safety and human rights standards, and to be included in the list of manufacturers Assessment work in progress. Suppliers are required to comply with human rights projects, including paying attention to employee occupational health and safety, working hour management, free choice of occupations, wages and benefits, etc. By signing the "Supplier Corporate Social Responsibility Commitment Letter", suppliers are required to take improvement measures to address human rights risks. And continue to track improvements. When the company signs a contract with its major suppliers, the content includes compliance with the corporate social responsibility policies of both parties. If the supplier violates the policy and has a significant impact on the environment and society of the supply source community, the contract may be terminated or terminated at any time.	Comply with the Code, with no difference.
5. Does the company refer to the internationally accepted standards or guidelines for the preparation of reports and	V		The content structure of the company's sustainability report is based on the GRI standards guide, it is written according to the guidelines and structure listed in the core	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the code of practice for corporate sustainability of listed companies
	yes	no	Summary	
prepare ESG reports and other reports that disclose the company's non-financial information? Has the disclosure report obtained the assurance or assurance opinion of a third party to verify?			options, and discloses the company's main sustainability issues, strategies, goals and measures. GP prepares a "Corporate Social Responsibility Report" voluntarily. Therefore present, no confirmation or guarantee opinion has been obtained from a third-party verification unit. The sustainability report for 2023 will be published on the company's website in June 2024 and the Public Information Observatory.	
<p>6. If a company has its sustainable development code based on the "Code of Practice for Sustainable Development of Listed Companies", please describe the differences between its operation and the prescribed code:</p> <p>To practice corporate social responsibility, GP has formulated "Code of Practice for Sustainable Development", and will continue to follow "the Code of Practice for Sustainable Development" norms and spirit, we promote the relevant norms of the RBA Responsible Business Alliance from time to time, and implement and implement them together with all colleagues in the company.</p>				
<p>7. Other important information that helps understand the implementation of sustainable development:</p> <p>(1)The company cares about employee's health and has conduct employee's health checks on 28, August 2023.</p> <p>(2)Community relations:</p> <ul style="list-style-type: none"> <li>● On September 27, 2023, donated funds to Yude Children's Home on Mid-Autumn Festival.</li> <li>● On September 27, 2023, donated funds to Taoyuan Spinal Cord Injury Center on Mid-Autumn Festival.</li> <li>● On September 28, 2023, donated funds to LOHAS Childcare Center on Mid-Autumn Festival.</li> </ul> <p>(3)Valuing Employee Family Atmosphere:</p> <ul style="list-style-type: none"> <li>● On July 8, 2023, hosted the "GP 33rd Anniversary Celebration and Family Day."</li> </ul> <p>(4)Develop diversified talent:</p> <ul style="list-style-type: none"> <li>● On March 15, 2023, arranged a visit for the Department of Industrial and Systems Engineering of Chung Yuan Christian University.</li> <li>● On October 30, 2023, hosted a visit for international students from National Central University .</li> <li>● On June 13, 2023, ESG team members visited Long-hua University for industry-academia exchanges.</li> </ul> <p>(5) Renewable energy :</p> <ul style="list-style-type: none"> <li>● On June 30, 2023, completed the first phase of the rooftop solar energy installation project.</li> </ul>				

(6) GP's performance of integrity management

GP's performance of integrity management				
Item of Evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
1. Formulate honest management policies and plans				
(1) Does the company formulate an honest operation policy approved by the Board Director, and clearly indicate the honest operation policy and practice in the regulations and external documents, and the Board Director and senior management will actively implement the promise of the operation policy?	V		(1) The company adopts the resolution of the board of directors and implements "Code of Integrity Business" And the "Ethical Code of Conduct" clearly state the policies and practices of honest management, and establish a good operation management and risk control mechanism. Board members and management also commit to actively implement and supervise the implementation of the integrity management policy.	Comply with the Code, with no difference.
(2) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct, and at least covers "listing on the OTC". What are the precautionary measures for each of the actions in paragraph 2 of Article 7 of the Code of Corporate Integrity Management?	V		(2) GP's" Corporate Sustainability Promotion Group" Assists the board of directors and management to check and evaluate whether the preventive measures established for the implementation of honest operations are operating effectively, and regularly evaluate compliance with relevant business processes and prepare reports; the company stipulates in the "Integrity Operations Code": 1. Prohibited provision of or accepting illegitimate benefits and receiving illegitimate benefits 2. Facilitation payments and bribery are prohibited, 3. Handling of political donations, charitable donations, or sponsorships, 4. Avoidance of interests, 5. Organization and responsibility of confidentiality mechanism (intellectual property rights), 6. Prohibit unfair competition, 7. Prevent products or services from harming interested parties, 8. Prohibit insider trading and confidentiality agreements.	Comply with the Code, with no difference.
(3) Does the company clearly define operating procedures, behavior guidelines, punishment, and appeal systems for violations in the plan for preventing dishonest behavior, and implement them, and regularly review the pre-revision plan?	V		(3) The company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. To implement the honest management policy and actively prevent dishonest behaviors, the company has formulated the "Integrity Business Code" by the "Integrity Business Code for Listed Overseas Companies". The company Matters that personnel should pay	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
			attention to when performing business and be reviewed and revised regularly. The company has set up an employee mailbox to provide employees and related personnel with the opportunity to report any improper business practices, which will be handled personally by the company's assigned management.	
2. Implementing integrity management				
(1) Does the company evaluate the integrity records of its counterparties and specify the integrity behavior clauses in the contracts it signs with its counterparties?	V		(1)Before establishing business relationships with others, the company should first evaluate the legality and integrity management policies of agents, suppliers, customers, or other business dealings partners, and whether there has been any record of dishonest conduct to ensure that its business operations are fair and transparent and will not require, provide or accept bribes. When the company signs a contract with another person, it should fully understand the other party's integrity management status and incorporate compliance with the company's integrity management policy into the terms of the contract.	Comply with the Code, with no difference.
(2) Does the company set up a dedicated unit for the promotion of corporate integrity management under the Board Director, and regularly (at least once a year) report to the Board Director its integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?	V		GP" Corporate Sustainability Promotion Group" To promote corporate integrity management, the dedicated unit is responsible for the review and supervision of relevant matters mentioned in these measures, reports to the board of directors as necessary, and assists the board of directors and management in checking and evaluating whether the preventive measures established for the implementation of integrity management are operating effectively, and Regularly evaluate compliance with relevant business processes and prepare reports. In addition, the audit office sends internal audit reports to independent directors for review every month and reports to the board of directors regularly. In 2023, there were no external or employee reports, and there were no major acts of dishonesty.	Comply with the Code, with no difference.

Item of Evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	V		GP has provisions for avoiding conflicts of interest in both the "Code of Integrity Business" and the "Code of Ethical Conduct". The company has a legal department and of management department. A channel for the whistleblower to make a report can be provided, and the identity and content of the whistleblower should be kept confidential and implemented.	Comply with the Code, with no difference.
(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit draws up relevant audit plans based on the assessment results of dishonest behavior risks, and verifies the plan for preventing dishonest behaviors based on this Follow the situation, or entrust an accountant to perform the check?	V		The company has established a professional and independent internal audit operation structure, which is executed by the audit office under the board of directors. It formulates an audit plan every year to check compliance with rules and regulations and reduce the risk of dishonest behavior. It also conducts a self-assessment of the internal control system regularly every year. To ensure that the design and implementation of the system are effective. In addition, personnel affiliated with external accountants conduct routine spot checks.	Comply with the Code, with no difference.
(5) Whether the company regularly holds integrity management seminars Internal and external education and training?	V		(5) The company attaches great importance to business integrity and regularly publicizes the policies formulated by the company. "Code of Integrity Business" for all colleagues Follow the content of the guidelines.	Comply with the Code of Integrity Management of Listed Overseas Companies, there is no difference.
3. Whistleblowing system				
(1) Does the company formulate a specific reporting and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?	V		The company has established and announced a reporting mailbox and dedicated hotline on the company website for use by internal and external personnel of the company; and encourages internal and external personnel to report dishonest behavior or improper behavior, and bonuses will be awarded based on the severity of the reported matter; the audit office is If necessary, the relevant departments should cooperate with the dedicated personnel to provide the necessary of assistance.	Comply with the Code, with no difference.
(2) Has the company established standard operating procedures for the investigation	V			Comply with the Code, with no



Item of Evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?				difference.
(3) Does the company take measures to protect the informant from being improperly handled as a result of the report?	V			Comply with the Code, with no difference.
4. Improve information disclosure				
Does the company disclose on its website and public information observatory the content and promotion effect of its code of integrity management?	V			Comply with the Code, with no difference.
<b>5.</b> If the company has its own code of integrity management under the "Code of Integrity Management of Listed OTC Companies", please state the difference between its operation and the established code: The company formulated the "Code of Integrity Management of Listed Companies" There is no major difference between the operation of the Code of Integrity Management and the established code.				
<b>6.</b> Other important information that helps to understand the company's integrity management operations: (such as the company's review and revision of the integrity management code, etc.) Please refer to the public information observatory or the company's website <a href="http://www.gpline.com.tw">http://www.gpline.com.tw</a>				

7. If the company has formulated a corporate governance code and related regulations, it should disclose its inquiry methods: the company has formulated the "Code of Ethical Conduct", "Code of Integrity Management", "Independent Director's Responsibility Scope Rules", "Company Governance Code of Practice", "CSR Code of Practice", "Rules of Procedure for Shareholders' Meetings", "Rules of Procedures for Board Directors", and a complete internal control system and internal audit system to implement the operation and promotion of corporate governance. The relevant regulations have been It is placed in the company's internal query system and can be queried on the public information observatory.
8. Other important information sufficient to improve understanding of the workings of corporate governance may also be disclosed: none.

9. The implementation status of the internal control system shall reveal the following matters

1. Statement of Internal Control :

Group Up Industrial Co., Ltd.  
Declaration of Internal Control System



2024.2.23

Based on the results of self-assessment, the company's internal control system in 2023, hereby declares as follows:

1. The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility of the board of directors and managers of the company, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profit, performance and asset safety, etc.), reporting reliability, timeliness, transparency, compliance with relevant regulations and compliance with relevant laws and regulations, and provide reasonable assurance.

2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system May change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.

3. The company judges whether the design and implementation of the internal control system are effective under the judgment items of the effectiveness of the internal control system stipulated in the "Handling Guidelines for the Establishment of an Internal Control System by Public Offering Companies" (hereinafter referred to as the "Handling Guidelines"). The internal control system judgment items adopted in the "processing criteria" are based on the process of management control, which divides the internal control system into five components: 1.) control environment, 2.) risk assessment, 3.) control operations, 4.) Information and communication, and 5.) Supervise operations. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".

4. The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the evaluation results of the preceding paragraph, the company believes that the company's internal control system (including supervision and management of subsidiaries) as of December 31, 2023, includes understanding the effectiveness of operations and the extent to which the efficiency objectives are achieved, and the reporting system The design and implementation of the internal control system that is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.

6. This statement will become the main content of the company's annual report and public prospectus, and will be made public. If the content of the above disclosure is false, concealed, etc., it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.

7. This statement was approved by the Board Director of the company on Feb 23, 2024. Among the 9 people who attended the Board Director, none had objections. All others agreed with the content of this statement and declared here.

Group Up Industrial Co., Ltd.

Chairman : Mr. Chen, An Shun



General Manager : Mr. Lee, Jung Kung



2. Those who entrust an accountant to review the internal control system should disclose the accountant's review report: none.

(10) The company and its internal personnel have been punished under the law in the most recent year and as of the publication date of the annual report, and the company's penalties for its internal personnel for violating the provisions of the internal control system, major defects and improvements: none

(11) Important resolutions of the shareholders meeting and board director meeting in the most recent year and as of the printing date of the annual report:

1. Important resolutions of the shareholders meeting

Date	Important Resolution	Resolution	Operation Result
2023.05.30	<b>【Report items】</b> 1. 2022 Annual Business Report		Had been announced on the company's website.
	2. Audit Committee audit report		Had been announced on the company's website.
	3. 2022 Annual Report on Employee Remuneration and Directors' Remuneration Distribution		Had been announced on the company's website.
	4. 2022 Annual Earnings Distribution Cash Dividend Report		The ex-dividend base date was set on July 24, 2023, and all distributions were completed on August 21, 2023 under the resolution of the shareholders' meeting. (Cash dividend of 6.82 NT\$ per share)
	5. An explanation of the reasons for raising corporate bonds and related matters.		Announced on the Public Information Observatory.
	<b>【Discussion items】</b> 1. 2022 Annual Business Report and Financial Statements	It was adopted by a vote as it was	Had been announced on the company's website.
	2. 2022 Annual Surplus Distribution	It was adopted by a vote as it was	Had been announced on the company's website.
	<b>【Acknowledgement items】</b> 1. Amendment to the Rules of Procedure of the Shareholders' Meeting of the Company	It was adopted by a vote as it was	Had been announced on the company's website.

2. Important Resolutions from Board Directors

Date	Meeting	Important Resolution Items	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters listed in Article 14-5 of the Securities and Exchange Act	Not been approved by Audit Committee, but agreed by more than 2/3 of all Board Directors	Independent directors hold objections or reservations
2023.02.24	12th No.11	1. The Company's 2022 annual consolidated and individual financial report.	V	V	No	None
		2. GP's 2022 annual business report.	V	V	No	None
		3. The Company's 2022 annual earnings distribution.	V	V	No	None
		4. GP's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant.	V	V	No	None
		5. The Company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control Statement".	V	V	No	None
		6. Stipulated the first domestic unsecured conversion corporate bond issued by the Company in the fourth quarter of 2022 (from October 1, 2022 to December 31, 2022) the base date for	V	V	No	None

Date	Meeting	Important Resolution Items	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters listed in Article 14-5 of the Securities and Exchange Act	Not been approved by Audit Committee, but agreed by more than 2/3 of all Board Directors	Independent directors hold objections or reservations
		the capital increase of the issuance of new shares. 7. Cooperate with the accounting firm to change the visa accountant and regularly evaluate the visa accountant Situation. 8. GP appoints accountants to conduct 2024 annual financial and tax statements to check visa remuneration. 9. Amendments to some provisions of the Rules of Procedure of the Company's Shareholders' Meeting. 10. In response to the needs of the U.S. business, the Company intends to lease the U.S. to Yu Tian, a related person, and Yu Zhekuan, the son of the director Houses & Vehicles. 11. The Company's 2022 annual employee remuneration and director remuneration distribution case. 12. Quarterly work appraisal bonus distribution case for managers. 13. Matters related to the convening of the 2023 annual general meeting of shareholders.	V V V V V V V	V V V V	No No No No	None None None None None None None
2023.04.07	12th No.12	1. Set the target date for the issuance of new shares for a capital increase in the fourth quarter of 2022 (from October 1, 2022 to December 31, 2022) of the first domestic unsecured conversion corporate bonds issued by the Company 2. Change the method of convening the 2023 annual general meeting of shareholders.	V V	V	No	None None
2023.05.12	12th No.13	1.GP's consolidated financial report for the first quarter of 2023. 2. GP's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant. 3. Set the benchmark date for the issuance of new shares in the first quarter of 2023 of the first unsecured conversion corporate bonds issued by the Company in 2022.	V V V	V V V	No No No	None None None
2023.05.30	12th No.14	1. Amendments to some provisions of the Company's "Code of Corporate Governance Practices". 2. Quarterly work appraisal bonus distribution case order for managers.	V V	V	No	None None
2023.08.11	12th No.15	1. The Company's consolidated financial report for the second quarter of 2023. 2. GP's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant. 3. Set the target date for the capital increase of new shares issued by the Company in the second quarter of 2023 for the first domestic unsecured convertible corporate bonds issued by the Company in 2022. 4. The Company intends to renew the "Directors Liability Insurance". 5. Details of the distribution of directors' remuneration in 2022.	V V V V V	V V V	No No No No	None None None None None
2023.11.10	12th No.16	1. The Company's consolidated financial report for the third quarter of 2023. 2. GP's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant. 3. Set the benchmark date for the capital increase of new shares issued by the Company in the third quarter of 2023 for the first domestic unsecured convertible corporate bonds issued by the Company in 2022. 4. Added the provisions of the Company's "Operating Procedures for Preparation and Verification of Sustainability Report". 5. Quarterly work appraisal bonus distribution case for managers.	V V V V V	V V V	No No No No	None None None None None
2023.12.22	12th No.17	1. The Company's 2024 operating plan and financial budget. 2. The Company's 2024 annual audit plan. 3. Added the provisions of the Company's "Operating Rules for the Management of the Process for the Preparation of Consolidated Financial Statements". 4. GP renews the lease of the house and official car to the related party. 5. Application for credit lines of financial institutions. 6. GP's 2022 annual manager-employee remuneration and 2023 year-end bonus, operating performance, and quarterly work appraisal bonus distribution.	V V V V V V	V V V	No No No No	None None None None None None
2024.01.26	12th No.18	1. GP's managers 2023 year-end bonus and business performance distribution change.	V			None
2024.02.23	12th No.19	1. The Company's 2023 consolidated and individual financial report. 2. The Company's 2023 annual business report.	V V	V V	No No	None None

Date	Meeting	Important Resolution Items	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters listed in Article 14-5 of the Securities and Exchange Act	Not been approved by Audit Committee, but agreed by more than 2/3 of all Board Directors	Independent directors hold objections or reservations
		3. The Company's 2023 earnings distribution.	V	V	No	None
		4. GP's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant.	V	V	No	None
		5. The Company's 2023 "Internal Control System Effectiveness Assessment" and "Internal Control Statement".	V	V	No	None
		6. Set the target date for the issuance of new shares and capital increase in the fourth quarter of 2023 for the first domestic unsecured convertible corporate bonds issued by the Company in 2022.	V	V	No	None
		7. Regularly assess the independence of the certified public accountants.	V	V	No	None
		8. The Company appoints an accountant to conduct the 2024 annual financial and tax statement review of visa remuneration.	V	V	No	None
		9. Comprehensive re-election of directors.	V			None
		10. Nominating and resolving the list of candidates for directors (including independent directors).	V			None
		11. Case of lifting the non-compete restriction on the new directors and their representatives.	V			None
		12. Revise the general principle of the Company's pre-approved non-confirmed service policy.	V	V	No	None
		13. The Company's 2022 employee remuneration and director remuneration distribution case.	V			None
		14. Quarterly work appraisal bonus distribution case for managers.	V			None
		15. Matters related to the convening of the 2024 general meeting of shareholders.	V			None
2024.04.17	12th No.20	1. Change the nomination of director candidates and review the list of director candidates.	V			None
		2. Dismiss the of newly appointed directors and their representatives' non-compete restrictions.	V			None

(12) In the most recent year and as of the date of publication of the annual report, if the Board Director or supervisor has different opinions on the important resolutions that the Board Director will pass and has a record or written statement, its main content: None.

(13) A summary of resignation and dismissal of the company's Board Director, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, and R&D Supervisor in the most recent year and as of the printing date of the annual report: None.

## 5. Public Accountant Information

GP's payment of public accountants in 2023:

Name of Accounting Firm	Name of Accountants		Period	Note
KPMG Accounting Firm	Mr. Yu, Chi Long	Ms. Hsu, Ming Fang	2023/1/1~ 2023/12/31	none

Unit : NT\$1,000

item		Public audit	Non-Public audit	Total
Range				
1	<2,000	-	-	-
2	<b>2,000 ~4,000</b>	✓	-	✓
3	4,000 ~6,000	-	-	-
4	6,000 ~8,000	-	-	-
5	8,000 ~10,000	-	-	-
6	More than 10,000	-	-	-

Unit : NT\$1,000

Name	Accountant	Review Period	Payment for Public Audit	Payment for non-public audit	Total	Note
KPMG	Mr. Yu, Chi Long	Year 2023	2,250	0	2,250	
	Ms. Hsu, Ming Fang	Year 2023				

Note 1: If the company changes accountants or accounting firms this year, please list the inspection period separately, explain the reason for the replacement in the remarks column, and disclose the audit and non-audit public fees paid in order.

Note 2: Please list the non-audit public expenses separately according to the service items. If the "other" of the non-audit public expenses reaches 25% of the total amount of the non-audit public expenses, the service content should be listed in the remarks column.

(1) If the non-audit public expenses paid to the certified public accountant, the certified public accountant's firm and its affiliated companies account for more than one-fourth of the audit public expenditure, the amount of the audited and non-audited public expenditure and the content of the non-audit service shall be disclosed: Not applicable.

(2) If the accounting firm is replaced and the public audit fees paid during the replacement year are less than the public audit fees of the previous year, the amount, proportion and reason for the reduction in public audit fees shall be disclosed: none.

(3) If the public audit expenses are reduced by more than 15% compared with the previous year, the amount, proportion and reason for the reduction of public audit expenses shall be disclosed: None.

## 6. Change accountant information:

According to the resolution of the company's board of directors on 2023.02.24, in order to cooperate with internal rotation mechanism of KPMG Accounting Firm, the certified accountants from the first quarter of 2023 were replaced by accountants Mr.Yu, Chi Long and Mr.Lin Hengsheng to Mr.Yu, Chi Long and Ms. Hsu, Ming Fang.

7. The company's board director, general manager, manager in charge of financial or accounting affairs, and those who have worked in the firm or affiliated company of the certified public accountant within the most recent year, shall disclose their name, title and work in the certified public accountant Period of the affiliated firm or its affiliated company: none.

8. In the most recent year and as of publication date of annual report, board directors, supervisors, managers, and shareholders who hold more than 10% of shareholding ratios of equity transfers and equity pledge changes:

(1) Changes in the equity of Board Directors, supervisors, managers and major shareholders

Title	Name	2022		2023		2024 (by the end of March 31st, 2024)	
		Number of shares held Increase (decrease) number	Number of pledged shares Increase (decrease) number	Number of shares held Increase (decrease) number	Number of pledged shares Increase (decrease) number	Number of shares held Increase (decrease) number	Number of pledged shares Increase (decrease) number
Chairman	Mr. Chen, An Shun	—	—	—	—	—	—
	Legal person represented: Zhanhong Investment Company	—	—	—	—	—	—
Board Director	Mr. Lee, Jung Kung	—	—	—	—	—	—
	Legal person represented: Yufeng Investment Co., Ltd.	—	—	—	—	—	—
Board Director	Mr. Lai, Wen Chang	—	—	—	—	—	—
	Legal person represented: Hongyi Investment Co., Ltd.	—	—	—	—	—	—
Board Director	Mr. Yu, Tien Ho	—	—	—	—	—	—
	Legal person represented: Living Water Investment Company	—	—	—	—	—	—
Board Director	Mr. Dai, Shui Chuan	—	—	—	—	—	—
Board Director	Mr. Kao, Chuan Chih	—	—	—	—	—	—
Independent Director	Mr. Li, Robert	—	—	—	—	—	—
Independent Director	Mr. Hung, Ching Chang	—	—	—	—	—	—
Independent Director	Mr. Chen, Ming Hsing	—	—	—	—	—	—
Sales Vice GM	Mr. Chen, Asui	—	—	—	—	—	—
Sales Associate Manager	Mr. Lee, Brent	—	—	—	—	—	—
R&D Associate Manager	Mr. Chen Xiurong	—	—	—	—	—	—
Accounting & Finance, Corporate Governance Manager	Ms. Shen, Wendy	—	—	—	—	—	—

Note: The Vice GM of the Business Department Mr. Chen Asui has retired since February 7, 2024.

(2) Equity transfer information: no situation where the counterparty of the equity transfer is a related party.

(3) Equity pledge information: no situation where the counterparty of the equity pledge is a related party.

**9. The shareholding ratio accounts for the top 10 shareholders, who are related persons, spouses, second parents, etc.**

2024.3.31; Unit: shares; %

Name of Shareholders	Shares held		Spouse and children hold shares		Total holding of shares in the name of others		The name and relationship of the top ten shareholders who have a relationship with each other or are a spouse, etc.		note
	Shares	%	Shares	%	Shares	%	Name	Relations	
Tongde Investment (Stock) Company Representative: Ms. Wang Yumei	3,632,928	6.27%	—	—	—	—	—	—	—
	878,521	1.51%	940,000	1.62%	—	—	Ms. Lai, Yingzhi	Mother and daughter	—
Living Water Investment (Stock) Company Representative: Ms. Yu Zhe Wei	2,760,712	4.76%	—	—	—	—	—	—	—
	1,567,499	2.70%	—	—	—	—	Mr. Yu, Zhe Kuan	Sister and brother	—
Hongyi Investment Co., Ltd. Representative: Ms. Lai Yingzhi	2,758,119	4.76%	—	—	—	—	—	—	—
	940,000	1.62%	—	—	—	—	Ms. Wang, Yumei	Mother and daughter	—
Yufeng Investment Co., Ltd. Representative: Ms. Lee, Hsin-Yun	2,757,309	4.76%	—	—	—	—	—	—	—
	813,333	1.40%	—	—	—	—	Ms. Lin, Chin-Jung	Mother and daughter	—
Zhanhong Investment (Stock) Company Representative: Ms. Chen Yu Xuan	2,755,104	4.75%	—	—	—	—	—	—	—
	1,227,502	2.12%	—	—	—	—	Mr. Chen, Hong Chan	Brother and sister	—
Mr. Yu, Zhe Kuan	1,568,300	2.70%	—	—	—	—	Ms. Yu, Zhe Wei	Sister and brother	—
Ms. Yu, Zhe Wei	1,567,499	2.70%	—	—	—	—	Mr. Yu, Zhe Kuan	Sister and brother	—
Ms. Lin, Chin-Jung	1,335,812	2.30%	813,333	1.40%	—	—	Ms. Lee, Hsin-Yun	Mother and daughter	—
Ms. Chen, Yu Xuan	1,227,502	2.12%	—	—	—	—	Mr. Chen, Hong Chan	Brother and sister	—
Mr. Chen, Hong Chan	1,077,333	1.86%	719,000	1.24%	—	—	Ms. Chen, Yu Xuan	Brother and sister	—



**10. Number of shares held by the company's Board Director, supervisors, managers, and businesses directly or indirectly controlled by the company in the same reinvested enterprise, and combined calculation of the comprehensive shareholding ratio.**

2024.3.31, Unit: shares; %

Reinvestment business	The Company's investment		Board Director, Supervisors, managers and companies directly or indirectly control business investment		Total investment	
	Shares	%	Shares	%	Shares	%
GROUP UP (SAMOA) Ltd.	12,500,000 shares	100.00%	-	-	12,500,000 shares	100.00%
Group Up Technology (Suzhou Industrial Park) Co.Ltd.	U.S. Dollar 10,000,000 (note)	100.00%	-	-	U.S. Dollar 10,000,000 (note)	100.00%
Group Up Trading (Shenzhen) Co. Ltd.	U.S. Dollar 500,000 (note)	100.00%	-	-	U.S. Dollar 500,000 (note)	100.00%

Note : Mainland China equity is not divided into shares.

## V. Market and Shares

### 1. Capital and Shares

#### (1) Share formation process

##### A. Changes in shares in the last 5 years and up to the date of publication of the prospectus

Unit : NT\$ ; 1000 Shares

Year/ Month	Issue Price	Approved share capital		Paid-in capital		Note		
		Shares	NT\$	Shares	NT\$	Source of equity	Property other than cash to offset the share price	Note
2018.09	10	60,000	600,000 ,000	55,000	550,000 ,000	Cash increase NT\$ 50,000,000	None	2014.12.24 Jingshui Zhongzi No. 10334004820
2019.07	10	80,000	800,000 ,000	55,000	550,000 ,000	-	None	2014.12.24 Jingshui Zhongzi No. 10334004820
2023.04	10	80,000	800,000 ,000	55,027	550,267 ,000	Convertible CB converted into NT\$266,640,000	None	2023.4.24 Jingshui Shangzi No.202330066790
2023.06	10	80,000	800,000 ,000	55,232	552,322 ,000	Convertible CB converted into NT\$2,055,510	None	2023.06.12 Jingshui Shangzi No.11230093320
2023.09	10	80,000	800,000 ,000	56,413	564,133 ,000	Convertible CB converted into NT\$ 11,810,870	None	2023.09.05 Jingshui Shangzi No.11230167430
2023.12	10	80,000	800,000 ,000	57,792	577,916 ,000	Convertible CB converted into NT\$ 13,783,070	None	2023.12.11 Jingshui Shangzi No.11230227060
2024.03	10	80,000	800,000 ,000	57,979	579,785 ,000	Convertible CB converted into NT\$ 1,869,050	None	2023.03.21 Jingshui Shangzi No. 11330036630

B. In the last 3 years as of publication date of the prospectus, the status of private common shares: none

C. Information about the general declaration system: not applicable.

#### (2) Type of shares

Unit : share

Type of share	Approved share capital			Note
	Shares in the market	Unissued shares	Total	
Common shares	57,978,514	22,021,486	80,000,000	Over-the-counter (OTC) Company Stock.

#### (3) Shareholder structure

2024.3.31 ; Unit : person/ share / %

Type Number	Government	Financial institution	Other legal persons	Foreign institutions And foreigners	Investing in individuals	Total
Number of shareholders	0	1	29	69	6,558	6,657
Number of Shares	0	2,000	15,337,231	3,739,298	38,911,667	57,990,196
Percentage of shares	0.00%	0.00%	26.45%	6.45%	67.10%	100.00%

## (4) Diversification of shareholding

2024.3.31 ; Unit : Person / Share / %

Level of shares	Number of shareholders	Shares	Percentage of shares
1 to 999	2,788	213,928	0.37%
1,000 to 5,000	3,213	5,798,124	10.00%
5,001 to 10,000	291	2,317,157	4.00%
10,001 to 15,000	111	1,460,358	2.52%
15,001 to 20,000	56	1,029,203	1.78%
20,001 to 30,000	52	1,284,478	2.22%
30,001 to 40,000	29	1,038,461	1.79%
40,001 to 50,000	19	911,000	1.57%
50,001 to 100,000	42	3,027,594	5.22%
100,001 to 200,000	16	2,271,118	3.92%
200,001 to 400,000	11	2,748,000	4.73%
400,001 to 600,000	6	2,589,489	4.46%
600,001 to 800,000	1	719,000	1.24%
800,001 to 1,000,000	10	9,021,082	15.55%
More than 1,000,001	12	23,561,204	40.63%
Total shares	6,657	57,990,196	100.00%

## (5) List of main shareholders (If there are fewer than ten shareholders holding more than 5% of the shares, the names, shareholding amounts, and proportions of the top ten shareholders should be disclosed)

2024.3.31 ; Unit: person / share / %

Share	Shares	Percentage of Shares
Main shareholders		
Tung De Investment Co., Ltd.	3,632,928	6.27%
Living Water Investment Co., Ltd.	2,760,712	4.76%
Hong Yi Investment Co., Ltd.	2,758,119	4.76%
Yufeng Investment Co., Ltd.	2,757,309	4.76%
Zhanhong Investment Co., Ltd.	2,755,104	4.76%
Mr. Yu, Zhe Kuan	1,568,300	2.70%
Ms. Yu, Zhe Wei	1,567,499	2.70%
Ms. Lin, Chin Jong	1,335,812	2.30%
Ms. Chen, Yu Xuan	1,227,502	2.12%
Mr. Chen, Hong Chan	1,077,333	1.86%

## (6) Each stock market price, net worth, surplus, and dividend information in recent 2 years

Unit: New Taiwan Dollar; a thousand shares

item \ year		2022	2023	2024.4.29(note 8)
Stock price (note1)	Highest	106.00	181.50	190.50
	Lowest	74.00	91.30	143.00
	Average	88.42	134.41	161.20
Net value per share(note2)	Before distribution	43.70	52.84	n/a
	After distribution	36.70	44.62	n/a
EPS	Weighted average number of shares	55,000	56,411	n/a
	Earnings per share (note3)	11.44	12.65	n/a
Dividend per share	Cash dividend (note2)	7.00	8.00	n/a
	Free allotment	—	—	n/a
		—	—	n/a
	Accumulated unpaid dividends(note4)	—	—	—
Return on investment analysis	Price to Earnings ratio (Note5)	7.73	10.63	n/a
	Price to cash dividend ratio (Note 6)	12.63	16.80	n/a
	Dividend yield (Note7)	7.92	5.95	n/a

\*When there is a stock dividend issued through surplus or capital reserve, the disclosure should include the retroactively adjusted market price per share and information on cash dividends.

Note 1: List the highest and lowest market prices of common stocks for each year, and calculate the average market price for each year based on the trading value and volume.

Note 2: The cash dividend for the year 2023 has been approved by the board of directors on February 23, 2024, and the chairman is authorized to set the ex-dividend date, payment date, and other related matters. As of the date of this prospectus, the dividend has not yet been paid.

Note 3: If there are adjustments required due to free stock dividends, the earnings per share before and after the adjustment should be presented.

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends of the current year may be accumulated to be distributed in the year with surplus, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: Cost-to-earnings ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: Net value per share and earnings per share shall be filled in with the information audited (reviewed) by an accountant in the most recent quarter up to the date of publication of the annual report; the remaining columns shall be filled with the data of the current year up to the date of publication of the annual report. Since the data audited (reviewed) by KPMG accountants in the current quarter has not been completed, there is no relevant data.

## (7) Company dividend policy and implementation status

## A. Dividend policy stipulated in the company's articles of association

If the company's total annual final accounts have net profit after tax for the current period, it should first make up for the previous losses, and 10% of the second increase will be the statutory surplus reserve, but this is not the case when the statutory surplus reserve has reached the company's paid-in capital; Subject to the provisions of the law or transfer the special surplus reserve. If there is surplus and the undistributed surplus at the beginning of the same period, Board Directors will draft a surplus distribution plan and submit it to the shareholders meeting for distribution.

For distribution of the surplus in the preceding paragraph, the Board Director will present dividends and bonuses or all or part of the statutory surplus reserve and capital reserve in the form of more than two-thirds of the board director's attendance and the attendance of more than half of the board director's special resolutions. Distributed in cash and reported to the shareholders meeting.

GP's dividend policy is still in the growth stage due to considerations, and will be coordinated with business development and expansion in the future. The distribution of surplus should take into account the company's future capital expenditure budget and capital needs. The board of directors shall draw up an allocation plan and distribute it after the resolution of the shareholders meeting. Among them, the annual distribution of dividends to shareholders should not be less than 10% of the surplus available for distribution for the year. However, if the cumulative surplus for distribution is less than 10% of the paid-in share capital, it may not be distributed; when dividends to shareholders are distributed, it can be done in

cash or stocks, but distribution of dividends shall be not less than 10% of the dividends distributed in the current year in cash dividends.

B. The situation of dividend distribution this year

GP has resolved to distribute a cash dividend for the fiscal year 2023 in the amount of NT\$463,912,224, with a dividend of NT\$8 per share. The cash dividend distribution proposal was approved by the board of directors on February 23, 2024, and the chairman was authorized to set the ex-dividend date, payment date, and other relevant matters.

- (8) The impact of the free allotment proposed by the shareholders' meeting on the company's operating performance and earnings per share: GP's 2023 earnings distribution plan passed by the Board Director on February 23, 2024 did not distribute stock dividends, so it is not applicable.
- (9) Remuneration for employees, Board Directors and supervisors

A. The number or scope of compensation for employees, Board Directors and supervisors as stated in the company's articles of incorporation

Article 19 of the Company Charter shall deduct the current year's pre-tax benefits from the distribution of employee remuneration and director's remuneration. After retaining the number of accumulated losses, if there is any remaining balance, it shall allocate no less than 2% as employee remuneration and no more than 5%. Board Director remuneration. The distribution of employee remuneration and Board Director remuneration shall be made by the Board Director on the basis of two-thirds or more of the Board Director's attendance and a resolution approved by more than half of the Board Director's attendance, and report to the shareholders meeting.

B. The estimated basis for the estimated amount of compensation for employees, Board Directors and supervisors in the current period, the calculation basis for the number of shares of employee compensation distributed by stocks, and the accounting treatment when the actual distribution amount is different from the estimated amount: employee compensation and The remuneration of directors and supervisors is recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the actual allotment amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimates. In addition, for the payment of employee compensation in stocks, the basis for calculating the number of shares is to assess the fair value by means of evaluation techniques under the provisions of the International Financial Reporting Standards No. 2 "Basic Share Benefits".

C. The Board Director will approve the distribution of remuneration:

The amount of compensation for employees and board directors and supervisors distributed in cash or stocks. If there is a discrepancy with the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances should be disclosed:

GP has passed the resolution of the Board Director meeting on February 23, 2024 that in the year of 2023 plans to allocate **NT\$22,000,000** in employee compensation and **NT\$5,500,000** in Board Director compensation. The above remuneration will be paid in cash, and the Board Director has been authorized. The payment date and other related matters are set, and there is no difference between the aforesaid provision of employee remuneration and Board Director remuneration and 2023 annual cost estimate.

The proportion of the amount of employee compensation distributed by stocks to the total after-tax net profit and total employee compensation for the current period: Not applicable.

D. Shareholders' meeting reports on the situation and results of the distribution of remuneration

As of the date of publication of the prospectus, the board of directors of the company approved on February 23, 2024 that employee remuneration and director remuneration for 2023 are NT\$22,000,000 and NT\$5,500,000 respectively, which will present this proposal to shareholder meeting on May 30<sup>th</sup>, 2024.

E. Actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and stock price), and the discrepancies between the remuneration of employees, directors and supervisors recognized, and the difference, reasons and handling the situation

On Feb 24, 2023, the board of directors of the company approved the payment of employee remuneration and director and supervisor remuneration in cash for 2022. The amounts were NT\$22,000,000 and NT\$5,500,000 respectively, no difference compared to estimated amount.

- (10) Circumstances when the company buys back the company's shares: no such circumstances.

## 2. Corporate bond handling situation:

### (1) Corporate bond issued

Type of CB	Group Up Industrial Co.Ltd.1st unsecured convertible corporate bond in Taiwan	
Issued date	May 30, 2022	
Issued denomination	NT\$100,000	
Issued location	n/a	
Issued price	NT\$101,000	
Total amount	NT\$505,000,000	
Interest rate	0%	
Issued period	3-year (deadline 2025/5/30)	
Guarantee agency	n/a	
Trustee	n/a	
Agency	Grand Fortune Securities	
Law firm	Far East Law Office, Mr. Chiu Ya Wen	
Accounting firm	KPMG accounting firm, Ms. Chen Bei Chi and Mr. Lin Hengsheng	
Repayment method	Unless it is converted, redeemed or recovered according to the conversion method, the principal way will be repaid in cash at maturity	
Unpaid capital	NT\$ 238,800,000	
Terms of redemption or early settlement	Please Please refer to the publishing and conversion methods. the distribution and conversion method	
Restrictions	None	
Credit rating agency name, rating date, CB rating results	Not applicable	
Other rights attached	Amount of ordinary shares converted as of the publication date of the annual report	NT\$29,901,960
	Issuance and Conversion Methods	Please refer to the issuance and conversion methods
Issuance and conversion, exchange or subscription methods, issuance conditions on possible dilution of equity and impact on existing shareholders' rights and interests	Based on the latest conversion price of NT\$85.6, the issuance of converted corporate bonds this time will dilute the original equity by about 10%, and its dilution effect is limited.	
Name of the entrusted custodian of the exchange target	none	

## (2) CB basic data

Type of Corporate Bond		The first domestic unsecured convertible corporate bonds of Group Up Industrial Co.Ltd.	
Year		2023	From the start of the year to April 29, 2024
CB value	Highest	202.00	177.00
	Lowest	107.50	177.00
	Average	132.36	177.00
conversion price		The conversion price on 2023/1/1 is NT\$90; The conversion price will be adjusted to NT\$85.6 on 2023/7/30.	85.60
Issuing (handling) date and conversion price at the time of issuance		Release date: 2022/5/3 ; Conversion price at the time of release: NT\$96 The conversion price was adjusted to NT\$90 on 2022/8/3 ; 2023/7/30 adjusted the conversion price to NT\$85.6	
Fulfillment of conversion obligations		Delivered by issuing new shares	

**3. Handling of special shares: None.****4. Circumstances for handling overseas depositary receipts: None.****5. Employee stock option certificate processing situation: None.****6. Circumstances for restricting employee rights to new shares: None.****7. M&A or transfer of shares of other companies to issue new shares: None.****8. Implementation status of fund utilization plan:**

The content and implementation of the first unsecured convertible corporate bond fund utilization plan in China are as follows:

Item	Estimated amount	Estimated date	Actual amount spent	Note
Repay bank loan	NT\$255,000,000	2022 Q2	Complete	GP had issued a total of 5,000 convertible corporate bonds at an issue price of NT\$101, raised funds of NT\$505,000,000
Increase operational capital	NT\$250,000,000	2022 Q2	Complete	
Total	NT\$505,000,000			

## VI. Operation

### 1. Business overview

#### (1) Business scope:

##### A. The content of profit-making business:

General box type drying, baking, preheating, curing equipment, automatic conveying hot air, IR ovens, baking equipment, professional dust-free explosion-proof, vacuum oven manufacturing business.

Constant temperature and humidity box, thermal shock box, temperature life box, aging test box and environmental test equipment, high-precision, high-stability constant temperature test equipment manufacturing business for scientific physical and chemical tests.

Automated UV instant drying, glazing equipment, UV treatment machines for sterilization, special drying equipment for PCB manufacturing, semiconductor IC and advanced packaging, and the processing, manufacturing, and trading of dust-free ovens for LCD manufacturing.

Import and export and agency of the previous related products.

##### B. Operating proportion:

GP's business proportions based on customer industries from 2022 to 2023 are as follows:

Unit : NT\$1,000

Product Type \ Year	2022		2023	
	Sales NT\$	(%)	Sales NT\$	(%)
Equipment	2,289,626	97.14%	2,356,206	96.86%
Service	44,961	1.91%	53,369	2.19%
Others	22,466	0.95%	23,046	0.95%
Total	2,357,053	100.00%	2,432,621	100.00%

##### C. GP's current product items:

GP's products are mainly used in industries such as displays, printed circuit boards, touch panels, semiconductors, LED lighting, solar energy, energy components, and passive components. The equipment is listed as follows:

All kinds of automatic hot air conveyor furnaces, infrared hot air conveyor furnaces

The robotic arm automatically loads and unloads hot-blast multi-layer furnaces, hot-plate multi-layer furnaces, and tunnel conveyor furnaces

Vertical double-sided roller coating baking line

Electrostatic spraying baking line

All kinds of precision hot air ovens, dust-free precision hot air ovens, nitrogen hot air ovens, vacuum ovens

CCD alignment exposure machine, ultraviolet dryer

Roll-to-roll single-sided coating baking line, roll-to-roll laminating machine, roll-to-roll CCD alignment exposure machine, various rewinding and unwinding machines for wet process/screen printing/AOI VRS optical inspection/laser etching/laser cutting applications, etc.

##### D. New application areas planned to be developed:

All kinds of vehicle electronic products

Smartphone related parts and components

5G infrastructure and application related electronic products and components

Flexible display

Semiconductor advanced packaging

Key materials and components for the OLED panel manufacturing process

Touch sensor film made of double-sided metal layer thin film materials processed at the same time on both sides

Medical materials and biotechnology products

Green energy

To ensure a high degree of competitive advantage, the company will flexibly adjust the content of its R&D plan at any time in line with its operating strategy and market demand.

#### (2) Industry overview

##### A. Equipment industry



## PCB industry

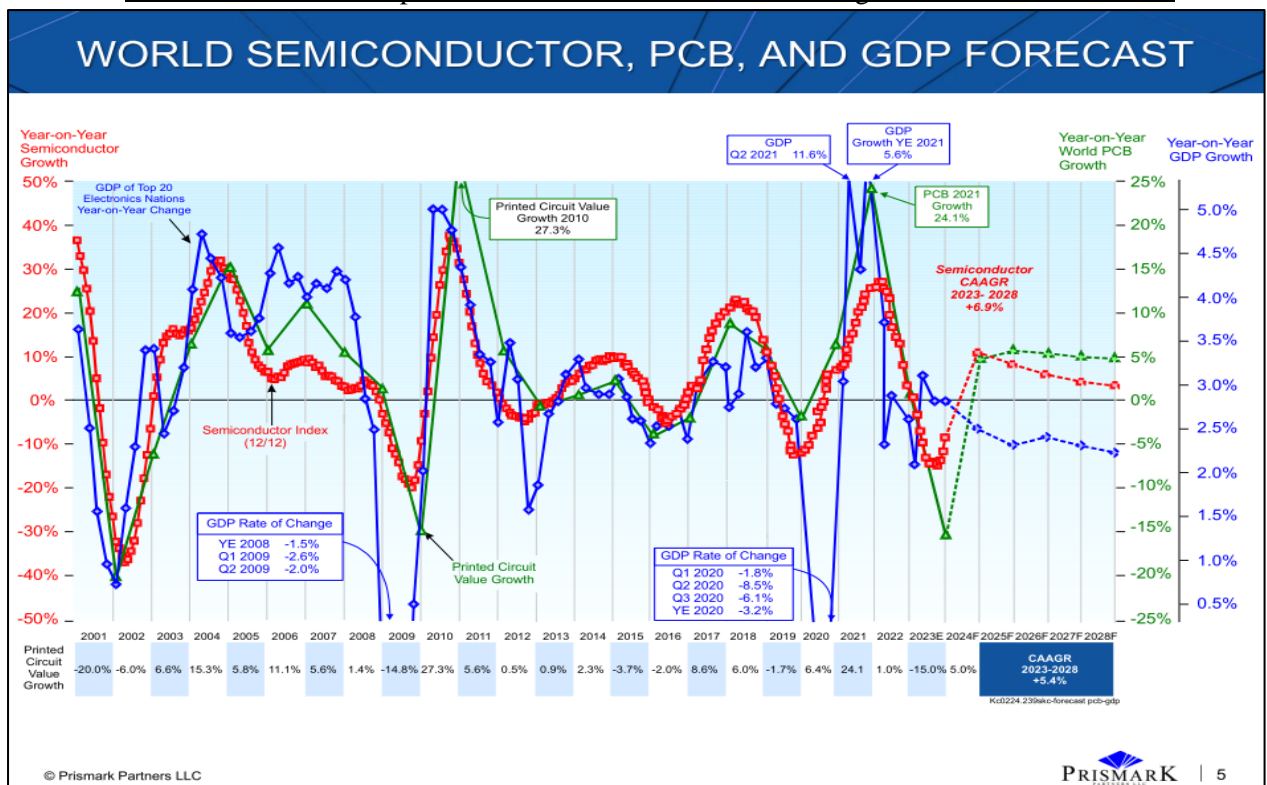
The printed circuit board (PCB) is commonly referred to as the "mother of electronic system products" or the "base of the 3C industry." PCBs are indispensable in the information, telecommunication, and consumer electronics industries. Its product types and technologies are diverse and adaptable to the application needs of various electronic products. PCB goods are classed as HDI (High Density Interconnect), multilayer, flexible PCB (Flex, FPC, Flex Printed Circuit), IC substrate, and so on.

In 2023, the PCB market had a significant fall, with weak demand and production capacity in areas such as PCs, mobile phones, and televisions. With little demand, excess capacity, and price decreases, output value fell dramatically. Only AI, automotive, and network equipment-related products performed rather well in 2023. Prismark forecasts a 4.9% annual growth in the PCB market size by 2024. As market inventory adjustments come to a standstill, demand for consumer goods such as mobile phones and PCs/laptops progressively increases. The entire PCB market is likely to rebound, fueled by new applications such as electric vehicles, AI PC/SERVER, and satellite communications.

Looking ahead, trends such as high-speed computing and communication infrastructure needs in applications like AI, data centers, and cloud services, application transformation in electric vehicles and advanced driver assistance systems, innovative applications in industries and healthcare, supply chain shifts due to geopolitics, etc., are expected to drive the global printed circuit board (PCB) market with an estimated compound annual growth rate of around 5% by 2028. Demand for large-sized boards, innovative substrates, and specialized application low-loss motherboards in server/storage/AI system applications would be key drivers of market growth.; various circuit board requirements for automotive electronics like electric vehicles and advanced driver assistance systems; and the circuit board needs for various applications in communication electronics such as 5G millimeter waves, foldable phones, high-speed networks, and satellite wireless communications.

Furthermore, IC packaging substrates such as the flip-chip ball grid array package (FCBGA) using the semi-additive process (SAP), the flip-chip chip-scale package (FCCSP) using the improved semi-additive process (mSAP), memory and system-in-package/module substrates, glass core substrates, and so on, will continue to see increased demand for expanded capacity in line with new trends in semiconductor packaging requirements.

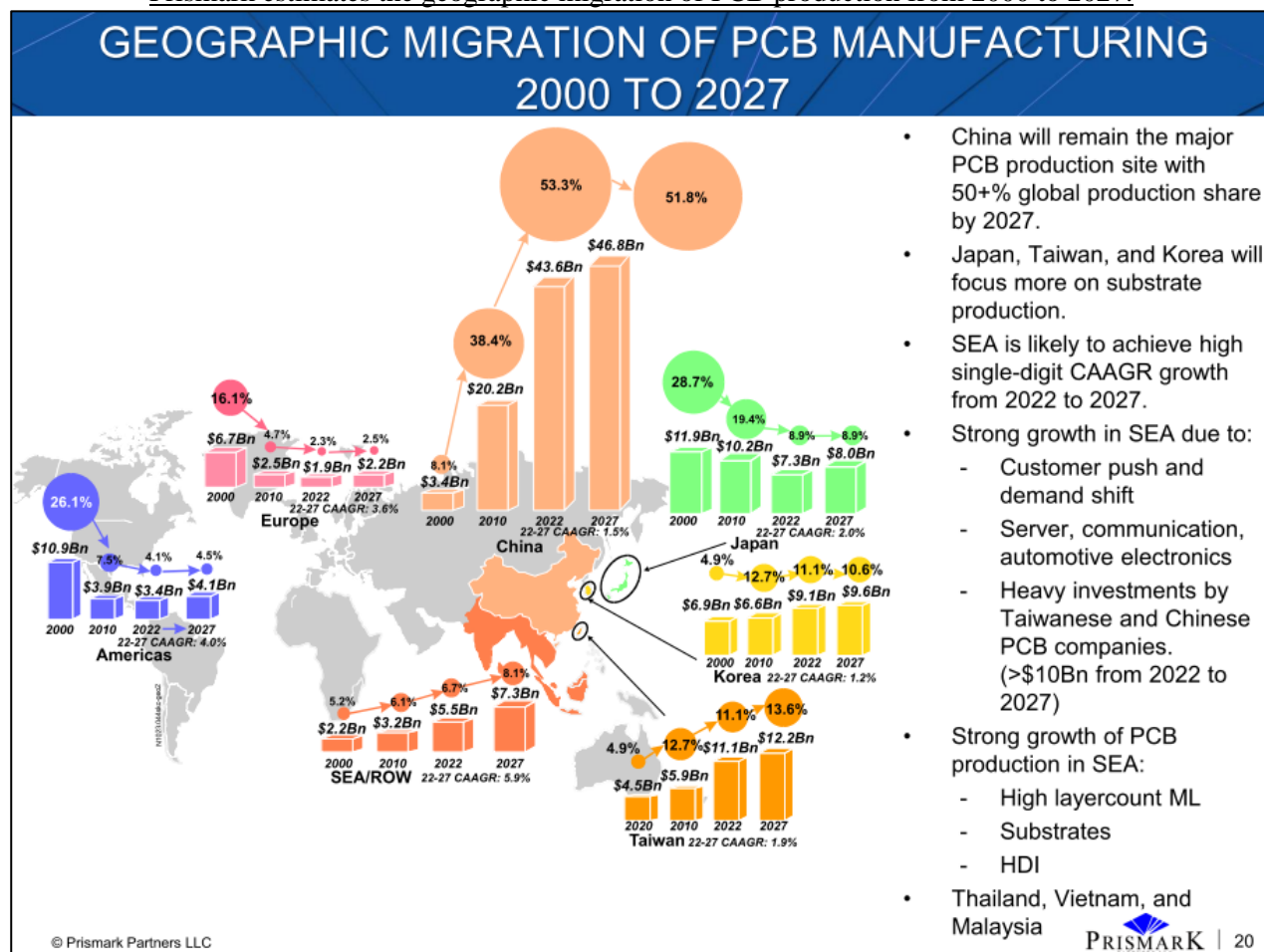
Global semiconductor, printed circuit board, and GDP annual growth rate trend estimates



Source: Prismark

According to Prismark, China will remain the largest manufacturer of PCBs by 2027, accounting for over half of global output. Japan, Taiwan, and Korea will concentrate on substrate production, and PCB items such as high-layer multilayer boards, substrates, and high-density interconnection boards will experience significant growth in the ASEAN region. Looking at the projected compound annual growth rates for PCB manufacturing in various regions from 2000 to 2027, the top three regions in terms of growth are Southeast Asia, the Americas, and Europe.

Prismark estimates the geographic migration of PCB production from 2000 to 2027.



Source: Prismark

### Semiconductor industry

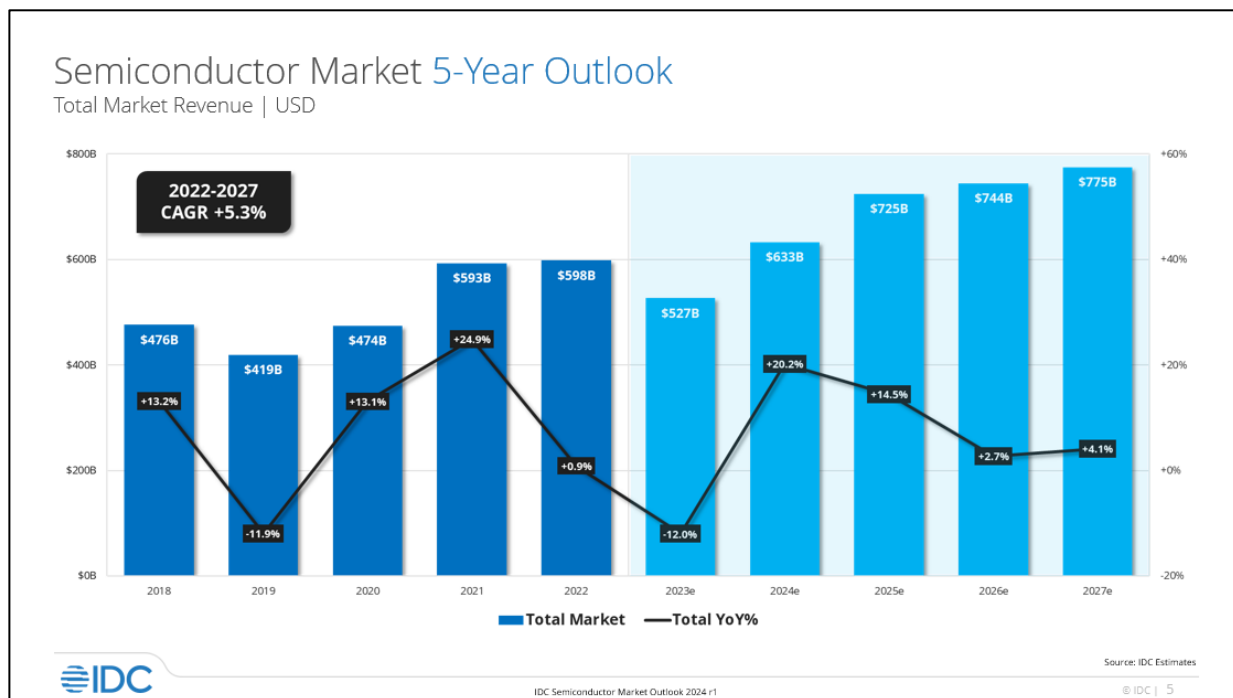
The worldwide semiconductor market will have substantial long-term demand growth in the future as digital transformation accelerates and prospects for 5G, AI, and high-performance computing emerge. For example, recent trends such as ChatGPT have resulted in an increase in AI applications and a demand for efficient computing AI chips; vehicle electrification and smartification have significantly increased the use of various in-vehicle sensing chips and automotive power components; revolutionary MR devices will lead an innovative trend in the consumer electronics market... and so on. Applications such as automotive, metaverse, AI, and autonomous vehicles are driving up demand and technological development for high-performance computing (HPC).

According to International Data Corporation (IDC), with the explosive increase in global Artificial Intelligence (AI) and High Performance Computing (HPC) demand, combined with the stabilization of markets such as smartphones, personal computers (Notebook & PC), servers, and automotive, the semiconductor industry is expected to usher in a new wave of growth, and IDC predicts eight major trends in the semiconductor market by 2024:

- (1) The semiconductor sales market will recover by 2024, with an annual growth rate of 20%.
- (2) ADAS (Advanced Driver Assistance Systems) and infotainment promote the growth of the automotive semiconductor market.
- (3) Semiconductor AI applications are moving from data centers to consumer devices.
- (4) The increasing depletion of IC design inventory is predicted to drive a 14% increase in the Asia-Pacific market by 2024.

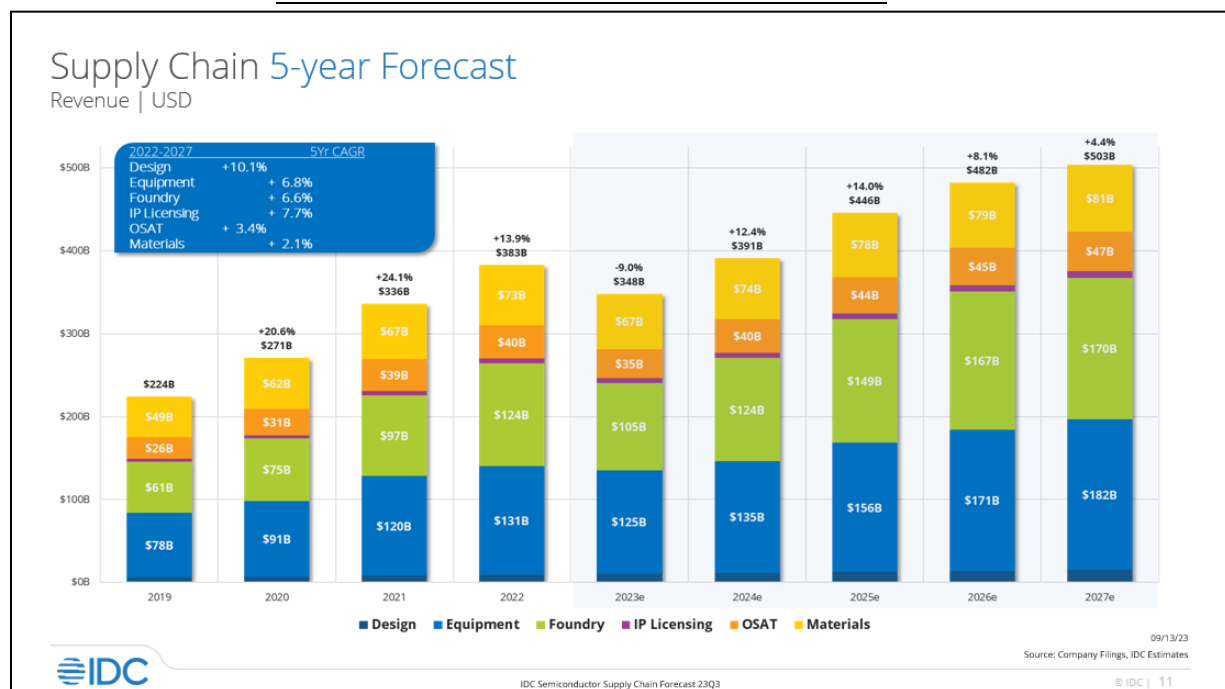
- (5) Demand for sophisticated process foundry services is steadily rising.
- (6) China's capacity increase drives up price rivalry in mature processes.
- (7) The 2.5/3D packaging market is expanding rapidly, with a 22% compound annual growth rate from 2023 to 2028.
- (8) The CoWoS supply chain capacity has doubled, causing the AI chip supply to surge. Global semiconductor sales is expected to rise by 20.2% to \$633 Tien Hoion by 2024. In the long term, IDC predicts an average compound annual growth rate of about 5.3% for the semiconductor market over the next five years, with an average compound annual growth rate of approximately 6.8% for semiconductor equipment in the semiconductor supply chain outlook over the same time period.

#### Five-Year Outlook for the Global Semiconductor Market



Source: International Data Corporation (IDC)

#### Five-Year Outlook for the Global Semiconductor Market



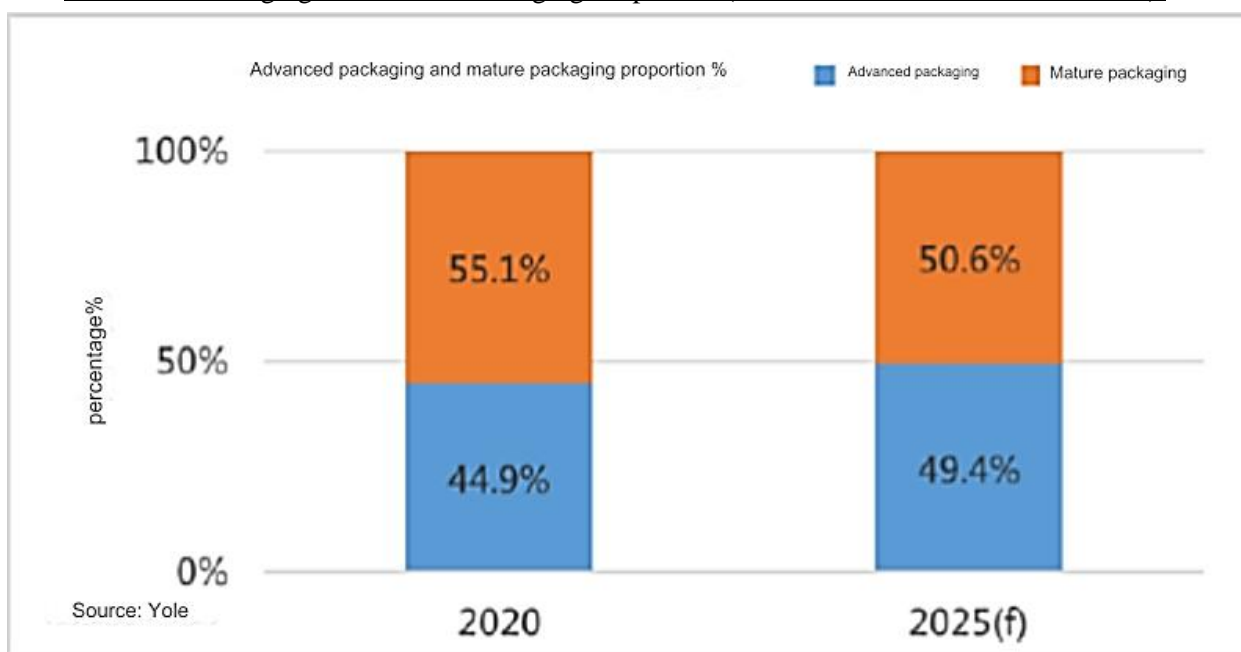
Source: International Data Corporation (IDC)

#### Advanced packaging industry

Since the invention of the integrated circuit (IC), the International Technology Roadmap for Semiconductors (ITRS) has been a guide for the semiconductor industry to move forward. In July 2016, the ITRS semiconductor industry "Future Roadmap" report showed that microprocessors The size of the transistors in the chip will stop shrinking in 2021, which means that the number of transistors in the microprocessor will no longer gradually increase as stated by Moore's Law, although the evolution of process technology has gradually been unable to meet the "volume shrinking" of the chip. The endless demand for "performance improvement", starting from the packaging technology to achieve the goal of reducing the volume and improving performance opened the era of advanced packaging, and the International Institute of Electrical and Electronics Engineers (IEEE) followed it up with the heterogeneous integration blueprint (Heterogeneous Integration Roadmap, HIR). ITRS, the international semiconductor technology blueprint, shows the importance of the role played by the advanced packaging industry in the future.

According to the IEK report, it is expected that by 2025, the global advanced packaging output value will gradually equal the proportion of mature packaging output value.

Advanced Packaging and Mature Packaging Proportion (Estimation between 2020 and 2025).



Source: ITRI Institute of Information Technology

Source: IEK

Market research company Yole research estimates that the top four categories with the highest compound annual growth rate (CAGR) in the advanced packaging industry from 2021 to 2027 are 2.5D/3D packaging 21.7%, flip-chip ball gate array (FCBGA) packaging 11.4% , Fan-out (FO) package 9.5% and flip chip size package (FCCSP) package 9.4%; in addition, in system-in-package (SiP) and wafer-level chip-size package (WLCSP) also showed a slight increase Growth trend; the overall compound annual growth rate (CAGR) of the advanced packaging industry is estimated to be 12.7%.

## Advanced Packaging Revenue Forecast

### ADVANCED PACKAGING REVENUE FORECAST

Packaging revenues gain momentum → chiplets are a main factor



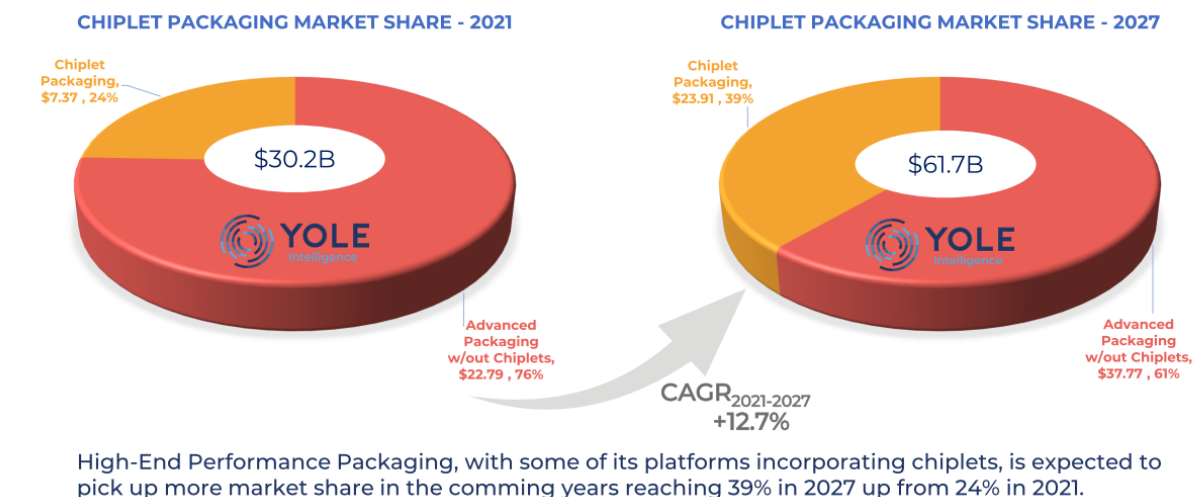
Source: YOLE

In the high-end performance package and some platforms using chiplet technology, it will gain more market share in the next few years, which is expected to rise from 24% in 2021 to 39% in 2027.

### Forecasting market share for chip packing and other advanced packaging

### CHIPLET PACKAGING VS. OTHER ADVANCED PACKAGING FORECAST

In \$B

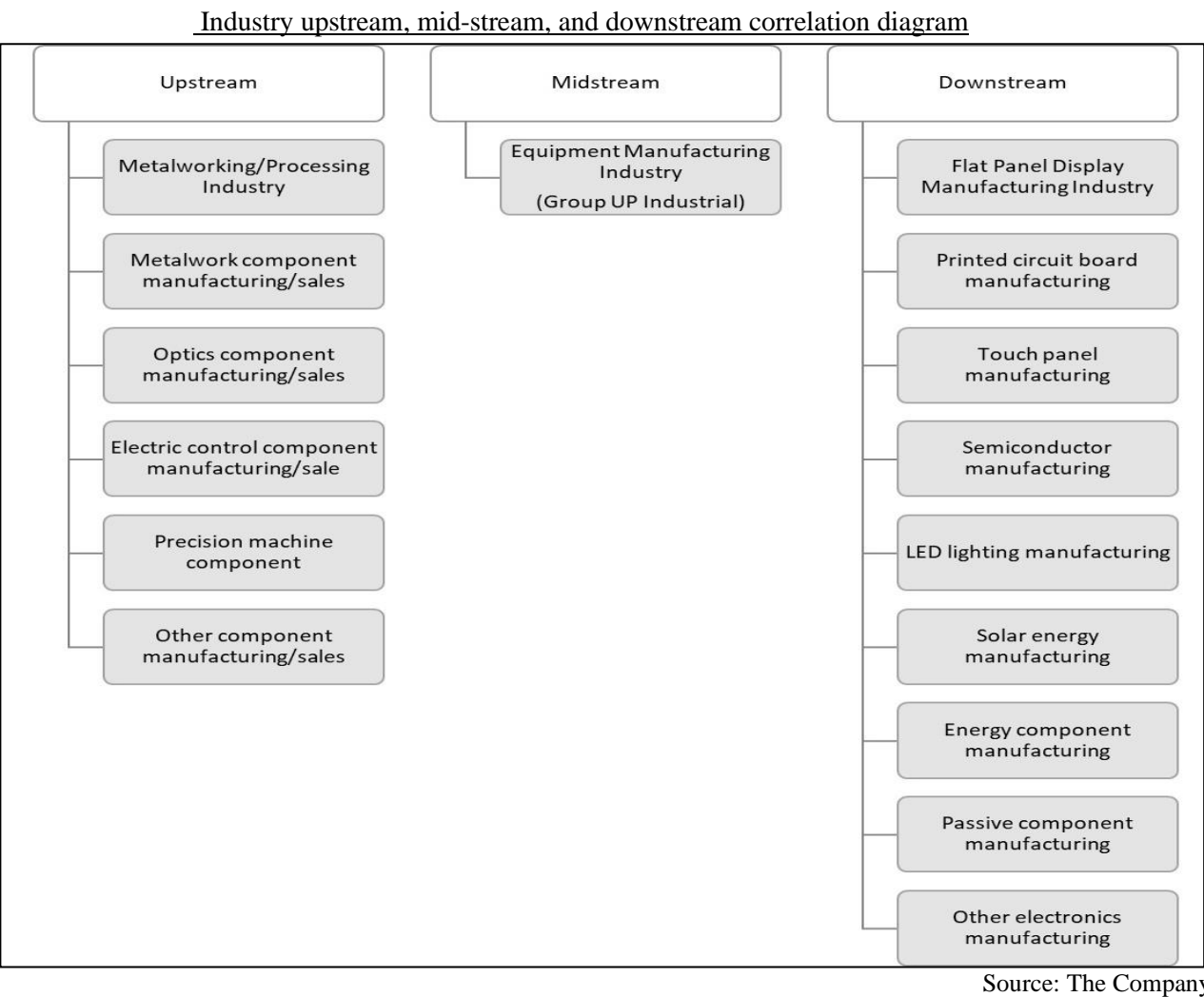


Source: YOLE

## B. The relevance of industry's upper, middle and lower companies

GP has been deeply engaged in the design, manufacturing and assembly, sales and after-sales service of special machinery for electronic and semiconductor production for more than 33 years. After receiving the order, the upstream industry obtains relevant components and assembles in its own factory through mechanical design and motor design. After the assembly test is completed, it is then provided to customers in various application fields in the downstream industry. GP belongs to the midstream industry in the following

figure. The flow chart of the relationship between the upstream and downstream industries is as follows:



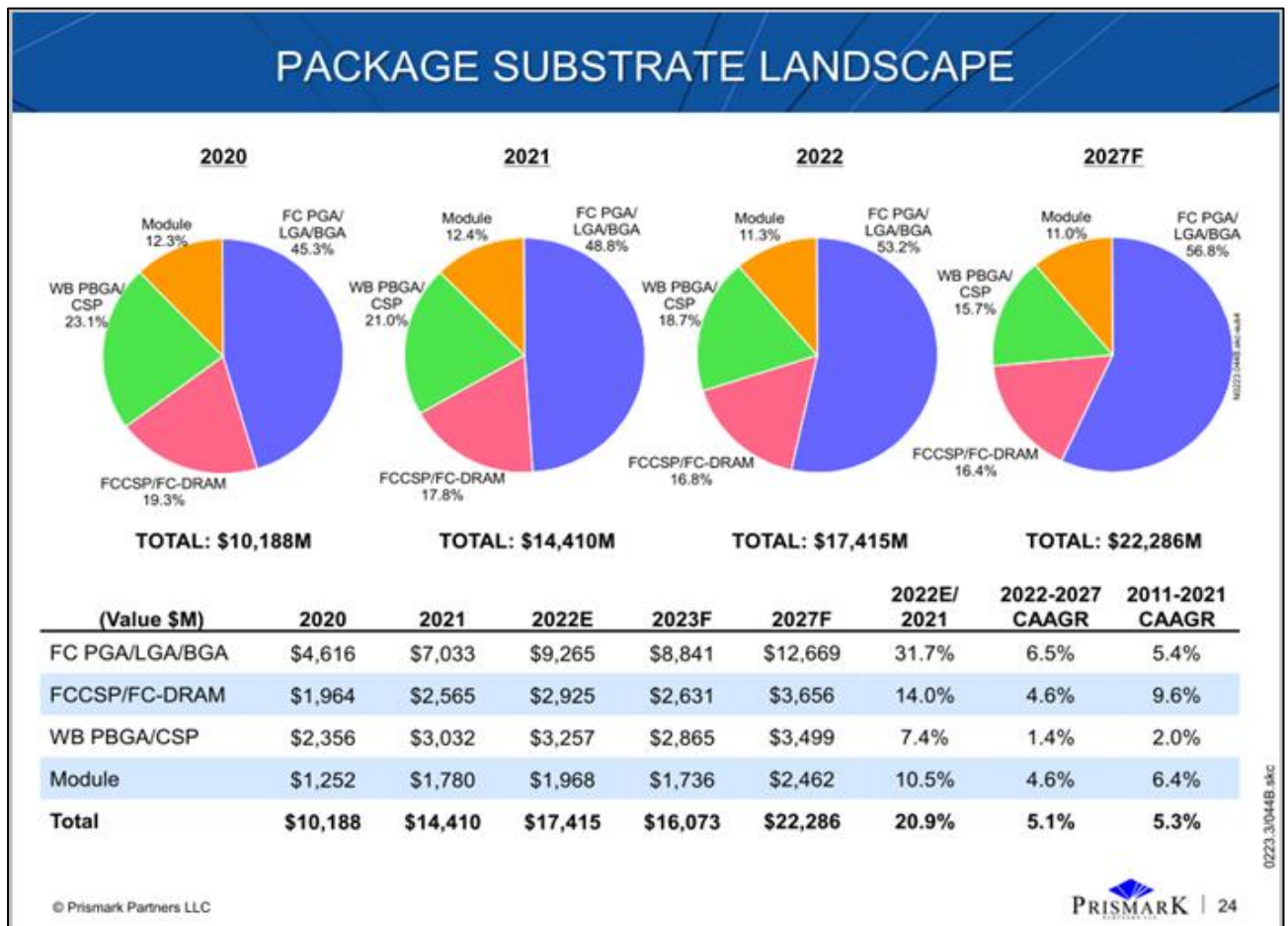
C. Various development trends and competitive situations of products

In the PCB industry, due to the high-speed computing and communication demands of applications such as AI, data centers, and cloud services, 5G/6G applications and basic infrastructure continue to expand and innovate. In addition, the application of electric vehicles and self-driving cars will further expand the demand for the automotive electronics market, which will help drive the growth and specification upgrade of PCB demand, and the geographical migration of PCB manufacturing will continue to expand the demand for automated coating and baking equipment in all regions.

In the global IC substrate market, it is estimated that the IC substrate market will still have an annual compound growth rate (CAGR) of 5.1% from 2022 to 2027, and the market value is estimated to be approximately 22.3 billion US dollars in 2027. The main growth drivers come from Flip Chip Ball Grid Array (FCBGA) substrates used in high-end 2.5D and 3D packaging, emerging antenna-in-package (AiP) technology, system-in-package (SiP) substrates, and continued growth in demand for flip chip chip-scale packaging (FCCSP) and memory substrates. In addition, facing the challenges of high-performance computing and high-speed transmission applications, the application trend of glass materials in advanced packaging and substrates will also lead to the demand for new process equipment such as coating, baking, laminating, and leveling.



## Package Substrate Landscape



Source: Prismark

### D. Market competitor's overview

For many years, based on the five major technical axes of coating, curing, exposure, lamination and automation, the company has developed various special process equipment products required by industries such as PCB, IC substrate, flexible electronics, optoelectronics, semiconductors, and advanced packaging, in addition to meeting customer product requirements. In addition to the process requirements such as cleanliness, no scratches, anaerobic, vacuum, lamination, etc. in the production process, we can also provide corresponding process automation solutions to meet the overall planning of the customer's production line, and greatly improve the equipment through modular design quality and shorten lead time.

Over the years, the company has cooperated with displays, printed circuit boards, IC substrates, advanced packaging, touch panels, cover glass, semiconductors, LED lighting, solar energy, energy components, passive The production needs of customers in components and other industries develop various special equipment. Due to the strong design and service team, in addition to stably providing customers with high-quality standard products, the company develops various new products with market competitive advantages every year according to customer needs, establish long-term partnerships with customers, the customer base is stable and spans a variety of industries, and is relatively unaffected by ups and downs of a single industry.

### (3) Overview of technology and R&D

#### A. The technical level of the business

Since its establishment, the company has accumulated many years of experience in the development and mass production of special process equipment such as automated coating, drying, lamination, and exposure. The R&D team has continued to cooperate with domestic and foreign research units, upstream related manufacturers, and customer groups. Exchange and cooperate to improve key technology levels and R&D capabilities. Looking forward to the future, the company will continue to integrate the five core technologies

of coating, drying, exposure, lamination and automation to develop high-quality products with technical standards that are better than those of the industry's peers, and create a win-win situation with customers.

## B. Research and development planning

To meet the needs of the client, we will continue to develop and deepen the development of various automatic coating, drying, laminating, exposure and other process-specific equipment. The research and development of each technical field are summarized as follows:

**Coating:** In line with the customer's product needs, continue to improve the function, accuracy and production speed of the roller coating line, electrostatic spraying line, roll-to-roll coating line... and other equipment.

**Curing:** In response to low oxygen content, vacuum drying and high-temperature requirements of the new manufacturing process of various industries, various non-oxidation baking, vacuum drying, infrared and ultraviolet drying equipment on the existing basis.

**Laminating:** Roll-to-roll vacuum laminating machine and press levelling machine has established a benchmark performance in the market. In the future, it will continue to add functions and improve performance in response to the customized needs of different industries and customers.

**Exposure:** Develop LED light source exposure machines in line with market demand, and continue to improve the exposure accuracy and production speed of existing species.

**Automation:** With the trend of Industry 4.0 smart and intelligent manufacturing systems, the company will use the existing system automation software and hardware technology as the basis for related technology development and actual performance experience accumulation, and provide robotic arms and EFEM applications following customer factory requirement, automated organization development, CCD vision system construction, equipment-side production data collection and analysis, cooperation with CIM, EMS and other systems for data transfer and transmission and other functions and services, so that related products and systems can cooperate with eyes, hands, and brains And use it together to achieve customers' goals of intelligent, intelligent and automated system manufacturing.

## C. Research and Development Team

Unit: person

Academic Background	2022		2023		2024 Q1	
	Number of staff	%	Number of staff	%	Number of staff	%
Ph.D.	—	—	—	—	—	—
Master	9	16.07	9	16.36	9	15.79
Undergraduate	44	78.57	43	78.18	45	78.95
High school and below	3	5.36	3	5.46	3	5.26
Total	56	100	55	100	57	100
Average (year)	9.13		10.18		10.36	

## D. R&D expenses invested each year in recent 5 years

Unit : NT\$1,000

Year	2019	2020	2021	2022	2023
R&D	75,306	112,775	85,951	164,598	183,402
Sales Net Revenue	1,668,286	1,614,244	1,911,543	2,357,053	2,432,621
R&D expenses and costs as % of net revenue	4.51%	7.00%	4.50%	6.98%	7.54%

Note : GP expects to invest in R&D in 2023 for approximately 5% ~ 7% of operational revenue



E. Successfully developed technologies or products during the year of 2019~2023

Year	R&D performance	Explanation
2018	Roll-to-roll vacuum infrared high-temperature furnace	To meet the baking needs of new materials, after the coil film material is released in a vacuum environment, it is baked at high temperature with an IR hot plate, and the winding is completed after cooling.
	Roll-to-roll low-tension conveyor drying oven	It is used for baking COG products after printing and tinning, and meets the requirements of high-precision production of COG materials with oxygen float bearings and lightweight rollers with tension control and EPC edge control design
2019	Nitrogen high temperature automatic baking system	Automatic baking system used in advanced semiconductor packaging with high temperature, high cleanliness, EFEM, GEM300 spec and high temperature uniformity process conditions
	5G-Special baking oven	Aiming at the trend of 5G infrastructure printed circuit boards with diversification of specifications and sizes, differences in board weight, etc., the development of patented models for the full range of pallet baking furnaces has been completed
	Intelligent networking of PCB baking equipment	Participate in the industrial upgrading and innovation platform counseling plan, and cooperate with the realization of the intelligent networking of PCB baking equipment
2020	Nitrogen plate warping machine	It is a part of the intelligent automation of the whole factory production, and the whole factory is connected in series to realize the intelligent automatic production process
	AI lens DIP automatic line	In response to the needs of AI/AR/MR, develop a full-automatic DIP coating and drying line for AR glasses
	Clean hot plate oven	Develop a large and heavy substrate platen oven for 5G.
	EMIB automatic competitor's door opening drying line	For 5G BGA substrate circuit becoming more and more subtle, it is necessary to reduce the vibration during baking, GP developed EMIB cabinet baking
	Auto open-door oven	In response to the 5G BGA substrate plant's AGV smart automation needs, develop an automatic door opening oven
2021	Ultra-high temperature nitrogen oven automatic line	Wafer-level packaging, coating cure before deposition
	3D packaging solder mask curing automatic line	Use 3D package solder mask curing to automate the whole line
	Mechanical equipment automatically grabs CCD alignment system	Automatic edge finding system
	3D Packaging Hot Plate Multilayer Furnace	Advanced Package Grade Hot Plate Bake
	Thermal kerosene heating system	New drying system for energy saving and disaster prevention
	Hot water dipping treatment curing automatic line	Optical lens surface treatment
2022	New generation of automatic roller line for ABF substrate	High cleanliness roller coating automatic line
	Advanced packaging UV curing automatic line	Used in advanced packaging UV curing process
2023	Fast Curing Equipment	Applied for fast and energy-efficient curing of coatings on glass
	Vacuum Lamination and Flattening Equipment	Applied for lamination and flattening of diverse substrates, advanced encapsulation, and OLED encapsulation

(4) Long-term and short-term business development plans

A. short-term business development plan

- Based on the existing LCD industry CIM system architecture support, the semiconductor industry SECS/GEM300 agreement support equipment performance and experience accumulation, the equipment intelligent function enhancement, in response to the client's smart factory construction trend, enhance the market competitive advantage.
- Continue to make alliances with peers to jointly construct turnkey solutions, expand new customers and actively strive for orders.
- Continue to develop markets for semiconductors, OLEDs, 3D cover glass, flexible electronics, biotechnology and medical materials, 5G infrastructure and applications.

B. long-term business development plan

- Based on GP's equipment customization development capabilities, to meet the new process needs of existing customer groups, develop and introduce next-generation process-specific equipment.
- Cooperate with the development of new upstream materials on the client side, develop special process equipment synchronously in the form of cross-industry alliances, and use materials and equipment to sell or recommend each other to jointly create a win-win opportunity.
- Form alliances with major manufacturers in Europe, America and Japan, cooperate with OEM/ODM and carry out market development.

## 2. Market and Sales

(1) Market analysis

A. Sales (provided) area of main products (services)

Unit : NT\$1,000 ; %

year item	2021		2022		2023	
	NT\$	%	NT\$	%	NT\$	%
Inbound	698,603	36.55	714,712	30.32	410,146	16.86
Outbound	1,212,940	63.45	1,642,341	69.68	2,022,475	83.14
Total	1,911,543	100.00	2,357,053	100.00	2,432,621	100.00

B. Market share

GP is engaged in R&D, design, manufacturing, sales, and after-sales services of parts for production equipment used in industries such as printed circuit boards, IC carriers, advanced packaging, semiconductors, displays, touch panels, cover glass, optoelectronics, energy components, passive components, electronic materials, etc. We focus primarily on production equipment for electronics and semiconductors, and market our products under our own brand "GP" throughout Asia, Europe, and the Americas. Our customer base includes leading manufacturers in Europe, the US, Japan, Korea, China, and Taiwan. We have close partnerships with our customers and have successfully collaborated on the development of dedicated production equipment. In particular, our drying equipment for the baking process in the IC carrier industry has a dominant market share, and our equipment for the inner-layer circuit process in the printed circuit board industry, such as roller coating and drying lines, electrostatic spray coating and baking lines for solder masking, and tunnel-type hot air convection ovens for processes such as MSAP, 5G server boards, and automotive applications, have achieved market leadership worldwide.

Overall, GP's sales revenue for the years 2021-2023 accounted for 7.79%, 10.49%, and 11.24%, respectively, of the total sales value of the electronic and semiconductor production equipment manufacturing industry in Taiwan (including printed circuit board production equipment and components, flat panel display production equipment and components, semiconductor production equipment and components, and other electronic production equipment and components).

Unit: NT\$ 1000; %

Product items	2021 Sales			2022 Sales			2023 Sales		
	Market	GP	%	Market	GP	%	Market	GP	%
(2928910) Production Equipment and Components for Printed Circuit Boards	19,485,832	1,341,332	6.88%	19,030,311	1,893,454	9.95%	18,201,397	1,964,011	10.79%

(2928920) Production Equipment and Components for Flat Panel Displays	13,275,891	68,937	0.52%	14,540,368	37,829	0.26%	7,177,844	7,105	0.10%
(2928010 & 2928990) Other Electronics Production Equipment and Components (Note 1)	128,219,539	501,274	0.39%	150,978,508	425,770	0.28%	132,641,881	461,505	0.35%
Total (note2) / percentage	160,981,262	1,911,543	7.79%	184,549,187	2,357,053	10.49%	158,021,122	2,432,621	11.24%

Source: Department of Statistics, Ministry of Economic Affairs.

Note 1: Others include semiconductor production equipment and components and other electronic production equipment and components.

Note 2: The electronic and semiconductor production machinery and equipment manufacturing industry includes printed circuit board production equipment and components (2928910), flat panel display production equipment and components (2928920), semiconductor production equipment and components (2928010) other electronic production equipment and components (2928990) and other items.

### C. The future supply and demand situation and growth of the market

GP is mainly engaged in the design, manufacturing and assembly, sales and after-sales service of special machinery for electronic and semiconductor production, providing coating, drying, exposure and automation with four major technical axes in printed circuit boards, displays and touch panels and special glass cover plates application, etc.; the company continues to focus on the process equipment sets used in the production of high-end rigid boards, flexible boards, multi-layer boards and IC-type substrates, and tailor-made customized production equipment lines with high quality and efficiency for customers, and for the combination of process precision and production line on-site needs, the company has accumulated experience over the years, whether it is in the integration with automation equipment, software customized design for more intelligent man-machine synchronization control, or even in Whole plant planning and vertical integration services for capacity expansion are all professional service items of the company. In addition, the company targets single machines that can be used individually in circuit board manufacturing processes such as electronics and semiconductors—automatic and semi-automatic exposure machines, various types of pre-exposure machines. Oven bodies and various precision plate tilting equipment are the first choice of many manufacturers in Taiwan and mainland China. At present, the purpose and scope of Industry 4.0 have been actively applied to the process equipment production lines of various industries to achieve the purpose of intelligent production. The following is an analysis of the future development trend of the related industries of the company's products.

#### High-performance computing pushes up demand for ABF carrier boards

IC carrier boards can be divided into BT carrier boards, ABF carrier boards and EMC carrier boards according to the substrate material. BT carrier boards and ABF carrier boards are the main ones. Among them, BT carrier boards contain glass fiber cloth layers, which are not easy to heat up and contract, and have stable dimensions. , hard material, thick lines, usually used in mobile phones and memory products. In contrast, ABF substrates are mostly used in processing chips, graphics chips and other products required by personal computers because of their more precise circuits, good conductivity, and good chip performance. However, with the gradual rise of application demands such as artificial intelligence, cloud computing, big data analysis, and 5G mobile communication, base stations, high-performance computers, and network communication equipment all need high-performance computing chips, and the requirements for the area of the carrier board and the number of layers are different. Significantly improved, with the continuous improvement of ABF carrier board manufacturing process, the number of carrier board layers can be greatly increased to more than 20 layers, and has the advantages of fine line spacing and large area, so it has become a key item for the active development of IC carrier board manufacturers at home and abroad. In addition, it has been announced that the glass-based substrate will be used in the future for high-end chips for high-efficiency computing and high-speed transmission, AI processors, and memory and graphics processing chips for AI PCs, as the characteristics of glass break through the characteristics of traditional packaging materials, maximize the number of transistors in advanced semiconductor packaging, and have the advantages of power saving and better heat dissipation.

The rise of semiconductor technologies such as chiplets and heterogeneous integration has attracted semiconductor wafer, packaging and IC substrate manufacturers to accelerate their layout

As domestic and foreign enterprises accelerate their investment in digital transformation, trends such as 5G communication, Internet of Things, and artificial intelligence (AI) applications continue to develop, driving the demand for semiconductor chips to increase significantly, and accelerating the gradual rise of semiconductor technologies such as chiplets and heterogeneous integration. Attract IC substrate manufacturers in my country to accelerate their deployment. As far as chiplets are concerned, it is to divide the large-size multi-core design into different tiny chips, each of which enhances the function and reduces the size, and then integrates it into a chip with complete functions through advanced packaging. In order to meet the requirements of multiple applications and specifications, manufacturers of semiconductor wafers, packaging and IC substrates have all invested in the development of heterogeneous integration technology.

For IC substrate manufacturers, in the past, it was believed that the rise of heterogeneous integration technology would lead to a decrease in the demand for IC substrates. However, the demand for IC substrates will continue to exist in the new process of heterogeneous integration, and different heterogeneous integration With the development of packaging technology, the selection of substrate production technology and materials is also obviously different, and the advanced packaging required for small chips will also significantly increase the area and number of layers of the substrate. It is obvious that IC substrate manufacturers will play an important role in the field of heterogeneous integration, including Unimicron and Nanya PCB, both of which are partners of ASE fan-out packaging. Among them, Unimicron is further planning for panel-level fan-out packaging solutions, striving for more Manufacturer's approval.

In summary, to welcome the arrival of 5G era, the current situation is that the orders for electronic product-related process equipment in 5G infrastructure, VR, AR, Internet of Vehicles, smart manufacturing, Internet of Things, AI assistants, smart cities and other application fields are stable and continuous. , mobile phone cover, electronic whiteboard, advanced packaging, etc. The demand for coating, baking, lamination and exposure special process equipment required for manufacturing is also currently being negotiated, and the follow-up operation growth of the market layout can be expected. GP operates in a pragmatic and prudent manner. Facing markets affected by uncertainties such as the Ukrainian-Russian war, price inflation, changes in the geopolitical situation, etc., we are still cautiously optimistic.

#### D. Competitive niche

Possess the core technical capabilities of coating, curing, lamination, exposure and automation integration Since the process equipment is used in the production process, equipment failure and downtime will face huge losses, so the stability of the equipment will determine whether the manufacturer adopts it, and the company's main competitive advantage is that it has stable automation integration capabilities, and the company's products are mostly used in The high-precision manufacturing process needs to be certified by end customers. Since most of its main customers are listed counter companies and well-known manufacturers, it shows that the company has a highly diversified and complete product line and technology. With self-developed software, it is highly flexible. It can quickly meet customer needs and is trusted by international manufacturers:

- a. Possess a highly diversified and complete product line and technology, and cultivate domestic and foreign index manufacturers for a long time to establish a high-quality brand image in the industry

The three main processes in the dry process: drying, coating, lamination, exposure, plus the automation and integration capabilities within the machine and between machines, the company has these four technical capabilities at the same time, and can achieve high-quality and sustainable Obtaining the trust of target customers, compared with the sample selection peers who focus on one or two of the technologies, the company can provide a complete solution at one time, which is one of the company's important features and advantages. With excellent equipment quality and stability, the company has established long-term partnerships with customers and gained high trust from customers. The main sales customers or terminal equipment manufacturers include listed cabinet companies in Taiwan, mainland China, Japan, South Korea, Southeast Asia, Europe and the United States. And an index factory, and establish a brand image of high-quality equipment in the industry.

- b. Provide special or high-end process equipment to reduce the vicious circle of price-cutting competition

GP has been involved in internationally renowned manufacturers for more than 20 years. It is mostly used in high-precision manufacturing processes that need to be certified by end customers. Therefore, once it is cut into customers, it is not easy to be replaced. In addition, the company continues to develop various special or high-end process equipment. It is not a general or standardized stand-alone machine, so it can reduce the vicious circle of price-cutting competition.

- c. Self-developed software, highly flexible and able to quickly meet customer needs  
GP's software research and development department develops software by itself. Compared with software outsourcing, it is better able to master its own software technology and quickly respond to customer needs. And self-developed CCD automatic alignment computer integration system to effectively integrate software and hardware.

Decentralize the application industry to reduce risks, and can continue to develop emerging application fields in line with the development of industry trends, as well as various special automation integration process technologies to meet market demand.

GP cooperates with the client's upstream new material development, and develops special process equipment simultaneously in the form of a cross-industry alliance. The materials and equipment are sold together or recommended to each other. Related application fields include roll-to-roll automatic drying equipment for flexible displays used in smart watches, 5G communication antennas use base materials, and develop special process equipment simultaneously through cross-industry alliances to jointly create win-win opportunities; in addition to continuing to develop emerging application areas in line with industry trends, the company also responds to the precision and Yield, also continue to develop various special automated integrated process technology to meet market demand, and has related core technologies.

GP's machine products have established stable sales performance in various types of customers such as rigid boards (PCBs), flexible boards (FPCs), and IC substrates in the field of circuit boards. In the display industry, it has also cooperated with many touch panels or panels The factory continues to communicate, and through the development of related process equipment such as touch panels, semiconductors, optoelectronics, various automotive electronic products, medical materials, and green energy, the proportion of revenue from printed circuit board process equipment to the overall revenue has increased since 2010 78.37% dropped to 70.17% in 2011. Therefore, the application fields covered by the company's equipment are relatively more dispersed than those of peer companies, which can reduce the risks arising from changes in a single industry.

Provide diversified and market-oriented technologies to enhance the company's competitiveness among peers

GP's coating and drying equipment adopts a variety of spraying and transmission methods, which are more competitive than the prices of Japanese companies in the same industry, and also has the advantage of serving customers nearby because of the geographical advantage; while the company's laminating and exposure equipment develop volume For roll-to-roll process equipment, we mainly use sheet process equipment compared with domestic counterparts, which can better respond to the current market trend towards soft boards, and GP is also more competitive than Japanese companies in the same industry; in addition, for automation integration equipment, GP will Horizontal and multi-joint robotic arms are flexibly used in related process equipment, while domestic counterparts tend to prefer a single type of robotic arm, while foreign manufacturers lack local service support in the Asian market. Overall, the company provides diversified technologies that are close to market trends , to enhance the competitiveness of the company and the industry.

Follow the trend of Industry 4.0 intelligent manufacturing.

GP has established its own software research and development team. Through the experience of manufacturers such as Intel, ASE and Nanya Circuit Board, it follows the trend of industrial 4.0 smart and intelligent manufacturing systems, cooperates with CIM, EMS and CCD vision systems, and through the company's system automation design capabilities, The robot arm was successfully introduced, and the related products and systems are used together with the eyes, hands, and brain to meet the needs of customers for intelligent, intelligent, and automated system manufacturing.

Provide perfect after-sales service and deploy real-time service bases

When there is a problem with the process equipment, if it is not repaired immediately, it will cause huge losses for the customer to produce defective products or shutdown. Therefore, the number of perfect after-sales service and service bases will affect the customer's willingness to purchase. Therefore, the company's customer base expands the trend of the region. , to cooperate with the establishment of service bases, has established subsidiaries in Suzhou and Shenzhen in mainland China, and has also established multiple service bases in various places to solve problems such as failures that customers may encounter in production, so as to provide immediate assistance and help improve customer interests Maximizing and providing perfect after-sales service is also one of the company's development niches.

#### E. Favorable and unfavorable factors and countermeasures for development prospects

##### Favorable factors for future development

- a. Excellent technical ability  
GP leads the industry in developing automatic roller coating lines, automatic electrostatic coating lines, roll-to-roll exposure machines, roll-to-roll vacuum laminators and high-end baking lines for special purposes. With an experienced and strong R&D team and a business team that keeps abreast of market trends, based on long-term partnerships with customers, we provide special equipment that meets customers' new products/new processes, grow hand in hand with customers and share win-win results.
- b. Brand effect  
GP's customer base includes major manufacturers in Taiwan, mainland China, Japan, South Korea, Southeast Asia, Europe and the United States. With long-term market cultivation, the brand image in the industry has been quite well-known, and it is the first business partner of customers.
- c. Exert industrial synergy  
This customer base spans multiple industries, and equipment investment needs are stable and growing continuously, and the market is relatively unaffected by the ups and downs of a single industry. The equipment and technologies of different industries can also be introduced and applied mutually, which is also the driving force to stimulate the growth of technological innovation.
- d. Customer satisfaction strategy  
GP has a dedicated and strong customer service and technical department. In addition to providing customers with high-quality after-sales service, it also cooperates with the geographical distribution of the customer base to establish a regional service base to provide real-time comprehensive technical consultation and support services.
- e. Smart manufacturing  
GP gradually accumulates intelligent software information integration capabilities that others cannot take away, has its own software department, and participates in the TPCA intelligent software committee, the SEMI standard committee... etc. For example, PCBECI standard specifications, SECS/GEM300 architecture, and output real-time information format requirements, ranging from induction, communication (machine networking), logical information, etc., are sufficient to help customers move towards smart manufacturing.

##### Unfavorable factors for future development and corresponding measures

- a. The risk that end products are mostly concentrated in consumer electronic products  
GP's products are mainly printed circuit board process equipment for soft and hard printed circuit boards and IC substrates, display process equipment for displays and touch panels, and terminal application products are mostly used for consumer products such as LCD TV, Monitor and NB Electronic products, so the rise and fall of the terminal electronic product market directly affects the market demand for printed circuit boards and displays, and indirectly affects the scale of capital expenditures of printed circuit board and display manufacturers, which in turn affects the company's business and operating conditions

##### Response strategy:

Due to the characteristics of the industry the company belongs to, the market demand for terminal electronic products indirectly affects the scale of capital expenditure of printed circuit board and display manufacturers. In areas other than consumer electronic products, including: Industry 4.0 smart intelligent manufacturing systems, semiconductors, LED lighting, various automotive electronic products, medical materials and green energy, niche-type special processes with long life cycles and special fields Equipment products, and have been successfully introduced and sold in succession, expect to improve the company's competitive niche with other high value-added and new products in

special fields.

b. Competition among other equipment manufacturers

In middle and low-end products, competition will become more and more fierce, facing an environment of price cut competition in the same industry.

Response strategy:

GP continues to develop new technical products to enhance competition by developing diversified and high-value-added products. Our process models are diversified and high-end. We will continue to strengthen its customized research and development capabilities, and focus on refined and high-level technology products as the main goal of our products in the market.

c. Exchange rate risk

The main currency of the company's export and export transactions is US dollars, while the transaction currency of raw materials and expenses is mainly Taiwan dollars. Therefore, changes in market exchange rates have a considerable impact on the company's profits.

Response strategy:

- In addition to maintaining close contact with the foreign exchange departments of various financial institutions, the company's financial personnel also pay close attention to exchange rate changes and changes in the international economic situation at any time, prudently study and judge exchange rate trends, and take appropriate measures as a reference for adjusting foreign currency accounts.
- By establishing a consensus on risk sharing with customers, when making quotations to customers, fully consider international exchange rate trends and exchange rate fluctuations, and use appropriate and reasonable exchange rates as the basis for quotations to reduce the impact of exchange rate fluctuations on order profits.

d. Operational risk of talent loss

GP's equipment production technology and quality have a high brand image and reputation in the industry, so experienced and outstanding personnel often become the target of competitors, creating a potential risk of brain drain. In addition to knowledge and experience in electrical machinery and machinery, it is also necessary to have the ability to design system automation. However, it is not easy to cultivate talents who understand electrical machinery, machinery and automation, resulting in potential risks of talent inheritance.

Response strategy:

GP's current R&D personnel have an average service experience of more than 7 years, which shows that the R&D personnel have many years of experience in R&D and design process. GP also continuously cultivates and recruits electrical, mechanical and automation talents to accumulate R&D energy and continue to promote the improvement of welfare. The system retains existing talents, and encourages employees to strengthen their studies and improve their professional skills and quality.

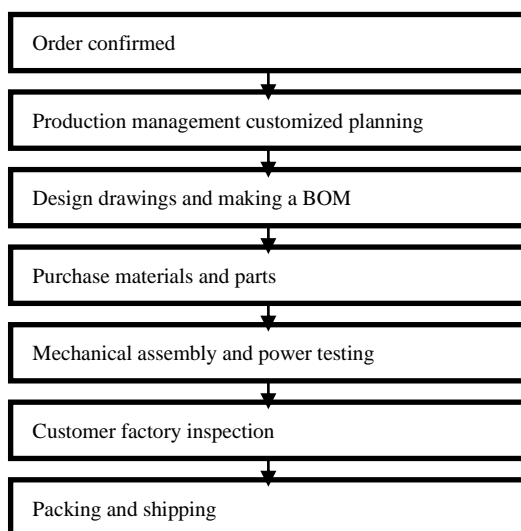
(2) Important use and production process of main products

A. Important uses of main products

No.	Equipment name	Explanation
1	Vertical roller coating drying line	Used in PCB inner layer circuit process double-sided coating photoresist and baking at the same time, IC carrier board soldering process double-sided coating solder mask ink and baking at the same time
2	Electrostatic spraying baking line	Used in PCB solder mask process, coating solder mask ink and baking
3	Soak coating baking line	Used in the coating and baking of PCB, mask, optical lens and other products.
4	All kinds of tunnel hot air/hot plate conveying furnaces	Used in the baking of PCB, ICC substrate, touch panel, automotive LCD module and other products.
5	Infrared hot air conveying furnace	Used in the baking process of touch panels, glass front covers, medical materials, LCDs, backlight modules, light guide plates, PCBs, FPCs and other products.
6	Hot-blast multi-layer furnace, hot-plate multi-layer furnace	Used in the baking process of touch panels, LCD panels, OLED panels, glass front covers, solar cells and other products
7	Vacuum film leveling machine	Used in the lamination and leveling process of advanced packaging, IC substrates, LED display modules and other products
8	Roll-to-roll laminating machine and roll-to-roll vacuum laminating machine	Used in the photoresist dry film bonding process of various soft electronic products such as FPC, COF, Film capacitive touch, electronic paper, RFID, etc.
9	Roll-to-roll CCD automatic alignment exposure machine	Used in the circuit exposure process of various flexible electronic products such as FPC, COF, Film capacitive touch, RFID, etc.

No.	Equipment name	Explanation
10	Roll-to-roll coating baking line	Applied to the coating and baking process of optical films, flexible electronics and other products
11	Roll-to-roll air-floating conveyor furnace, roll-to-roll infrared hot-air conveyor furnace, roll-to-roll nitrogen infrared hot air air-floating conveyor oven	Used in the baking process of various soft electronic products such as FPC, COF, Film capacitive touch, etc.
12	All kinds of precision hot air ovens, precision hot air ovens, nitrogen hot air ovens, nitrogen hot air ovens, vacuum ovens, etc.	Used in the baking process of PCB, FPC, IC substrate, touch panel, glass front cover, LCD, OLED, semiconductor, passive components, battery, LED and other products
13	Various types of UV dryers, low-temperature UV dryers	Used in the baking process of PCB, IC substrate, touch panel, glass front cover, OLED and other products
14	Various roll-to-roll rewinding and unwinding machines	Used in various flexible electronics industries such as FPC, COF, Film capacitive touch, electronic paper, etc., with process equipment such as developing, etching, stripping, AOI, VRS, laser etching, laser cutting, etc.

#### B. Product manufacturing process



#### C. Supply status of main raw materials

The main raw materials of the company's products include sheet metal/processed parts, precision mechanical components, hardware parts, optical components, electronic control components, etc. All kinds of materials have stable long-term cooperation with domestic and foreign high-quality suppliers.

#### D. The names of customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent two years, as well as the purchases (sales) amount and proportion, and the reasons for the increase or decrease:

Suppliers who have accounted for more than 10% of total purchases in any of the last 2 years:

GP has no suppliers who have accounted for more than 10% of total purchases in any of the last two years.

Customers who have accounted for more than 10% of total sales in any of the last 2 years

Unit : NT\$1,000 ; %

No.	2022				2023			
item	Name	Amount	[%] Occupancy ratio of net sales for the entire year	Relationship with the issuer	Name	Amount	[%] Occupancy ratio of net sales for the entire year	Relationship with the issuer
1					Company A	314,378	12.92	None
2								
	Others	2,357,053	100.00		Others	2,118,243	87.08	
	Net purchase	2,357,053	100.00		Net purchase	2,432,621	100.00	

#### Reason for increase or decrease:

Among our sales customers in the fiscal year 2023, Customer A's main business is high-end semiconductor packaging carriers, with products mainly used in high-speed computing, 5G, AI, IoT, automotive electronics, and other market



applications, corresponding to high-performance large data center servers, 5G network equipment, unmanned driving, personal computers, and consumer electronics. Since its establishment in August 2019, it has been focusing on the global high-end semiconductor packaging carrier field, continuously promoting the development of intelligent manufacturing, dedicated to building automated and intelligent factories, and purchasing customized automated machinery from GP. GP is an electronics equipment factory, and customers add process equipment according to market changes, mainly for customized products, and there is no significant abnormal change in the sales customer situation.

#### E. Production value in the last two years

Unit : NT\$1,000

Quantity \ year	2022			2023		
	Capacity	Quantity	Value	Capacity	Quantity	Value
PCB equipment	Note1	Note2	1,038,177	Note1	Note2	945,970
Display equipment	Note1	Note2	28,554	Note1	Note2	4,498
Others	Note1	Note2	294,288	Note1	Note2	342,882
Total	Note1	Note2	1,361,019	Note1	Note2	1,293,350

Note1: The process equipment produced by GP is customized according to customer specifications. The components required for assembly of each equipment are different. The production capacity data is not comparable, so n/a.

Note2: The process equipment produced by GP is customized production, including the entire production line, stand-alone equipment or parts, so the product difference is large, the measurement unit is inconsistent, so the quantity is not listed here.

#### Reasons for increase or decrease:

The production volume of 2023 decreased by 4.97% compared to 2022, mainly due to differences in product mix and a decrease of 8.88% in printed circuit board manufacturing equipment in 2023 compared to 2022.

#### F. Sales volume value table for the most recent two years

Unit : NT\$1,000

Quantity \ year	2022				2023			
	Domestic sales		Sale abroad		Domestic sales		Sale abroad	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
PCB equipment	Note	481,148	Note	1,412,306	Note	166,768	Note	1,797,242
Display equipment	Note	17,465	Note	20,364	Note	0	Note	7,105
Others	Note	216,099	Note	209,671	Note	243,378	Note	218,128
Total	Note	714,712	Note	1,642,341	Note	410,146	Note	2,022,475

Note: The process equipment sold by GP is a customized production, including the entire production line, stand-alone equipment or parts, so the product difference is large, the measurement unit is inconsistent, so the quantity is not listed here.

#### Reasons for the increase or decrease:

In the 2023 fiscal year, the operating income increased by 3.21% compared to the 2022 fiscal year, mainly due to a 27.26% increase in the export of printed circuit board processing equipment in the 2023 fiscal year compared to the 2022 fiscal year.

### 3. Full-time Employee

Year		2022	2023	2024Q1
Full time staff	Administration	51	49	47
	Sales & Marketing	26	26	25
	Technology support	308	326	325
	Total	385	401	397
Age in average		35.76	35.36	35.90
Average years of service		6.76	6.76	7.53
Academic	Ph.D.	0.27%	0.25%	0.25%

degree%	Master	4.35%	3.77%	3.78%
	Undergraduate	62.23%	61.06%	57.68%
	High School	33.15%	34.92%	38.29%

Unit : number of staff; %

#### 4. Environmental Protection Expenses

- (1) According to legal regulations, if an application for a pollution facility installation permit or a pollution emission permit or the payment of pollution prevention and control fees or the establishment of environmental protection dedicated personnel should be made, the situation of application, payment, or establishment is as follows: GP's factories mainly include Taiwan (GP) and Suzhou (Suzhou). Among them, the main activities in the Taiwan factory are assembly and testing of individual machines and production lines, without pollution concerns, so no pollution-related installation, operation, or emission permits need to be obtained; while the Suzhou factory includes painting in the process, so it has already obtained a permit for discharging urban sewage into the drainage network according to law.
- (2) List the company's investment in the main equipment for preventing and controlling environmental pollution and its purposes and possible benefits: None.
- (3) Explain the process of improving environmental pollution in the past two fiscal years and up to the date of the publication of the prospectus; if there are pollution dispute incidents, explain the handling process: None.
- (4) Explain the losses suffered by the company due to environmental pollution in the past two fiscal years and up to the date of the publication of the prospectus (including compensation and violations of environmental protection laws and regulations found in environmental protection inspection results; the date of the penalty, the penalty number, the violated legal provisions, the content of the violation, and the penalty content should be stated), and disclose the estimated amount currently and in the future, and the corresponding measures; if it is not reasonably estimable, the fact that it cannot be reasonably estimated should be explained: None.
- (5) Explain the current pollution situation and the impact of its improvement on the company's earnings, competitive position, and capital expenditures, as well as significant environmental capital expenditures expected in the next two fiscal years: None.

#### 5. Labor Relations

- (1) GP's various employee welfare measures, further education, training, and retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures.

GP's labor-management relationship is harmonious and stable. GP maintains a positive and positive business development and is committed to improving employee welfare, while maintaining a smooth labor-management communication channel. Through the joint efforts of all colleagues, they can use their expertise to enable colleagues and the company to grow simultaneously and share the good Results.

##### A. Employee welfare measures and implementation status

In addition to health insurance and labor insurance under the relevant provisions of the Labor Standards Law of the Republic of China, the company also provides group insurance for employees and a system to allocate labor individual retirement pension accounts to protect employees' related benefits. The measures and implementation are as follows:

Enjoy special vacations, allocate retirement funds by the law, set up an employee welfare committee, coordinate welfare activities, and protect labor rights.

In addition to participating in labor insurance and national health insurance following the law, all employees also provide employee group insurance and travel insurance, and the company will bear the premium.

Regularly handle employee health checks and organize employee activities and tourism activities from time to time to enrich colleagues' leisure activities and enhance friendships.

Subsidy the cost of car parking spaces for colleagues, and provide regular maintenance and inspection of official vehicles, so that colleagues have corresponding protection.

There are gifts or gifts for Dragon Boat Festival and Mid-Autumn Festival.

There are subsidies for marriages, funerals, and childbirth.

Encourage colleagues to set up associations and subsidize association funds.

**B. Further education and on-job training**

To enhance the professional and technical capabilities of employees, strengthen work efficiency and pay attention to product quality, education and training are carried out under the annual education and training schedule. Internal and external training are carried out at the same time to strengthen the professional capabilities of employees in various functions. GP's various trainings are listed as follows:

Training for new recruits: On the day of employment, provide the company's corporate culture, organizational history, work rules, employee benefits, precautions, environmental introduction and other explanatory courses, so that recruits have a basic understanding of the company.

On-the-job staff training: cultivate colleagues' professional skills, knowledge and management ability in work.

Professional function training: Send colleagues to relevant institutions for training as needed, so that colleagues can obtain professional inspection certification.

**C. Retirement system and implementation status**

Since July 1, 2005, to cooperate with the implementation of the Labor Pension Regulations, employees who have been employed on June 30, 2005 will retain their retirement years calculated under the Labor Standards Law. After July 1, 2005, the seniority will be 6% of the pension is allocated monthly and stored in the individual labor pension account to protect the rights and interests of employees. Employees can also choose to transfer 0%~6% of their monthly salary to their pension accounts.

**D. Agreements between labor and management and various employee rights protection measures**

GP values the rights and interests of employees and has harmonious labor-management relations. Employees can exchange opinions through open communication or monthly meetings to maintain a good interaction between labor and management. Therefore, no labor disputes have occurred so far.

**E. Work environment and employee personal safety protection measures**

The company formulates and implements labor health protection plans in accordance with the 'Occupational Safety and Health Act'.

- Prevent human-related hazards and musculoskeletal diseases in the workplace.
- Prevent diseases caused by abnormal workload. Avoid long working hours, shifts, stressful work, etc., which may cause employee overwork.
- Prevent illegal violations in the workplace, such as verbal, physical, psychological violence, and sexual harassment.
- Provide maternal health protection for female employees who are preparing to become pregnant, pregnant, one year postpartum, and breastfeeding, to avoid health hazards to mothers and babies caused by workplace hazards.

**Education Training**

- Conduct occupational safety and health education and training for employees in accordance with the "Occupational Safety and Health Law", and handle and implement it in accordance with the "Occupational Safety and Health Education and Training Rules".
- Conduct emergency response and evacuation drills every six months to strengthen employees' response and escape capabilities and avoid casualties.

The safety and health management measures in accordance with the Company's 'Occupational Safety and Health Management Regulations' are as follows:

- The safety and health status should be checked in accordance with the automatic inspection plan and management procedures. If there is any non-compliance with regulations or higher hazard risks, improvements should be made or operation controls should be implemented. After improvement, a comprehensive analysis of the improvement results should be conducted to ensure its effectiveness.
- Machinery, appliances and equipment should be used in accordance with laws and regulations. Machinery and appliances that do not comply with the protection standards set by the central competent authority shall not be set up for workers to use to avoid possible hazards in the workplace.
- To avoid safety and health hazards and risks caused by substandard machinery, equipment and chemicals, control should be carried out before procurement, taking safety and health needs into consideration; before use, confirm the machinery, equipment and chemicals. The product has complied with safety and health regulations to avoid major hazards and risks caused by safety and health deficiencies during use.
- For the purchase of gases and chemicals, it is necessary to confirm whether the Safety Data Sheet

(SDS) is attached and updated regularly. Containers shall be marked with hazard icons in accordance with laws and regulations and environmental safety and health control requirements.

- When the responsible unit requisitions for professional equipment, protective equipment, monitoring instruments and equipment, and explosion-proof machinery and equipment, it shall provide the environmental safety and health opinions of the purchasing unit, and clearly state it on the requisition specifications.
- If the responsible unit needs to purchase radioactive and ionizing radiation equipment, it shall specify the seller's qualification in the requisition specification, and require the seller to provide the necessary documents for import permit and use registration.
- When labor procurement is involved, the insurance agreement and requirements for labor service personnel should be stated in the procurement contract, and the labor service personnel should agree to abide by the provisions of the Occupational Safety and Health Law and company operating standards and other relevant regulations.
- If the procurement project involves leasing the supplier's machinery, equipment or labor services, the relevant safety control regulations should be clearly stated in the lease contract and instructions of both parties.
- To protect the safety of the public and avoid causing damage to property or equipment, as well as adverse impacts on the environment, all operational changes should be managed to prevent possible changes caused by changes in manufacturing processes, equipment, experimental procedures or chemicals used. The occurrence of environmental, safety and health risks is unacceptable.
- Containers containing hazardous substances should be clearly marked according to the classification and hazard diagrams stipulated in the labeling of hazardous substances and general communication rules. The text used should be mainly in Chinese, supplemented by foreign languages when necessary.
- For hazardous substances, a safety data sheet containing safety and health precautions for workers should be provided, and the content of the safety data sheet should be reviewed for accuracy based on the actual situation and updated in a timely manner. The content, update date, edition, and other update records should be kept for three years.
- To prevent occupational accidents caused by workers not knowing the hazard information of hazardous substances, the following necessary measures should be taken:
  - a. Formulate a hazard general plan according to the actual situation, review and update it in a timely manner, and implement it according to the plan, and keep its implementation record for three years.
  - b. Make a list of hazardous substances, which should include the name of the article, other names, safety data sheet index code, manufacturer or supplier name, address and telephone number, use information and storage information, etc.
  - c. Place safety data sheets for hazardous substances in a place where they are readily available in the workplace.
  - d. To enable workers to receive education and training on the manufacture, disposal or use of dangerous and harmful substances, and the course content and number of courses shall be handled in accordance with the provisions of the labor safety and health education and training rules.
  - e. Other necessary measures to ensure that workers are truly aware of the information on hazardous substances.
  - f. Provide chemical disaster relief response information and special personnel in case of fire, so as to provide disaster relief command and rescue personnel at the scene of the accident to obtain the correct response information of chemicals in real time.
- In accordance with Article 12 of the Occupational Safety and Health Law, the workplace designated by the central competent authority shall be monitored in accordance with the regulations. The items and deadlines of the testing shall be handled in accordance with the provisions of the Implementation Measures for the Monitoring of the Labor Working Environment.
- All applicable sites should operate in accordance with applicable standard operating procedures and safety and health work rules to avoid disasters caused by improper operation.
- Establish ISO45001 occupational safety and health management system, which is expected to pass certification in 2024.
- The company has formulated contract management specifications in accordance with the 'Occupational Safety and Health Act' to avoid disasters caused by improper operations of contractors.

Work Safety Implementation Status

Work Safety Check Status
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Occupational safety room inspection	Check at least once a month
Factory supervisors walking around management	Level 1 supervisor checks at least once a week Level 2 supervisor checks at least twice a week

- (2) In the recent 2 years and up to the publication date of the prospectus, the company has suffered losses due to labor disputes, and disclosed the estimated amount and corresponding measures that may occur at present and in the future. If there is no reasonable estimate, the facts that cannot be reasonably estimated shall be stated.

GP always cares for employee welfare, provides a good working environment, and emphasizes two-way communication between employees and harmonious labor-management relations. Therefore, there have been no major labor disputes in the recent 2 years and as of publication date of the public brochure.

## 6. Information security management

- (1) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

### A. Information Security Risk Management Framework

The information office of the management department is responsible for planning, construction, and continuous improvement of the information security work within the existing company. And for the system server, operating system, network system, establish due control and protection mechanisms, and prepare emergency protection plans for abnormal disasters, data damage, and sensitive data to protect the company, customers, and investors. Interests

### B. Information Security Policy

Establish a safe and reliable computerized operating environment

### C. Specific management plans

Items	Explanations
Network Protection And User Internet Control Mechanism	Through ramp controller, control network access permissions, and detect malicious intrusions and prevent external network attacks. Through permission control to give users network access rights, regularly check and audit Internet access records through log files
Email Security Control	Filter emails before users receive emails through email ramps, prevent unsafe attachment files, phishing emails, spam in advance, and prevent malicious links. Antivirus software also scans for unsafe attachments after the PC receives emails
Data Backup Mechanism	All systems and databases are scheduled for automatic backup jobs
Antivirus Software And System Program Update	Operating system and applications and anti-virus software are automatically updated to reduce virus infection and patch application vulnerabilities
Employee Security Education	Conduct information security education, training, tests and email social engineering drills for employees on a quarterly basis to strengthen employees' awareness of information security risks
Risk Assessment and Vulnerability Detection	Regularly conduct inspection mechanisms such as system vulnerability scans and review information security protection to improve the existing information operating environment

### D.information security policy implementation

In 2023, NT\$2.1 million was invested in information security upgrades, and NT\$3 million has been allocated in the 2024 budget for information security environment improvements.

- (2) List the losses, possible impacts and countermeasures suffered by major information security incidents in the last two years and up to the date of publication of the prospectus. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated.

GP has not suffered any losses due to information security issues in the last two years and up to the date of publication of the prospectus, and continues to implement the information security management policy objectives to protect the company's important systems and data security

## 7. Important and major contracts:None

## VII. Financial Overview

### 1. Concise balance sheet and comprehensive income statement for the most recent 5 years

(1) Adopt International Financial Reporting Standards-Consolidated Condensed Balance Sheet

Unit : NT\$1,000

Item \ Year		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		2,306,055	2,760,491	3,138,016	5,116,350	6,215,029
Real estate, plant and equipment		557,905	543,582	547,183	608,217	624,716
Intangible assets		—	—	--	--	—
Other assets		448,342	486,874	400,339	378,766	332,138
Total assets		3,312,302	3,790,947	4,085,538	6,103,333	7,171,883
Current liabilities	Before distribution	1,330,420	1,776,059	1,971,546	3,140,031	3,881,245
	After distribution	1,561,420	2,012,559	2,241,046	2,754,829	4,345,157
Non-current liabilities		164,191	110,590	108,204	559,843	309,712
Total liabilities	Before distribution	1,494,611	1,886,649	2,079,750	3,699,874	4,190,957
	After distribution	1,725,611	2,123,149	2,349,250	3,314,672	4,654,869
Equity attributable to owners of the parent company		1,817,691	1,904,298	2,005,788	2,403,459	2,980,926
Capital stock		550,000	550,000	550,000	550,000	579,785
Capital reserve		287,021	287,021	287,021	312,209	534,885
Retained surplus	Before distribution	1,015,872	1,096,477	1,200,995	1,565,926	579,785
	After distribution	784,872	859,977	931,495	1,180,724	534,885
Other equity		(35,202)	(29,200)	(32,228)	(24,676)	(29,400)
Non-controlling equity		—	—	—	--	—
Total equities	Before distribution	1,817,691	1,904,298	2,005,788	2,403,459	2,980,926
	After distribution	1,586,691	1,667,798	1,736,288	2,018,257	2,517,014

Source: Yearly financial information has been verified by KPMG accountants

Note1: The 2023 earnings distribution plan was approved by the resolution of the board of directors on February 23, 2024, and the chairman was authorized to set the ex-dividend base date, distribution date and other related matters, which have not been distributed as of the date of publication of this prospectus.

(2) Adopting International Financial Reporting Standards(IFRS)-Consolidated Condensed Consolidated  
Income Statement

Unit : NT\$1,000

item \ year	Financial information for the last 5 years				
	2019	2020	2021	2022	2023
Operating revenue	1,668,286	1,614,244	1,911,543	2,357,053	2,432,621
Operating gross profit	614,730	718,441	762,345	996,034	1,732,539
Operating loss & profit	342,243	432,106	469,382	598,925	700,082
Non-Operating income & expenses	30,912	(49,965)	(39,089)	179,700	190,275
Net profit before tax	373,155	382,141	430,293	778,625	890,357
Income before tax from continuing operations	297,149	310,937	336,501	629,159	713,560
Loss from dis-continuing operations	—	—	—	—	—
Net income	297,149	310,937	336,501	629,159	713,560
Net income after tax	(13,738)	6,670	1,489	12,824	(3,352)
Total comprehensive profit & loss for the current period	283,411	317,607	337,990	641,983	710,208
Net profit attributable to owners of parent company	297,149	310,937	336,501	629,159	713,560
Net profit attributable to non-controlling equities	—	—	—	—	—
The total comprehensive profit and loss is attributable to owners of the parent company	283,411	317,607	337,990	641,983	710,208
Total comprehensive profit and loss attributable to non-controlling interests	—	—	—	—	—
Earnings per share (NT\$)	5.40	5.65	6.12	11.44	12.65

Source: all the 5-year financial information has been verified by KPMG accountants.

(3) Adopt International Financial Reporting Standards(IFRS)-Individual Concise Balance Sheet

Unit : NT\$1,000

year item		Financial information for the last 5 years				
		2019	2020	2021	2022	2023
Current assets		2,119,068	2,559,179	2,888,093	4,889,594	5,927,035
Real estate, plant and equipment		505,299	494,763	502,526	567,446	588,876
Intangible assets		—	—	—	-	—
Other assets		633,810	656,633	624,876	564,239	579,499
Total assets		3,258,177	3,710,575	4,015,495	6,021,279	7,095,410
Current liabilities	Before distribution	1,281,494	1,700,891	1,907,111	3,063,304	3,809,681
	After distribution	1,512,494	1,937,391	1,637,611	2,678,102	4,273,593
Non-current liabilities		158,992	105,386	102,596	554,516	304,803
Total liabilities	Before distribution	1,440,486	1,806,277	2,009,707	3,617,820	4,114,484
	After distribution	1,671,486	2,042,777	1,740,207	3,232,618	4,578,396
Capital stock		550,000	550,000	550,000	550,000	579,785
Capital reserve		287,021	287,021	287,021	312,209	534,885
Retained surplus	Before distribution	1,015,872	1,096,477	1,200,995	1,565,926	1,895,656
	After distribution	784,872	859,977	931,496	1,180,724	1,431,744
Other equity		(35,202)	(29,200)	(32,228)	(24,676)	(29,400)
Total equities	Before distribution	1,817,691	1,904,298	2,005,788	2,403,459	2,980,926
	After distribution	1,586,691	1,667,798	1,736,288	2,018,257	2,517,014

Source: Yearly financial information has been verified by KPMG accountants

Note1: The 2023 earnings distribution plan was approved by the resolution of the board of directors on February 23, 2024, as the Board chairman was authorized to set the ex-dividend base date, distribution date and other related matters, which have not been distributed as of the date of publication of this prospectus.



(4) Adopting International Financial Reporting Standards(IFRS)-Individual Concise Comprehensive Income Statement

Unit : NT\$1,000

item \ year	Financial information for the last 5 years				
	2019	2020	2021	2022	2023
Operating revenue	1,532,366	1,515,803	1,742,530	2,238,066	2,322,511
Operating gross profit	551,472	651,633	650,603	931,280	1,642,225
Operating loss & profit	316,783	403,785	391,005	576,409	680,286
Non-Operating income & expenses	44,949	(25,711)	19,827	190,961	202,598
Net profit before tax	361,732	378,074	410,832	767,370	882,884
Income before tax from continuing operations	297,149	310,937	336,501	629,159	713,560
Loss from dis-continuing operations	—	—	—	—	—
Net income	297,149	310,937	336,501	629,159	713,560
Net income after tax	(13,738)	6,670	1,489	12,824	(3,352)
Total comprehensive profit & loss for the current period	283,411	317,607	336,501	641,983	710,208
Earnings per share (NT\$)	5.40	5.65	6.12	11.44	12.65

Source: Yearly financial information has been verified by KPMG accountants

(5) The name of the certified accountant for the most recent five years and their review opinions

The name of accountant for recent 5 years and their review opinions below:

Year	Name of Accounting Firm	Name	Opinions
2019	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion
2020	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion
2021	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion
2022	KPMG Accounting Firm	Mr. Yu Chi Long Mr. Lin, Heng Shen	No opinion
2023	KPMG Accounting Firm	Mr. Yu Chi Long Ms. Hsu, Ming Fang	No opinion

If there is a change of accountant in the last five years, the company, the previous and successor accountants should list the reasons for the change:

To accommodate the internal rotation mechanism of KPMG Accounting Firm, starting from the first quarter of 2023, the visa accountants will be changed from Accountant Mr. Yu Chi Long and Accountant Mr. Lin, Heng Shen to Accountant Mr. Yu Chi Long and Accountant Ms. Hsu, Ming Fang.

## 2. Financial analysis in the last five years

### (1) Adopting International Financial Reporting Standards(IFRS)-Consolidated Financial Analysis

item		year	Financial information for the last 5 years (Note1)				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio		45.12	49.77	50.91	60.62	58.44
	The ratio of long-term funds to real estate, plant and equipment		355.24	370.67	386.34	487.21	526.74
Debt-paying ability (%)	Current ratio		173.33	155.43	159.17	162.94	160.13
	Quick ratio		106.88	97.31	91.90	103.06	110.75
	Interest coverage ratio		233.79	324.30	335.86	143.11	136.99
Management capacity	Turnover rate of accounts receivable (times)		4.58	5.78	5.79	4.66	4.15
	Average cash collection days		80	64	64	79	88
	Inventory turnover rate (times)		1.10	0.95	0.98	0.86	0.69
	Payable turnover rate (times)		4.12	3.25	2.99	2.94	3.59
	Average sales days		331	383	373	427	531
	Turnover rate of real estate, plant and equipment (times)		2.94	2.93	3.50	4.08	3.95
	Turnover rate of total assets (times)		0.48	0.45	0.49	0.46	0.37
Profitability	Return on assets (%)		8.64	8.78	8.57	12.44	10.83
	Return on equity (%)		16.64	16.71	17.21	28.54	26.50
	Ratio of net profit before tax to paid-in capital (%)		67.85	69.48	78.24	141.57	153.57
	Net profit rate (%)		17.81	19.26	17.6	26.69	29.33
	Earnings per share (NT\$)		5.40	5.65	6.12	11.44	12.65
Cash Flow	Cash flow ratio (%)		30.01	20.65	12.83	38.14	42.32
	Allowable cash flow ratio (%)		156.66	136.49	84.88	2023.78	165.04
	Cash reinvestment ratio (%)		10.07	7.55	0.82	31.96	38.27
Leverage	Operating leverage		1.94	1.73	1.75	1.68	1.55
	Financial leverage		1.00	1.00	1.00	1.01	1.01
Reasons for changes in various financial ratios in the last 2 years: (If the change of increase or decrease does not reach 20%, the analysis can be omitted)							
Payable turnover rate: The main reason is that the fourth quarter of 2023 saw a significant decrease in purchases compared to the fourth quarter of 2022.							
Average sales days: The main reason is that both 2023 and 2022 saw a significant increase in product inventory.							
Turnover rate of total assets: The main reason is that both 2023 and 2022 witnessed a substantial increase in total assets.							
Allowable cash flow ratio: The main reason is that the net cash inflow from operating activities in 2023 significantly increased.							

Note 1: All the financial information has been verified by accountants.

## (2) Adopting International Financial Reporting Standards(IFRS) -Individual Financial Analysis

Year		Financial information for the last 5 years (Note1)				
Item for analysis		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	44.21	48.68	50.05	60.08	57.99
	The ratio of long-term funds to real estate, plant and equipment	391.19	406.19	419.56	521.28	557.97
Debt-paying ability (%)	Current ratio	165.36	150.46	151.44	159.62	155.58
	Quick ratio	99.04	93.19	85.15	100.11	106.95
	Interest coverage ratio	235.13	327.49	323.47	141.26	135.96
Management Capacity	Turnover rate of accounts receivable (times)	4.97	6.68	6.70	5.00	4.30
	Average cash collection days	74	55	55	73	85
	Inventory turnover rate (times)	0.97	0.96	0.98	0.85	0.68
	Payable turnover rate (times)	3.77	3.12	2.80	2.76	3.38
	Average sales days	378	380	373	428	536
	Turnover rate of real estate, plant and equipment (times)	2.99	3.03	3.49	4.18	4.02
	Turnover rate of total assets (times)	0.45	0.44	0.45	0.45	0.35
Profitability	Return on assets (%)	8.78	8.95	8.74	12.62	10.96
	Return on equity (%)	16.64	16.71	17.21	28.54	26.50
	Ratio of net profit before tax to paid-in capital (%)	65.77	68.74	74.70	130.52	152.28
	Net profit rate (%)	19.39	20.51	19.31	28.11	30.72
	Earnings per share (NT\$)	5.40	5.65	6.12	11.44	12.65
Cash Flow	Cash flow ratio (%)	28.22	18.46	11.37	35.98	42.86
	Allowable cash flow ratio (%)	124.60	125.12	76.75	101.67	156.68
	Cash reinvestment ratio (%)	8.88	3.99	Note3	27.22	36.72
Leverage	Operating leverage	1.75	1.59	1.66	1.52	1.41
	Financial leverage	1.00	1.00	1.00	1.01	1.01
Reasons for changes in various financial ratios in the last 2 years: (If the change of increase or decrease does not reach 20%, the analysis can be omitted)						
Inventory turnover rate: mainly due to significant increases in inventory in 2023 and 2022.						
Payable turnover rate: mainly due to a significant decrease in purchases in the fourth quarter of 2023 compared to the fourth quarter of 2022.						
Average sales days: mainly due to significant increases in inventory in 2023 and 2022.						
Turnover rate of total assets: mainly due to significant increases in total assets in 2023 and 2022.						
Allowable cash flow ratio: mainly due to a significant increase in net cash inflow from operating activities in 2023.						
Cash reinvestment ratio: mainly due to a significant increase in net cash inflow from operating activities in 2023.						

Source: Yearly financial reports had been verified by accountants.

Note 1: The above-mentioned financial data for each year has been verified by accountants.

Note 2: GP has applied the International Financial Reporting Standards for the first time since 2015, and 2014 comparative figures are attached. As there is no financial analysis information for 2013, it is impossible to calculate the allowable cash flow ratio.

Note 3: At the end of this form in the annual report, the following calculation formula should be listed:

### 1. Financial structure

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) The ratio of long-term funds to fixed assets = (net shareholders' equity + long-term liabilities)/net fixed assets.

### 2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.

(3) Interest protection multiple = net profit before income tax and interest expense/interest expense in the current period.

### 3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales/average accounts receivable for each period (including accounts receivable and notes receivable due to

business) Notes receivable) balance.

(2) Average number of days for cash collection =  $365 / \text{turnover rate of accounts receivable}$ .

(3) Inventory turnover rate =  $\text{cost of goods sold} / \text{average inventory value}$ .

(4) Accounts payable (including accounts payable and Tien Hos payable due to business) turnover rate =  $\text{cost of goods sold} / \text{average payables (including accounts payable and Tien Hos payable due to business) balance in each period}$ .

(5) Average sales days =  $365 / \text{inventory turnover rate}$ .

(6) Turnover rate of fixed assets =  $\text{net sales} / \text{average net fixed assets}$ .

(7) Turnover rate of total assets =  $\text{net sales} / \text{total average assets}$ .

#### 4. Profitability

(1) Return on assets =  $[\text{After-tax profit and loss} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$ .

(2) Return on shareholders' equity =  $\text{after-tax profit and loss} / \text{average net shareholders' equity}$ .

(3) Net profit rate =  $\text{after-tax profit and loss} / \text{net sales}$ .

(4) Earnings per share =  $(\text{net profit after tax} - \text{special stock dividend}) / \text{weighted average number of issued shares}$ . (Note 4)

#### 5. Cash flow

(1) Cash flow ratio =  $\text{net cash flow from operating activities} / \text{current liabilities}$ .

(2) Net cash flow allowable ratio =  $\text{net cash flow from operating activities in the most recent five years} / \text{the most recent five years (capital expenditure + inventory increase + cash dividends)}$ .

(3) Cash reinvestment ratio =  $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{gross fixed assets} + \text{long-term investment} + \text{other assets} + \text{working capital})$ . (Note 5)

#### 6. Leverage:

(1) Operating leverage =  $(\text{net operating income} - \text{variable operating costs and expenses}) / \text{operating profit}$  (Note 6).

(2) Financial leverage =  $\text{operating profit} / (\text{operating profit} - \text{interest expense})$ .

Note 4: The formula for calculating the earnings per share of the Shanghai Development Bank shall pay special attention to the following matters when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.

2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated in consideration of the circulation period.

3. Where there is a capital increase from surplus or capital reserve to capital increase, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.

4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are paid) should be deducted from the net profit after tax or increase the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: The following items should be paid special attention to when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the amount of cash outflow from capital investment each year.

3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as zero.

4. Cash dividends include cash dividends for ordinary shares and special shares.

5. Gross fixed assets refers to the total fixed assets before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

### 3. Audit Committee Audit Report of the most recent financial report

Group Up Industries, Ltd.

Audit Committee Review Report



The board of directors is hereby to prepare the company's 2023 business report, financial statements (including individual financial statements and consolidated financial statements) and the proposal for the distribution of surplus, which have been reviewed by the audit committee and believe that there are no discrepancies. Among them, the 2023 financial statements have been checked by accountants Mr. Yu Chi Long, and Ms. Hsu, Ming Fang from KPMG Accounting Firm, and a check report has been issued.

The report is prepared under Article No.14-4 of the Securities Exchange Law and Article No.219 of the Company Law.

Sincerely yours,

Robert Li  
Convener of Audit Committee



February 23, 2024

#### 4. Consolidated financial report for the most recent year, verified by an accountant

##### Letter of Statement

The entities that are required to be included in the combined financial statements of Group Up Industrial Co.,ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Group Up Industrial Co.,ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name : Group Up Industrial Co.Ltd.



Chairman : Mr.Chen, An-Shun



Date : February 23, 2024

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Group Up Industrial Co.,Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Group Up Industrial Co.,Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Group Up Industrial Co.,Ltd.

Chairman: An-Shun Chen

Date: February 23, 2024

## **Independent Auditors' Report**

To the Board of Directors of Group Up Industrial Co.,Ltd.:

### **Opinion**

We have audited the consolidated financial statements of Group Up Industrial Co.,Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **1. Revenue recognition**

Please refer to Note 4(n) "Revenue recognition" and Note 6(p) "Revenue from contracts with customers" to the consolidated financial statements.



Description of key audit matter:

The Group mainly engaged in the manufacturing and trading of general boxed-shaped equipment, automatic conveyor equipment and ovens. Revenue is recognized when the control of a product is transferred to a customer based on terms and conditions of the sales agreement. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Group's internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Group's policy; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether revenue has been recognized in the proper period.

2. Valuation of trade receivables

Please refer to Note 4(g) "impairment of financial assets", Note 5(a) "accounting assumptions and estimation uncertainty of the valuation of trade receivables", and Note 6(c) "trade receivables" to the consolidated financial statements.

Description of key audit matter:

The Group's impairment of trade receivables is assessed based on historical experience of evidence of impairment and forward-looking information, which rely on the subjective judgment of the management. Therefore, we determined that the valuation of trade receivables is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Group's internal controls on valuation of trade receivables; obtaining the evaluation report on the impairment of trade receivables; examining the trade receivables aging report, reasons of overdue receivables, and the subsequent collection of the receivables to assess whether the impairment provisions for trade receivables are reasonable.

**Other Matter**

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Hsu, Ming-Fang.

KPMG

Taipei, Taiwan (Republic of China)

February 23, 2024

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (notes 6(a)(s))	\$ 663,783	9	1,951,595	32	2130	Current contract liabilities (note 6(p))	\$ 3,331,319	46	2,253,048	37
1110	Current financial assets at fair value through profit or loss (notes 6(b)(s))	602,936	8	251,088	4	2170	Accounts payable (note 6(s))	206,788	3	512,778	8
1150	Notes receivable, net (notes 6(c)(p))	6,056	-	55,275	1	2219	Other payables, others (note 6(l)(s))	204,631	3	188,567	3
1170	Accounts receivable, net (notes 6(c)(p))	464,126	7	645,489	11	2230	Current tax liabilities	78,478	1	112,531	2
130X	Inventories (note 6(e))	1,897,653	27	1,862,257	31	2250	Current provisions (notes 6(k))	46,478	1	56,049	1
1410	Prepayments	18,811	-	18,002	-	2280	Current lease liabilities (note 6(j)(s) and 7)	3,871	-	5,289	-
1476	Other current financial assets (note 6(d) and 8)	2,557,055	36	302,116	5	2399	Other current liabilities, others	9,680	-	11,769	-
1479	Other current assets, others	4,609	-	30,528	-		<b>Total current liabilities</b>	3,881,245	54	3,140,031	51
		6,215,029	87	5,116,350	84		<b>Non-Current liabilities:</b>				
<b>Non-current assets:</b>						2530	Bonds payable (note 6(i)(s))	233,043	3	479,596	8
1511	Non-current financial assets at fair value through profit or loss (notes 6(b)(i)(s))	501	-	300	-	2570	Deferred tax liabilities (note 6(m))	24,104	-	20,357	-
1600	Property, plant and equipment(notes 6(f))	624,716	9	608,217	10	2580	Non-current lease liabilities (notes 6(j)(s) and 7)	9,166	-	11,562	-
1755	Right-of-use assets (note 6(g))	21,994	-	26,262	-	2640	Net defined benefit liability, non-current (notes 6(l)(r))	38,646	1	43,486	1
1760	Investment property, net (note 6(h))	34,599	-	40,858	1	2645	Guarantee deposits received	4,753	-	4,842	-
1840	Deferred tax assets (note 6(m))	57,720	1	54,399	1		<b>Total non-current liabilities</b>	309,712	4	559,843	9
1980	Other non-current financial assets(notes 6(d) and 8)	202,972	3	238,551	4		<b>Total liabilities</b>	4,190,957	58	3,699,874	60
1995	Other non-current assets, others	14,352	-	18,396	-	3110	<b>Equity attributable to owners of parent (notes 6(i)(n)(o)):</b>				
		956,854	13	986,983	16	3140	Ordinary share	577,916	8	550,000	9
							Advance receipts for share capital	1,869	-	-	-
								579,785	8	550,000	9
						3200	Capital surplus	534,885	8	312,209	5
							<b>Retained earnings:</b>				
						3310	Legal reserve	441,988	6	378,545	6
						3320	Special reserve	24,676	-	32,228	1
						3350	Unappropriated retained earnings	1,428,992	20	1,155,153	19
								1,895,656	26	1,565,926	26
							<b>Other equity:</b>				
						3410	Exchange differences on translation of foreign financial statements	(29,400)	-	(24,676)	-
							<b>Total equity attributable to owners of parent:</b>	2,980,926	42	2,403,459	40
							<b>Total equity</b>	2,980,926	42	2,403,459	40
							<b>Total liabilities and equity</b>	\$ 7,171,883	100	6,103,333	100
<b>Total assets</b>		<b>\$ 7,171,883</b>	<b>100</b>	<b>6,103,333</b>	<b>100</b>						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**GROUP UP INDUSTRIAL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statement of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue, net (notes 6(p))</b>	\$ 2,432,621	100	2,357,053	100
5000	<b>Operating costs (notes 6(e)(j)(k)(l)(q), 7 and 12)</b>	1,293,350	53	1,361,019	58
	<b>Gross profit from operations</b>	1,139,271	47	996,034	42
	<b>Operating expenses (notes 6(c)(j)(l)(q)):</b>				
6100	Selling expenses	141,652	6	140,074	6
6200	Administrative expenses	116,634	5	100,001	4
6300	Research and development expenses	183,402	7	164,598	7
6450	Impairment loss (gain) determined in accordance with IFRS 9	(2,499)	-	(7,564)	-
	<b>Total operating expenses</b>	439,189	18	397,109	17
6900	<b>Net operating income</b>	700,082	29	598,925	25
	<b>Non-operating income and expenses (notes 6(i)(j)(r) and 7):</b>				
7100	Interest income	108,453	5	32,625	2
7010	Other income	10,869	-	10,638	-
7020	Other gains and losses, net	77,500	3	141,916	6
7050	Finance costs	(6,547)	-	(5,479)	-
	<b>Total non-operating income and expenses</b>	190,275	8	179,700	8
7900	<b>Profit before income tax</b>	890,357	37	778,625	33
7950	Less: income tax expenses (note 6(m))	176,797	8	149,466	6
	<b>Profit</b>	713,560	29	629,159	27
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains on remeasurements of defined benefit plans	1,715	-	6,590	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to loss (note 6(m))	(343)	-	(1,318)	-
	Total items that may not be reclassified subsequently to profit or loss	1,372	-	5,272	-
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	(5,905)	-	9,440	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	1,181	-	(1,888)	-
	Total items that may be reclassified subsequently to profit or loss	(4,724)	-	7,552	-
8300	<b>Other comprehensive income</b>	(3,352)	-	12,824	-
	<b>Comprehensive income</b>	<u>\$ 710,208</u>	<u>29</u>	<u>641,983</u>	<u>27</u>
	<b>Profit attributable to:</b>				
	Owners of parent	<u>\$ 713,560</u>	<u>29</u>	<u>629,159</u>	<u>27</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	<u>\$ 710,208</u>	<u>29</u>	<u>641,983</u>	<u>27</u>
	<b>Earnings per share (note 6(o))</b>				
9750	Basic earnings per share (NT dollars)	<u>\$ 12.65</u>		<u>11.44</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 11.95</u>		<u>10.87</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES****Consolidated Statement of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Other equity		
	Retained earnings									
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2022	\$ 550,000	-	287,021	344,443	29,200	827,352	1,200,995	(32,228)	2,005,788	2,005,788
Profit for the year ended December 31, 2022	-	-	-	-	-	629,159	629,159	-	629,159	629,159
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	5,272	5,272	7,552	12,824	12,824
Comprehensive income for the year ended December 31, 2022	-	-	-	-	-	634,431	634,431	7,552	641,983	641,983
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	34,102	-	(34,102)	-	-	-	-
Special reserve	-	-	-	-	3,028	(3,028)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(269,500)	(269,500)	-	(269,500)	(269,500)
Other changes in capital surplus:										
Eqirty components recognized in convertible bonds	-	-	25,188	-	-	-	-	-	25,188	25,188
Balance on December 31, 2022	550,000	-	312,209	378,545	32,228	1,155,153	1,565,926	(24,676)	2,403,459	2,403,459
Profit for the year ended December 31, 2023	-	-	-	-	-	713,560	713,560	-	713,560	713,560
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	1,372	1,372	(4,724)	(3,352)	(3,352)
Comprehensive income for the year ended December 31, 2023	-	-	-	-	-	714,932	714,932	(4,724)	710,208	710,208
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	63,443	-	(63,443)	-	-	-	-
Reversal of special reserve	-	-	-	-	(7,552)	7,552	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(385,202)	(385,202)	-	(385,202)	(385,202)
Conversion of convertible bonds	27,916	1,869	222,676	-	-	-	-	-	252,461	252,461
Balance on December 31, 2023	\$ 577,916	1,869	534,885	441,988	24,676	1,428,992	1,895,656	(29,400)	2,980,926	2,980,926

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES****Consolidated Statement of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 890,357	778,625
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	33,927	32,738
Amortization expense	2,363	654
Expected credit gain	(2,499)	(7,564)
Net loss on financial assets or liabilities at fair value through profit or loss	(5,519)	(828)
Interest expense	6,547	5,479
Interest income	(108,453)	(32,625)
Gain on disposal of property, plant and equipment	(1,080)	(19)
Gain on disposal of investments	-	(837)
<b>Total adjustments to reconcile profit (loss)</b>	<b>(74,714)</b>	<b>(3,002)</b>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	49,219	(49,798)
Accounts receivables	183,862	(271,656)
Inventories	(35,396)	(546,875)
Prepayments	(809)	(7,294)
Other current assets	25,919	(5,800)
Contract liabilities	1,078,271	1,237,540
Accounts payable	(305,990)	101,003
Other payables	22,611	37,531
Provisions	(9,550)	566
Other current liabilities	(2,089)	275
Net defined benefit liability	(3,468)	(4,785)
<b>Total adjustments</b>	<b>927,866</b>	<b>487,705</b>
Cash inflow generated from operations	1,818,223	1,266,330
Interest received	56,333	26,224
Interest paid	(6,547)	(5,406)
Income taxes paid	(210,424)	(89,397)
<b>Net cash flows from operating activities</b>	<b>1,657,585</b>	<b>1,197,751</b>
<b>Cash flows from (used in) in investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(1,301,999)	(1,435,412)
Proceeds from disposal of financial assets at fair value through profit or loss	954,929	1,185,837
Acquisition of property, plant and equipment	(39,244)	(81,002)
Proceeds from disposal of property, plant and equipment	1,201	19
Decrease in refundable deposits	3,156	-
Acquisition of intangible assets	(5,000)	(5,017)
Other financial assets	(2,167,240)	617,681
Other non-current assets	2,718	(6,623)
<b>Net cash flows from (used in) investing activities</b>	<b>(2,551,479)</b>	<b>275,483</b>
<b>Cash flows used in financing activities:</b>		
Short-term borrowings	-	(263,700)
Proceeds from issuing bonds	-	499,810
Repayments of long-term borrowings	-	(14,889)
Increase (decrease) in guarantee deposits received	(89)	70
Payment of lease liabilities	(5,219)	(6,053)
Cash dividends paid	(385,202)	(269,500)
<b>Net cash flows used in financing activities</b>	<b>(390,510)</b>	<b>(54,262)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(3,408)</b>	<b>6,670</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,287,812)</b>	<b>1,425,642</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,951,595</b>	<b>525,953</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 663,783</b>	<b>1,951,595</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

Group Up Industrial Co.,Ltd. (the Company) was incorporated in January 1990 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is No.188, Heping Rd., Yangmei Dist., Taoyuan City. The Company and its subsidiaries (the Group) mainly engages in the manufacturing and trading of general boxed-shaped equipment for drying, preheating, and curing, automatic conveyor hot air ovens, IR drying ovens, as well as dust-free and explosion- proof vacuum oven.

The Company's trading stocks have been listed on the main board of TPEX Since September 12,2018.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)



## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2023	December 31, 2022
The Company	GROUP UP (SAMOA) Ltd.	Investment holding	100.00%	100.00%
GROUP UP (SAMOA) Ltd.	GROUP UP TECHNOLOGY (SIP) CO., LTD.	Manufacture and sales of equipment, maintain services	100.00%	100.00%
GROUP UP (SAMOA) Ltd.	Group Up Trading (Shenzhen) Limited	Sales of equipment and maintain services	100.00%	100.00%

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Nonmonetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

## **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### 1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

##### 2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or Fair value through other comprehensive income (FVOCI) described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

##### 3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

## **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Based on its experience, there have been no recoveries after 365 days.

#### 4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

##### 3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

(Continued)

## **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

**(h) Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(i) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

**(j) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)



## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	8-35 years
2) Transportation	5 years
3) Office and other equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

#### (k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### (i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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## **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings and office equipment, that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(n) Revenue from contracts with customers

- 1) Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Rendering service

The Group provides service of equipment maintenance. Revenue from providing services is recognized at a point in time when the Group satisfies its performance obligations and transfers control of service.

- 2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### (iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### (q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

#### (r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparation these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

**(a) The loss allowance of trade receivable**

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

**(b) Valuation of inventories**

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

**(c) Recognition and measurement of provisions and contingent liabilities**

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the quantities within sales contracts, the historical and others. The Group regularly reviews the basis of the estimate and, if necessary, amends it as appropriate, please refer to note 6(k).

(Continued)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand, checking accounts and demand deposits	\$ 292,803	329,693
Time deposits	370,980	1,621,902
	<b><u>\$ 663,783</u></b>	<b><u>1,951,595</u></b>

Please refer to note 6(s) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets designated at fair value through profit or loss — current		
Non-derivative financial assets — funds	\$ 602,388	250,622
Stocks listed on emerging market	548	466
Total	<b><u>\$ 602,936</u></b>	<b><u>251,088</u></b>

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets designated at fair value through profit or loss — non-current		
Non-hedging derivatives - redemption at the option of the convertible corporate bonds	<b><u>\$ 501</u></b>	<b><u>300</u></b>

(c) Notes and accounts receivable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable from operating activities	\$ 6,056	55,275
Trade receivables	466,144	650,329
Less: Loss allowance	(2,018)	(4,840)
	<b><u>\$ 470,182</u></b>	<b><u>700,764</u></b>

(Continued)



# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes receivable and accounts receivable. To measure the expected credit losses, notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 467,932	0.1%	736
1 to 90 days past due	1,918	10%	192
90 to 180 days past due	427	30%	128
More than 180 days past due	1,923	50%~100%	962
	<b>\$ 472,200</b>		<b>2,018</b>

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 686,273	0.1%	577
1 to 90 days past due	10,128	10%	1,011
90 to 180 days past due	6,742	30%	2,022
More than 180 days past due	2,461	50%~100%	1,230
	<b>\$ 705,604</b>		<b>4,840</b>

The movement in the allowance for notes and accounts receivable were as follows:

	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 4,840	12,371
Impairment losses reversed	(2,499)	(7,564)
Amounts written off	(286)	-
Other	(37)	33
Balance on December 31	<b>\$ 2,018</b>	<b>4,840</b>

As of December 31, 2023 and 2022, the Group did not provide any notes and accounts receivable as collated for its loan.

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (d) Other financial assets

	December 31, 2023	December 31, 2022
Time deposits with maturity of more than three months	\$ 2,669,561	520,312
Interest receivable	67,065	-
Restricted time deposits	23,401	20,355
Total	<u>\$ 2,760,027</u>	<u>540,667</u>

Please refer to note 8 for other financial assets pledged as collateral for performance guarantee, short-term borrowings and long-term borrowings as of December 31, 2023 and 2022.

### (e) Inventories

	December 31, 2023	December 31, 2022
Raw materials and semi-finished goods	\$ 135,297	167,593
Work in progress	1,757,769	1,685,905
Finished goods	4,587	8,759
	<u>\$ 1,897,653</u>	<u>1,862,257</u>

The details of the cost of sales were as follows:

	2023	2022
Inventory that has been sold	\$ 1,096,235	1,209,999
Impairment losses reversed	71,442	17,457
Maintenance costs	95,688	100,757
Others	29,985	32,806
	<u>\$ 1,293,350</u>	<u>1,361,019</u>

As of December 31, 2023 and 2022, the Group did not provide any inventories as collateral for its loans.

### (f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Transportation Equipment	Office and Other Equipment	Construction in progress Equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 259,316	316,168	16,806	106,465	91,347	790,102
Additions	-	3,151	3,491	7,845	24,757	39,244
Disposal	-	-	(7,087)	-	-	(7,087)
Reclassification	-	58,382	-	24,790	(83,172)	-
Effect of movements in exchange rates	-	(1,637)	(78)	(506)	-	(2,221)
Balance on December 31, 2023	<u>\$ 259,316</u>	<u>376,064</u>	<u>13,132</u>	<u>138,594</u>	<u>32,932</u>	<u>820,038</u>

(Continued)

# **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Office and Other Equipment</u>	<u>Construction in progress Equipment</u>	<u>Total</u>
Balance on January 1, 2022	\$ 259,316	314,874	16,249	102,466	14,556	707,461
Additions	-	-	600	3,611	76,791	81,002
Disposal	-	-	(108)	-	-	(108)
Effect of movements in exchange rates	-	1,294	65	388	-	1,747
Balance on December 31, 2022	<u>\$ 259,316</u>	<u>316,168</u>	<u>16,806</u>	<u>106,465</u>	<u>91,347</u>	<u>790,102</u>
Deprecation and impairments loss:						
Balance on January 1, 2023	\$ -	101,923	11,768	68,194	-	181,885
Depreciation	-	11,893	1,592	8,457	-	21,942
Disposal	-	-	(6,966)	-	-	(6,966)
Effect of movements in exchange rates	-	(1,032)	(63)	(444)	-	(1,539)
Balance on December 31, 2023	<u>\$ -</u>	<u>112,784</u>	<u>6,331</u>	<u>76,207</u>	<u>-</u>	<u>195,322</u>
Balance on January 1, 2022	\$ -	90,149	8,909	61,220	-	160,278
Depreciation	-	11,084	2,924	6,632	-	20,640
Disposal	-	-	(108)	-	-	(108)
Effect of movements in exchange rates	-	690	43	342	-	1,075
Balance on December 31, 2022	<u>\$ -</u>	<u>101,923</u>	<u>11,768</u>	<u>68,194</u>	<u>-</u>	<u>181,885</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 259,316</u>	<u>263,280</u>	<u>6,801</u>	<u>62,387</u>	<u>32,932</u>	<u>624,716</u>
Balance on January 1, 2022	<u>\$ 259,316</u>	<u>224,725</u>	<u>7,340</u>	<u>41,246</u>	<u>14,556</u>	<u>547,183</u>
Balance on December 31, 2022	<u>\$ 259,316</u>	<u>214,245</u>	<u>5,038</u>	<u>38,271</u>	<u>91,347</u>	<u>608,217</u>

As of December 31, 2023 and 2022, the property, plant and equipment of the Group were not pledged as collaterals.

(g) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance on January 1, 2023	\$ 18,108	14,650	8,329	41,087
Additions	-	-	1,526	1,526
Disposal	-	-	(5,430)	(5,430)
Effect of movements in exchange rates	(257)	(29)	(4)	(290)
Balance on December 31, 2023	<u>\$ 17,851</u>	<u>14,621</u>	<u>4,421</u>	<u>36,893</u>
Balance on January 1, 2022	\$ 17,905	11,013	8,534	37,452
Additions	-	3,615	739	4,354
Disposal	-	-	(947)	(947)
Effect of movements in exchange rates	203	22	3	228
Balance on January 1, 2022	<u>\$ 18,108</u>	<u>14,650</u>	<u>8,329</u>	<u>41,087</u>

(Continued)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<b>Accumulated depreciation and impairment losses:</b>				
Balance on January 1, 2023	\$ 5,574	4,174	5,077	14,825
Depreciation	1,105	2,009	2,500	5,614
Disposal	-	-	(5,430)	(5,430)
Effect of movements in exchange rates	(87)	(20)	(3)	(110)
Balance on December 31, 2023	<u><b>\$ 6,592</b></u>	<u><b>6,163</b></u>	<u><b>2,144</b></u>	<u><b>14,899</b></u>
Balance on January 1, 2022	\$ 4,407	2,302	3,332	10,041
Depreciation	1,107	1,866	2,691	5,664
Disposal	-	-	(947)	(947)
Effect of movements in exchange rates	60	6	1	67
Balance on December 31, 2022	<u><b>\$ 5,574</b></u>	<u><b>4,174</b></u>	<u><b>5,077</b></u>	<u><b>14,825</b></u>
<b>Carrying amount:</b>				
Balance on December 31, 2023	<u><b>\$ 11,259</b></u>	<u><b>8,458</b></u>	<u><b>2,277</b></u>	<u><b>21,994</b></u>
Balance on January 1, 2022	<u><b>\$ 13,498</b></u>	<u><b>8,711</b></u>	<u><b>5,202</b></u>	<u><b>27,411</b></u>
Balance on December 31, 2022	<u><b>\$ 12,534</b></u>	<u><b>10,476</b></u>	<u><b>3,252</b></u>	<u><b>26,262</b></u>

(h) Investment property

	<u>Buildings</u>
<b>Cost or deemed cost:</b>	
Balance on January 1, 2023	<u><b>\$ 119,416</b></u>
Balance on December 31, 2023	<u><b>\$ 117,221</b></u>
Balance on January 1, 2022	<u><b>\$ 117,682</b></u>
Balance on December 31, 2022	<u><b>\$ 119,416</b></u>
<b>Accumulated depreciation and impairment losses:</b>	
Balance on January 1, 2023	<u><b>\$ 78,558</b></u>
Balance on January 1, 2023	<u><b>\$ 82,622</b></u>
Balance on January 1, 2022	<u><b>\$ 71,888</b></u>
Balance on December 31, 2022	<u><b>\$ 78,558</b></u>
<b>Carrying amount:</b>	
Balance on January 1, 2023	<u><b>\$ 34,599</b></u>
Balance on December 31, 2022	<u><b>\$ 45,794</b></u>
Balance on January 1, 2022	<u><b>\$ 40,858</b></u>
<b>Fair value:</b>	
Balance on December 31, 2023	<u><b>\$ 110,555</b></u>
Balance on December 31, 2022	<u><b>\$ 91,530</b></u>

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the years ended December 31, 2023 and 2022.

The fair value of investment property was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued.

As of December 31, 2023 and 2022, the investment property of the Group had not been pledged as collateral.

(i) Convertible bonds payable

	December 31, 2023	December 31, 2022
Total amount of issuing convertible corporate bonds	\$ 238,800	500,000
Unamortized discounted corporate bonds payable	(5,757)	(20,404)
Convertible corporate bonds payable balance	<u>\$ 233,043</u>	<u>479,596</u>
Embedded derivatives - redemption (included in financial liabilities at fair value through profit or loss—non current)	<u>\$ 501</u>	<u>300</u>
Equity components - conversion options (included in capital surplus—share options)	<u>\$ 12,030</u>	<u>25,188</u>
	<u>2022</u>	<u>2022</u>
Gain on remeasurements of embedded derivative at fair value	<u>\$ 743</u>	<u>152</u>
Interest expense	<u>\$ 6,448</u>	<u>4,826</u>

The Company issued the first domestic unsecured convertible corporate bonds and recognized conversion options and the liability component as equity and liability, respectively. The detailed information was as follows:

	<u>The first domestic unsecured convertible corporate bonds</u>
The present value of the convertible corporate bonds at the time of issuance	\$ 474,770
Embedded derivative financial assets at the time of issuance – redemption	(148)
Equity components at the time of issuance	<u>25,188</u>
Total amount of convertible corporate bonds payable at the time of issuance	<u>\$ 499,810</u>

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## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Company issued the first domestic unsecured conversion corporate bonds on May 30, 2022, with a total issuance amount of NT\$500 million, and the main issuance conditions are as follows:

- (i) Offering price : 101% of par value
- (ii) Coupon rate : 0%
- (iii) Issuance rate : Three years (2022.5.30-2025.5.30)
- (iv) The Company right of redemption

From the day following the expiration of three months after the date of issuance to 40 days before the expiration of the issuance period, if the closing price of Company's ordinary shares is equal to or greater than the conversion price by 30% for 30 consecutive trading days, or the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company may redeem the bonds in cash at face value.

- (v) Bondholders' put option:

The holders of the first domestic unsecured convertible bonds have no right to request the Company or repurchase the convertible bond.

- (vi) Terms of conversion

- 1) From the day following three months after the date of issue to maturity, the holders of the above-mentioned conversion bonds may convert them into ordinary shares of the Company in accordance with the terms of conversion prescribed by the Company.

- 2) Terms of conversion price

The conversion price was set at \$96 per share at the time of issue. When the number of ordinary shares of the Company changes, or other convertible bonds are issued with a conversion price lower than the market price, the conversion price will be adjusted based on a formula in accordance with the terms of issue. On December 31, 2023, the conversion price was \$85.6 per share.

- (j) Lease liabilities

The Group's lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 3,871</u>	<u>5,289</u>
Non-current	<u>\$ 9,166</u>	<u>11,562</u>

For the maturity analysis, please refer to note 6(s).

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# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss was as follows:

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<u>\$ 99</u>	<u>121</u>
Expenses relating to short term leases	<u>\$ 5,252</u>	<u>2,029</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 925</u>	<u>634</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 11,396</u>	<u>8,716</u>

(i) Real estate leases

The Group leases land and buildings for its office space, factory, and employees' dormitories. The leases of land typically run for five to fifty years, and of buildings for five to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases transportation equipment, with lease terms of three years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(k) Provisions

The movement in warranty provisions was as follow:

	<b>2023</b>	<b>2022</b>
Balance on January 1	<u>\$ 56,049</u>	<u>55,405</u>
Provisions made (used) during the year	(9,550)	566
Effect of movements in exchange rates	(21)	78
Balance on December 31	<u>\$ 46,478</u>	<u>56,049</u>

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (i) The provision for warranties relates mainly to maintenance of product. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.
- (ii) As of December 31, 2023 and 2022, the warranty provisions would have increased or decreased by \$5,536 thousand and \$5,393 thousand, respectively, when the rate of warranty provisions increased or decreased by 0.25%.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligations	\$ 77,816	80,897
Fair value of plan assets	(39,170)	(37,411)
Net defined benefit liabilities	<b><u>\$ 38,646</u></b>	<b><u>43,486</u></b>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group Bank of Taiwan labor pension reserve account amounted to \$39,170 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligations on January 1	\$ 80,897	84,528
Benefits paid	(2,646)	-
Current service costs and interest cost	1,147	726
Remeasurements loss (gain):		
— Actuarial loss (gain) arising from financial assumptions	424	(2,595)
— Actuarial loss (gain) due to experience adjustments	(2,006)	(1,762)
Defined benefit obligations on December 31	<b><u>\$ 77,816</u></b>	<b><u>80,897</u></b>

#### 3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Fair value of plan assets on January 1	\$ 37,411	30,985
Interest income	472	216
Re-measurements loss (gain) — return on plan assets excluding interest income	133	2,233
Contributions paid by the employer	3,800	3,977
Benefits paid	(2,646)	-
Fair value of plan assets on December 31	<b><u>\$ 39,170</u></b>	<b><u>37,411</u></b>

#### 4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Current service costs	\$ 128	134
Net interest of net liabilities for defined benefit obligations	547	376
	<b><u>\$ 675</u></b>	<b><u>510</u></b>

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## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 5) Actuarial assumptions

The principal actuarial assumptions at the reporting date was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.18%	1.26%
Future salary increase rate	3.00%	3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$3,507 thousand.

The weighted-average lifetime of the defined benefits plans is 7 years.

#### 6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences on defined benefit obligation</b>	
	<b>Increased 0.50%</b>	<b>Decreased 0.50%</b>
December 31, 2023		
Discount rate	\$ (2,784)	3,004
Future salary increasing rate	2,935	(2,709)
December 31, 2022		
Discount rate	(3,244)	3,515
Future salary increasing rate	3,436	(3,207)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of the Labor Insurance amounted to \$19,874 thousand and \$18,452 thousand for the years ended December 31, 2021 and 2020, respectively.

### (iii) Short-term employee benefits provisions

	December 31, 2023	December 31, 2022
Employee paid leave provisions (recognized in other payables)	<u>\$ 6,920</u>	<u>7,234</u>

### (m) Income taxes

#### (i) The components of income tax for 2023 and 2022 were as follows:

	2023	2022
Current tax expense	\$ 175,533	167,366
Deferred tax expense (benefit)	1,264	(17,900)
Income tax expense	<u>\$ 176,797</u>	<u>149,466</u>

The amount of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (343)</u>	<u>(1,318)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>\$ 1,181</u>	<u>(1,888)</u>

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Reconciliation of income tax and profit before tax in 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Profit excluding income tax	\$ 890,357	778,625
Income tax using the Company's domestic tax rate	178,071	155,725
Effect of tax rates in foreign jurisdiction	(694)	1,726
Tax-exempt income	(462)	(167)
Tax incentives	(19,516)	(20,864)
Undistributed earnings additional tax	9,667	1,719
Change in provision in prior periods	2,943	4,049
Others	6,788	7,278
Income tax expense	<b><u>\$ 176,797</u></b>	<b><u>149,466</u></b>

(ii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	<b>Investment income and Others</b>
Balance on January 1, 2023	\$ 20,357
Recognized in profit or loss	3,747
Balance on December 31, 2023	<b><u>\$ 24,104</u></b>
Balance on January 1, 2022	\$ 37,156
Recognized in profit or loss	(16,799)
Balance on December 31, 2022	<b><u>\$ 20,357</u></b>

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Deferred tax assets:

	Defined Benefit Plans	Inventory provisions	Expected credit loss	Total
Balance on January 1, 2023	\$ 10,319	26,438	17,642	54,399
Recognized in profit or loss	(625)	11,270	(8,162)	2,483
Recognized in other comprehensive income	(343)	-	1,181	838
Balance on December 31, 2023	<b>\$ 9,351</b>	<b>37,708</b>	<b>10,661</b>	<b>57,720</b>
Balance on January 1, 2022	\$ 12,282	23,438	20,784	56,504
Recognized in profit or loss	(645)	3,000	(1,254)	1,101
Recognized in other comprehensive income	(1,318)	-	(1,888)	(3,206)
Balance on December 31, 2022	<b>\$ 10,319</b>	<b>26,438</b>	<b>17,642</b>	<b>54,399</b>

(iii) The Company's tax returns for the years through 2021 was assessed by the Taipei National Tax Administration.

(n) Capital and other equity

As of December 31, 2023 and 2022, the authorized capital of the Company all amounted to \$800,000 thousand, consisting of 80,000 thousand shares, with par value of \$10 per share, and the issued capital consisted of 57,792 thousand shares and 55,000 thousand shares, respectively. All proceeds from the shares issued have been collected.

(i) Ordinary shares

For the years ended December 31, 2023, the holders of convertible bonds issued by the Company exercised their rights by converting their bonds into 2,979 thousand shares of common stock, at the amount of \$29,785 thousand, wherein the related registration procedures of 2,792 thousand shares had been completed as of the reporting date, with the remaining 187 thousand shares, whose related registration procedures have yet to be completed, having been recognized as advance receipts for share capital.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Capital surplus

The balances of capital surplus was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share capital	\$ 493,201	257,367
Employee share options	29,654	29,654
Equity components of convertible corporate bonds	12,030	25,188
	<b><u>\$ 534,885</u></b>	<b><u>312,209</u></b>

According to the R.O.C. Company Act, capital surplus can only be used to offset deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

#### (iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The distribution of earnings or legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

Since the Company is in its growth stage and developing its business expansion, earnings are distributed in consideration of the Company's capital expenditure budget and capital needs. The distribution will be proposed by the Board of directors and resolved during the shareholders' meeting. With the dividends exceeding 10% of the distributable earnings each year, unless the accumulated distributable earnings are less than 10% of the paid-in capital. Earnings can be distributed by way of cash or stock dividends, wherein cash dividends shall not be less than 10% of the total distribution.

##### 1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2021 earnings in 2022, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2022 earnings in 2023, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

#### 3) Earnings distribution

The amounts of cash dividends for 2022 and 2021 had been approved during board meeting held on February 24, 2023 and February 25, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 6.83	<u>385,202</u>	4.90	<u>269,500</u>

The amount of cash dividends for 2023 have been approved and proposed during the board meeting held on February 23, 2024 as follow:

	2023	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 8.00	<u>463,912</u>

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iv) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2023	\$ (24,676)
Exchange differences arising from translation of foreign operations	(4,724)
Balance on December 31, 2023	<b><u>\$ (29,400)</u></b>
Balance on January 1, 2022	\$ (32,228)
Exchange differences arising from translating foreign operations	7,552
Balance on December 31, 2022	<b><u>\$ (24,676)</u></b>

### (o) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended 2023 and 2022 was as follows:

	Unit: earnings per share in dollars/in thousand of shares	
	<b>2023</b>	<b>2022</b>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<b><u>\$ 713,560</u></b>	<b><u>629,159</u></b>
Weighted average number of outstanding ordinary shares (in thousands)	56,411	55,000
	<b><u>\$ 12.65</u></b>	<b><u>11.44</u></b>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (basic)	\$ 713,560	629,159
Gain on revaluation in value of the redemption at the option of the convertible corporate bonds measured at fair value	(594)	(152)
Interest expense of convertible bonds	5,159	4,826
Profit attributable to ordinary shareholders of the Company	<b><u>718,125</u></b>	<b><u>633,833</u></b>
Weighted average number of outstanding ordinary shares (in thousands)	56,411	55,000
Effect of employee share bonus	174	255
Effect of convertible bonds	3,516	3,082
Weighted average number of outstanding ordinary shares (diluted)	60,101	58,337
	<b><u>\$ 11.95</u></b>	<b><u>10.87</u></b>

(Continued)



# **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

## **Notes to the Consolidated Financial Statements**

(p) Revenue from contracts with customers

(i) Details of revenue

<b>2023</b>				
	<b>GROUP UP INDUSTRIAL CO., LTD.</b>	<b>GROUP UP TECHNOL OGY (SIP) CO., LTD.</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 410,146	-	-	410,146
China	1,681,967	103,249	38,534	198,725
Others	195,776	2,949	-	198,725
	<b><u>\$ 2,287,889</u></b>	<b><u>106,198</u></b>	<b><u>38,534</u></b>	<b><u>2,432,621</u></b>
Major products:				
Equipment	\$ 2,256,896	70,967	28,343	2,356,206
Service	30,993	12,185	10,191	53,369
Others	-	23,046	-	23,046
	<b><u>\$ 2,287,889</u></b>	<b><u>106,198</u></b>	<b><u>38,534</u></b>	<b><u>2,432,621</u></b>
<b>2022</b>				
	<b>GROUP UP INDUSTRIAL CO., LTD.</b>	<b>GROUP UP TECHNOL OGY (SIP) CO., LTD.</b>	<b>Other segments</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 714,712	-	-	714,712
China	1,152,272	153,898	26,767	1,332,937
Others	309,404	-	-	309,404
	<b><u>\$ 2,176,388</u></b>	<b><u>153,898</u></b>	<b><u>26,767</u></b>	<b><u>2,357,053</u></b>
Major products:				
Equipment	\$ 2,151,445	115,954	22,227	2,289,626
Service	24,943	15,478	4,540	44,961
Others	-	22,466	-	22,466
	<b><u>\$ 2,176,388</u></b>	<b><u>153,898</u></b>	<b><u>26,767</u></b>	<b><u>2,357,053</u></b>

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 6,056	55,275	5,477
Accounts receivable	466,144	650,329	378,640
Less: allowance for impairment	(2,018)	(4,840)	(12,371)
Total	<u>\$ 470,182</u>	<u>700,764</u>	<u>371,746</u>
Contract liabilities	<u>\$ 3,331,319</u>	<u>2,253,048</u>	<u>1,015,508</u>

For details on notes receivables and accounts receivable and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$963,880 thousand and \$841,732 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(iii) Transaction price allocated to the remaining performance obligations

The contract has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(q) Employees compensation and directors' remuneration

In accordance with the articles of incorporation, the Company shall allocate no less than 2% of the profit as employee remuneration and no more than 5% as directors' remuneration when there is profit for the year. The distribution of remuneration shall be approved by the majority of directors at the Board of Directors meeting, attended by more than two thirds of the directors; thereafter, to be submitted during the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration all amounting to \$22,000 thousand, and directors' remuneration all amounting to \$5,500 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses each year. The differences between accrual and actual distribution, if any, would be treated as changes in accounting estimates and recognized as profit or loss in next year. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(Continued)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(r) Non-operating income and expenses

(i) Interest income

The details of interest income for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 108,353	32,554
Other interest income	100	71
	<b><u>\$ 108,453</u></b>	<b><u>32,625</u></b>

(ii) Other gains and losses

The details of other gains and losses for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Foreign exchange gains (losses)	\$ 70,845	141,680
Gains on disposals of investments	-	837
Gains on disposals of property, plant and equipment	1,080	19
Gains on financial assets at fair value through profit or loss	5,519	828
Others	56	(1,448)
	<b><u>\$ 77,500</u></b>	<b><u>141,916</u></b>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group believes that there is no significant concentration of credit risk due to the Group's large number of customers and their wide geographic spread. In order to reduce credit risk, the Group evaluates the financial status of customers regularly without requiring its customers to provide collateral.

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6~12 months</u>	<u>1~2 years</u>	<u>2~ 5 years</u>	<u>Over 5 years</u>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Accounts payable and other payables	\$ 411,419	411,419	411,419	-	-	-	-
Convertible bonds payable	233,043	238,800	-	-	238,800	-	-
Lease liabilities	13,037	13,389	2,130	1,817	3,175	2,517	3,750
	<u>\$ 657,499</u>	<u>663,608</u>	<u>413,549</u>	<u>1,817</u>	<u>241,975</u>	<u>752,072</u>	<u>3,750</u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Accounts payable and other payables	\$ 701,345	701,345	701,345	-	-	-	-
Convertible bonds payable	479,596	500,000	-	-	-	500,000	-
Lease liabilities	16,851	17,285	2,845	2,541	3,440	4,349	4,110
	<u>\$ 1,197,792</u>	<u>1,218,630</u>	<u>704,190</u>	<u>2,541</u>	<u>3,440</u>	<u>504,349</u>	<u>4,110</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

### (iii) Currency risk

#### 1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	68,795	30.705	61,153	30.710	1,878,009
CNY		54,057	4.327	54,908	4.408	242,034
<u>Financial liabilities</u>						
<u>Monetary items:</u>						
USD		1,050	30.705	272	30.710	8,353
CNY		57	4.327	1,386	4.408	6,109

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables and trade payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD and CNY as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$18,510 thousand and \$16,845 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

#### 3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$70,845 thousand and \$141,680 thousand, respectively.

#### (iv) Fair value of financial instruments

##### 1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

		December 31, 2023				
		Fair Value				
Book Value		Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss	\$	603,437	602,936	501	-	603,437
		December 31, 2022				
		Fair Value				
Book Value		Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss	\$	251,388	251,088	300	-	251,388

##### 2) Valuation techniques for financial instruments measured at fair value

###### (2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

(Continued)

## **GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(t) Financial risk management

(i) Overview

The Group have exposure to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statement

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

##### 1) Notes receivable, accounts and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

##### 2) Investments

The cash of the Group is kept in different financial institutions and credit risks exposed to each financial institution are properly controlled, and therefore, there is no significant credit risk.

##### 3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, no other guarantees were outstanding.

#### (iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

#### (v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### 1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Chinese Yuan (CNY) and US Dollar (USD).

##### 2) Interest rate risk

Some of the Group's long and short-term borrowings are debts with floating interest rates. Therefore, movement of the market interest rate will affect the interest rate of the loans accordingly, which will cause fluctuations in its future cash flow.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Other Risk

The Group has not entered into a long-term purchase contract other than to meet anticipated consumption and sales requirement.

#### (u) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group's equity capital ratios on December 31, 2023 and 2022 was as follows:

	December 31, 2023	December 31, 2022
Total equity	<u>\$ 2,980,926</u>	<u>2,403,459</u>
Total assets	<u>\$ 7,171,883</u>	<u>6,103,333</u>
Equity capital ratio at December 31	<u>42%</u>	<u>39%</u>

There were no changes in the Group's approach to capital management during the year.

#### (v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2023 were acquisition of right-of-used assets by leasing. Please refer to Note 6(g) and (j).

### (7) Related-party transactions:

#### (a) Names and relationship with the Group

The followings are the Group that have had transactions with the Group during the periods covered in the financial statements.

Key management personnel	Relationship with the Group
An-Shun Chen	Key management personnel
Jung-Kung Lee	Key management personnel
Tien-Ho Yu	Key management personnel
Wen-Chang Lai	Key management personnel
Hung-Chan Chen	The person is a first-degree relative of the Key management personnel
Che-Kuan Yu	The person is a first-degree relative of the Key management personnel

(Continued)



# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (b) Significant transactions with related parties

#### (i) Leases

The Group rented office buildings from its related party. A five-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$10,662 thousand. For the years ended December 31, 2023 and 2022, the Group recognized the amount of \$37 thousand and \$52 thousand as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$4,407 thousand and \$6,515 thousand, respectively. The Group rented employees' dormitories and vehicle from its related party. A short-term lease contract was signed, in which the rental fee is determined based on local rental rates. The total value of the contract was \$3,577 thousand. For the year ended December 31, 2023, the Group recognized the amount of 2,096 thousand as rental expense.

### (c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	<u>\$ 36,350</u>	<u>30,575</u>

### (8) Pledged assets:

The carrying value of pledged assets were as follows:

Pledged assets	Pledged assets	December 31, 2023	December 31, 2022
Time deposits (classified in other financial assets)	Performance guarantee letter	<u>\$ 23,401</u>	<u>20,355</u>

### (9) Significant commitments and contingencies:

As of December 31, 2023, the Group's performance guarantee letter and standby letter of credit provided by the bank was \$18,531 thousand.

### (10) Losses due to major disasters:None

### (11) Subsequent events:None

(Continued)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sale	Operating expenses	Total
Employee benefits							
Salary		200,011	162,863	362,874	200,999	139,426	340,425
Labor and health insurance		13,190	8,654	21,844	12,546	7,242	19,788
Pension		14,776	5,773	20,549	13,809	5,153	18,962
Remuneration of directors		-	8,176	8,176	-	8,182	8,182
Others		11,994	8,683	20,677	10,797	9,079	19,876
Depreciation		17,897	16,030	33,927	15,442	17,296	32,738
Amortization		1,356	1,007	2,363	338	316	654

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership	Fair value		
The Company	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss — current	4,723	50,188	- %	50,188	12,350	
"	Capital Money Market Fund	"	"	3,045	50,506	- %	50,506	6,107	
"	Hua Nan Phoenix Money Market Fund	"	"	3,005	50,250	- %	50,250	8,457	
"	Union Money Market Fund	"	"	3,695	50,161	- %	50,161	7,416	
"	Deutsche Far Eastern DWS Taiwan Money Market Fund	"	"	4,184	50,292	- %	50,292	8,382	
"	Jih Sun Money Market Fund	"	"	3,293	50,232	- %	50,232	4,354	
"	TCB Taiwan Money Market Fund	"	"	4,822	50,215	- %	50,215	4,822	

(Continued)

**GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership	Fair value		
The Company	Eastspring Investments Well Pool Money Market Fund	N/A	Financial assets at fair value through profit or loss — current	3,589	50,110	- %	50,110	3,589	
"	Yuanta De-Li Money Market Fund	"	"	2,989	50,114	- %	50,114	2,989	
"	JPMorgan (Taiwan) Taiwan First Money Market Fund	"	"	3,246	50,129	- %	50,129	9,763	
"	Mega Diamond Money Market Fund	"	"	3,884	50,097	- %	50,097	3,884	
"	Fuh Hwa Money Market	"	"	3,387	50,094	- %	50,094	10,226	
"	ECLAT FOREVER TECHNOLOGY CO., LTD.	"	"	11	548	0.03%	548	11	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Allianz Global Investors Taiwan Money Market Fund	Financial asset	-	-	-	-	11,724	150,000	11,724	180,459	150,000	459	-	-
"	Fuh Hwa Money Market (Taiwan)	"	-	-	3,427	50,123	6,799	100,000	6,839	100,262	100,000	262	3,387	50,094
"	JPMorgan Taiwan First Money Market Fund	"	-	-	-	-	9,763	150,000	6,517	100,202	100,000	202	3,246	50,129
"	Hua Nan Phoenix Money Market Fund	"	-	-	3,038	50,193	5,418	90,000	5,452	90,000	90,343	150	3,005	50,250

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: Please refer to notes 6(b) and (i)

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	GROUP UP TECHNOLOGY (SIP) CO., LTD.	1	Purchases	10,601	The terms of transaction are not significantly different from those of the third parties.	0.44%
0	"	"	1	Sales	24,266	"	1.00%
0	"	"	1	Maintenance costs	33,161	"	1.36%
0	"	"	1	Accounts receivable due from related parties	3,281	"	0.05%
0	"	"	1	Accounts payable due from related parties	5,671	"	0.08%
0	"	GROUP UP Trading (Shenzhen) Limited	1	Purchases	2,791	"	0.11%
0	"	"	1	Sales	10,356	"	0.43%
0	"	"	1	Maintenance costs	26,817	"	1.10%
0	"	"	1	Account receivables due from related parties	2,376	"	0.03%
0	"	"	1	Account payables due to related parties	4,975	"	0.07%

Note 1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

Note 2: The relationships between transaction parties are as follows:

1. parent to subsidiary
2. subsidiary to parent
3. subsidiary to subsidiary

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 4: Significant intercompany transactions are disclosed only for transactions of the parent company to its subsidiary. Transactions from subsidiary to parent company are not disclosed.

(Continued)

## GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for 2023 (excluding information on investees in Mainland China):

(In Thousands of shares and USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value				
The Company	GROUP (SAMOA) Ltd.	SAMOA	Investment holdings	399,464 (USD12,500)	399,464 (USD12,500)	12,500	100.00%	472,848	12,500	18,526	18,736	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of USD)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
GROUP UP TECHNOLOGY (SIP) CO., LTD.	Manufacture and sales of equipment, maintenance services	326,105 (USD10,000)	(2)	373,898 (USD11,700)	-	-	373,898 (USD11,700)	12,176	100.00%	100.00%	12,176	390,959	107,186
GROUP UP Trading (Shenzhen) Limited	Sales of equipment and maintenance services	15,979 (USD500)	(2)	15,979 (USD500)	-	-	15,979 (USD500)	9,082	100.00%	100.00%	9,082	35,698	-

Note 1: There are three kinds of investments.

(1) Invest directly in Mainland China Companies.

(2) Invest in Mainland China by remitting through a third region.

(3) Others.

Note 2: The recognition of gain and loss on investment based on the financial report which was audited by Group's auditor.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
389,877 (USD12,200)	389,877 (USD12,200)	1,788,556

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Tung Tak Investment Co., Ltd.		3,632,928	6.26%

(Continued)

# GROUP UP INDUSTRIAL CO.,LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (14) Segment information:

#### (a) General information

The management of the Group has identified the reporting departments based on the reporting information used by the operational decision makers in making decisions. The operating decision makers run the business in the point of view by categorized of product and service. Also, divided the reported department into Group Up Industrial Co., Ltd and Group Up Technology (SIP) Co., Ltd. Part of subsidiaries 's information is not included in the operating decision-making report due to the small scale of operation, its operating results expressed under "other segment".

#### (b) Information about reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follow:

<b>2023</b>					
	<b>GROUP UP INDUSTRIAL CO., LTD.</b>	<b>GROUP UP TECHNOLOGY (SIP) CO., LTD.</b>	<b>Other segment</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>Revenue:</b>					
Revenue from external customers	\$ 2,287,889	106,198	38,534	-	2,432,621
Intersegment revenues	34,622	44,408	26,222	(105,252)	-
Total revenue	<u>\$ 2,322,511</u>	<u>150,606</u>	<u>64,756</u>	<u>(105,252)</u>	<u>2,432,621</u>
<b>Reportable segment profit or loss</b>	<u>\$ 882,884</u>	<u>12,176</u>	<u>28,182</u>	<u>(32,885)</u>	<u>890,357</u>
<b>Reportable segment assets</b>	<u>\$ 6,622,562</u>	<u>460,466</u>	<u>159,783</u>	<u>(70,928)</u>	<u>7,171,883</u>
<b>Reportable segment liabilities</b>	<u>\$ 4,114,484</u>	<u>69,507</u>	<u>66,596</u>	<u>(59,630)</u>	<u>4,190,957</u>
<b>2022</b>					
	<b>GROUP UP INDUSTRIAL CO., LTD.</b>	<b>GROUP UP TECHNOLOGY (SIP) CO., LTD.</b>	<b>Other segment</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>Revenue:</b>					
Revenue from external customers	\$ 2,176,388	153,897	26,768	-	2,357,053
Intersegment revenues	61,677	51,762	24,827	(138,266)	-
Total revenue	<u>\$ 2,238,065</u>	<u>205,659</u>	<u>51,595</u>	<u>(138,266)</u>	<u>2,357,053</u>
<b>Reportable segment profit or loss</b>	<u>\$ 767,370</u>	<u>33,565</u>	<u>24,370</u>	<u>(46,680)</u>	<u>778,625</u>
<b>Reportable segment assets</b>	<u>\$ 5,561,838</u>	<u>475,721</u>	<u>103,208</u>	<u>(37,434)</u>	<u>6,103,333</u>
<b>Reportable segment liabilities</b>	<u>\$ 3,617,820</u>	<u>89,654</u>	<u>17,750</u>	<u>(25,350)</u>	<u>3,699,874</u>

(Continued)

## (c) Product and service information

Revenue from the external customers of the Group was as follows:

<b>Product and services</b>	<b>2023</b>	<b>2022</b>
Equipment	\$ 2,356,206	2,289,626
Services	53,369	44,961
Others	23,046	22,466
<b>Total</b>	<b>\$ 2,432,621</b>	<b>2,357,053</b>

## (d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

<b>Geographical information</b>	<b>2023</b>	<b>2022</b>
Revenue from external customers:		
Taiwan	\$ 410,146	714,712
China	1,823,750	1,332,937
Other	198,725	309,404
<b>Total</b>	<b>\$ 2,432,621</b>	<b>2,357,053</b>

<b>Geographical information</b>	<b>2023</b>	<b>2022</b>
Non-current assets:		
Taiwan	\$ 637,306	619,867
China	261,327	312,417
<b>Total</b>	<b>\$ 898,633</b>	<b>932,284</b>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, other non-current financial assets, other non-current assets, not including deferred tax assets.

## (e) Major customers

Operating revenue from a customer exceeding 10% of the Consolidated statement of comprehensive income as 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Revenue from external customers:		
Customer - U	\$ 314,378	-

## **5. The individual financial report of the most recent year that has been verified by accountants**

### **Independent Auditors' Report**

To the Board of Directors of Group Up Industrial Co., Ltd.:

#### **Opinion**

We have audited the financial statements of Group Up Industrial Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### **1. Revenue recognition**

Please refer to Note 4(n) "Revenue recognition" and Note 6(p) "Revenue from contracts with customers" to the financial statements.

Description of key audit matter:

The Company mainly engaged in the manufacturing and trading of general boxed-shaped equipment, automatic conveyor equipment and ovens. Revenue is recognized when the control of a product is transferred to a customer based on terms and conditions of the sales agreement. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that revenue recognition is one of our key audit matters.



How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Company's internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Company's policy; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether revenue has been recognized in the proper period.

## 2. Valuation of trade receivables

Please refer to Note 4(f) "impairment of financial assets", Note 5(a) "accounting assumptions and estimation uncertainty of the valuation of trade receivables", and Note 6(c) "trade receivables" to the financial statements.

Description of key audit matter:

The Company's impairment of trade receivables is assessed based on historical experience of evidence of impairment and forward-looking information, which rely on the subjective judgment of the management. Therefore, we determined that the valuation of trade receivables is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Company's internal controls on valuation of trade receivables; obtaining the evaluation report on the impairment of trade receivables; examining the trade receivables aging report, reasons of overdue receivables, and the subsequent collection of the receivables to assess whether the impairment provisions for trade receivables are reasonable.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Lin, Heng-Shen.

KPMG

Taipei, Taiwan (Republic of China)  
February 23, 2024

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
**GROUP UP INDUSTRIAL CO., LTD.**

**Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (notes 6(a)(s))	\$ 512,082	7	1,863,581	31	2130	Current contract liabilities (note 6(p))	\$ 3,302,785	47	2,230,473	37
1110	Current financial assets at fair value through profit or loss (notes 6(b)(s))	602,936	9	251,088	4	2170	Accounts payable (note 6(s))	203,971	3	505,373	9
1150	Notes receivable, net (notes 6(c)(p))	848	-	46,170	1	2180	Accounts payable to related parties (notes 6(s) and 7)	10,646	-	15,284	-
1170	Account receivables, net (notes 6(c)(p))	417,199	6	599,660	10	2200	Other payables (notes 6(s))	162,034	2	142,013	2
1180	Accounts receivable due from related parties, net (notes 6(c)(p) and 7)	5,657	-	9,772	-	2230	Current tax liabilities	76,534	1	104,647	2
130X	Inventories (note 6(e))	1,840,426	26	1,807,438	30	2250	Current provisions (note 6(k))	45,852	1	52,132	1
1410	Prepayments	11,988	-	15,455	-	2280	Current lease liabilities (notes 6(j)(s) and 7)	3,550	-	4,925	-
1476	Other current financial assets (notes 6(d) and 8)	2,531,892	36	275,135	5	2399	Other current liabilities, others	4,309	-	8,457	-
1479	Other current assets, others	4,007	-	21,295	-		<b>Total current liabilities</b>	3,809,681	54	3,063,304	51
	<b>Total current assets</b>	5,927,035	84	4,889,594	81		<b>Non-Current liabilities:</b>				
<b>Non-current assets:</b>						2530	Bonds payable (notes 6(i)(s))	233,043	3	479,596	8
1511	Non-current financial assets designated at fair value through profit or loss (note 6(b)(s))	501	-	300	-	2570	Deferred tax liabilities (note 6(m))	24,104	-	20,357	-
1550	Investments accounted for using equity method, net (note 6(f))	472,848	7	459,441	8	2580	Non-current lease liabilities (notes 6(j)(s) and 7)	9,010	-	11,077	-
1600	Property, plant and equipment (notes 6(g))	588,876	8	567,446	9	2640	Net defined benefit liability, non-current (note 6(l))	38,646	1	43,486	1
1755	Right-of-use assets (note 6(h))	12,469	-	15,917	1		<b>Total non-current liabilities</b>	304,803	4	554,516	9
1840	Deferred income tax assets (note 6(m))	57,720	1	52,077	1		<b>Total liabilities</b>	4,114,484	58	3,617,820	60
1980	Other non-current financial assets (notes 6(d) and 8)	23,401	-	20,355	-		<b>Equity attributable to owners of parent (notes 6(i)(n)(o)(u)):</b>				
1995	Other non-current assets, others	12,560	-	16,149	-	3110	Ordinary shares	577,916	8	550,000	9
	<b>Total non-current assets</b>	1,168,375	16	1,131,685	19	3140	Advance receipts for share capital	1,869	-	-	-
								579,785	8	550,000	9
						3200	Capital surplus	534,885	7	312,209	5
							<b>Retained earnings:</b>				
						3310	Legal reserve	441,988	7	378,545	6
						3320	Special reserve	24,676	-	32,228	1
						3350	Unappropriated retained earnings	1,428,992	20	1,155,153	19
								1,895,656	27	1,565,926	26
							<b>Other equity:</b>				
						3410	Exchange differences on translation of foreign financial statements	(29,400)	-	(24,676)	-
							<b>Total equity</b>	2,980,926	42	2,403,459	40
<b>Total assets</b>		<b>\$ 7,095,410</b>	<b>100</b>	<b>6,021,279</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$ 7,095,410</b>	<b>100</b>	<b>6,021,279</b>	<b>100</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
**GROUP UP INDUSTRIAL CO., LTD.**

**Statement of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue, net</b> (notes 6(p) and 7)	\$ 2,322,511	100	2,238,066	100
5000	<b>Operating costs</b> (notes 6(e)(j)(k)(l)(q) and 7)	1,241,486	53	1,306,786	58
5900	<b>Gross profit from operations</b>	1,081,025	47	931,280	42
5910	Unrealized profit (loss) from sales	(576)	-	(693)	-
5950	<b>Gross profit from operations, net</b>	1,081,601	47	931,973	42
<b>Operating expenses</b> (notes 6(c)(j)(l)(q), and 7):					
6100	Selling expenses	126,493	6	123,455	6
6200	Administrative expenses	96,552	4	78,064	3
6300	Research and development expenses	180,530	8	161,724	7
6450	Impairment loss (gain) determined in accordance with IFRS 9	(2,260)	-	(7,679)	-
	<b>Total operating expenses</b>	401,315	18	355,564	16
6900	<b>Net operating income</b>	680,286	29	576,409	26
<b>Non-operating income and expenses</b> (notes 6(r) and 7):					
7100	Interest income	100,803	4	23,437	1
7010	Other income	9,060	1	9,582	-
7020	Other gains and losses, net	80,541	3	140,224	6
7050	Finance costs	(6,542)	-	(5,471)	-
7070	Share of profit of investment accounted for using equity method	18,736	1	23,189	1
	<b>Total non-operating income and expenses</b>	202,598	9	190,961	8
7900	<b>Profit before income tax</b>	882,884	38	767,370	34
7950	Less: income tax expenses (note 6(m))	169,324	7	138,211	6
	<b>Profit</b>	713,560	31	629,159	28
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8311	Gains on remeasurements of defined benefit plans	1,715	-	6,590	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to loss (note 6(m))	(343)	-	(1,318)	-
	Total items that may not be reclassified subsequently to profit or loss	1,372	-	5,272	-
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	(5,905)	-	9,440	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	1,181	-	(1,888)	-
	Total items that may be reclassified subsequently to profit or loss	(4,724)	-	7,552	-
8300	<b>Other comprehensive income</b>	(3,352)	-	12,824	-
8500	<b>Comprehensive income</b>	<u>\$ 710,208</u>	<u>31</u>	<u>641,983</u>	<u>28</u>
	<b>Earnings per share</b> (note 6(o))				
9750	Earnings per share (NT dollars)	<u>\$ 12.65</u>		<u>11.44</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 11.95</u>		<u>10.87</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**GROUP UP INDUSTRIAL CO., LTD.****Statement of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings						Other equity	
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
<b>Balance on January 1, 2022</b>	\$ 550,000	-	287,021	344,443	29,200	827,352	(32,228)	2,005,788
Profit for the year ended December 31, 2022	-	-	-	-	-	629,159	-	629,159
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	5,272	7,552	12,824
Comprehensive income for the year ended December 31, 2022	-	-	-	-	-	634,431	7,552	641,983
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	-	34,102	-	(34,102)	-	-
Special reserve	-	-	-	-	3,028	(3,028)	-	-
Cash dividends on ordinary shares	-	-	-	-	-	(269,500)	-	(269,500)
Other changes in capital surplus:								
Equity components recognized in convertible bonds	-	-	25,188	-	-	-	-	25,188
<b>Balance on December 31, 2022</b>	550,000	-	312,209	378,545	32,228	1,155,153	(24,676)	2,403,459
Profit for the year ended December 31, 2023	-	-	-	-	-	713,560	-	713,560
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	1,372	(4,724)	(3,352)
Comprehensive income for the year ended December 31, 2023	-	-	-	-	-	714,932	(4,724)	710,208
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	-	63,443	-	(63,443)	-	-
Reversal of special reserve	-	-	-	-	(7,552)	7,552	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(385,202)	-	(385,202)
Conversion of convertible bonds	27,916	1,869	222,676	-	-	-	-	252,461
<b>Balance on December 31, 2023</b>	<b>\$ 577,916</b>	<b>1,869</b>	<b>534,885</b>	<b>441,988</b>	<b>24,676</b>	<b>1,428,992</b>	<b>(29,400)</b>	<b>2,980,926</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
**GROUP UP INDUSTRIAL CO., LTD.**

**Statement of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 882,884	767,370
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	22,203	20,540
Amortization expense	2,192	499
Expected credit loss (gain)	(2,260)	(7,679)
Net gain on financial assets or liabilities at fair value through profit or loss	(5,519)	(828)
Interest expense	6,542	5,471
Interest income	(100,803)	(23,437)
Share of profit of investments accounted for using equity method	(18,736)	(23,189)
Gain on disposal of property, plant and equipment	(1,025)	-
Gain on disposal of investments	-	(837)
Unrealized profit from sales	(576)	(693)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(97,982)</u>	<u>(30,153)</u>
<b>Changes in operating assets and liabilities:</b>		
Notes receivable	45,322	(44,315)
Accounts receivables	184,721	(317,724)
Accounts receivable due from related parties	4,115	1,578
Inventories	(32,988)	(550,818)
Prepayments	6,638	(11,417)
Other current assets	17,288	(4,638)
Contract liabilities	1,072,312	1,232,324
Accounts payable	(301,402)	99,816
Accounts payable to related parties	(4,638)	(5,951)
Other payables	26,563	31,307
Provisions	(6,280)	1,782
Other current liabilities	(4,148)	4,205
Deferred benefit liability	(3,468)	(4,785)
<b>Total adjustments</b>	<u>906,053</u>	<u>401,211</u>
Cash inflow generated from operations	1,788,937	1,168,581
Interest received	48,619	17,779
Interest paid	(6,542)	(5,405)
Income taxes paid	(198,152)	(78,771)
<b>Net cash flows from operating activities</b>	<u>1,632,862</u>	<u>1,102,184</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(1,301,999)	(1,435,412)
Proceeds from disposal of financial assets at fair value through profit or loss	954,929	1,185,837
Acquisition of property, plant and equipment	(38,758)	(80,439)
Proceeds from disposal of property, plant and equipment	1,124	-
Other financial assets	(2,207,619)	598,355
Other non-current assets	(1,774)	(7,093)
Dividends received	-	107,186
<b>Net cash flows from (used in) investing activities</b>	<u>(2,594,097)</u>	<u>368,434</u>
<b>Cash flows used in financing activities:</b>		
Decrease in short-term borrowings	-	(263,700)
Proceeds from issuance of convertible bonds	-	499,810
Repayments of long-term borrowings	-	(14,889)
Payment of lease liabilities	(5,062)	(5,104)
Cash dividends paid	(385,202)	(269,500)
<b>Net cash flows used in financing activities</b>	<u>(390,264)</u>	<u>(53,383)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,351,499)	1,417,235
<b>Cash and cash equivalents at beginning of period</b>	1,863,581	446,346
<b>Cash and cash equivalents at end of period</b>	<u>\$ 512,082</u>	<u>1,863,581</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

Group Up Industrial Co., Ltd. (the Company) was incorporated in January 1990 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is No.188, Heping Rd., Yangmei Dist., Taoyuan City. The Company mainly engages in manufacturing and trading of general boxed-shaped equipment for drying, preheating, and curing, automatic conveyor hot air ovens, IR drying ovens, as well as dust-free and explosion-proof vacuum oven.

The Company's trading stocks have been listed on the main Board of TPEX Since September 12, 2018.

**(2) Approval date and procedures of the financial statements:**

These financial statements were authorized for issue by the Board of Directors on February 23, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)



## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of an entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Nonmonetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or fair value through other comprehensive income (FVOCI) described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Based on its experience, there have no recoveries after 365 days.

#### 4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

##### 3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

**(g) Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(h) Investment in subsidiaries**

The Company uses the equity method on investees over which the Company has control when preparing the parent-company-only financial statement. The profit or loss for the period and other comprehensive income presented in individual financial statements shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the individual financial statements shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

**(i) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	8-35 years
2) Transportation	5 years
3) Office and other equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting year and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)



## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of building and office equipment, that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

1) Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company's obligation to provide a refund under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Rendering Service

The Company provides service of equipment maintenance. Revenue from providing services is recognized at a point in time when the Company satisfies its performance obligations and transfers control of service.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

#### 2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money

#### (o) Employee benefits

##### (i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

##### (ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### (iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(r) Operating segments

The Company has already disclosed the segment information in the consolidated financial statements; therefore, the Company will not disclose the segment information again in the separate financial statements.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparation these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(c) Recognition and measurement of provisions and contingent liabilities

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the quantities within sales contracts, the historical and others. The Company regularly reviews the basis of the estimate and, if necessary, amends it as appropriate, please refer to note 6(k).

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand, checking accounts and demand deposit	\$ 150,320	241,679
Time deposits	361,762	1,621,902
Total	<b><u>\$ 512,082</u></b>	<b><u>1,863,581</u></b>

Please refer to note 6(s) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets designated at fair value through profit or loss-current:		
Non-derivative financial assets — funds	\$ 602,388	250,622
Stocks listed on emerging market	548	466
Total	<b><u>\$ 602,936</u></b>	<b><u>251,088</u></b>

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets designated at fair value through profit or loss-non-current		
Non-hedging derivatives-redemption at the option of the convertible corporate bonds	<b><u>\$ 501</u></b>	<b><u>300</u></b>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(c) Notes and accounts receivables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable from operating activities	\$ 848	46,170
Trade receivables (including related parties)	422,999	611,835
Less: loss allowance	(143)	(2,403)
	<b><u>\$ 423,704</u></b>	<b><u>655,602</u></b>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes receivable and accounts receivable. To measure the expected credit losses, notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances were determined as follows:

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-aver age loss rate</b>	<b>Loss allowance</b>
Current	\$ 422,692	0.1%	5
1 to 90 days past due	1,015	10%	96
90 to 180 days past due	140	30%	42
More than 180 days past due	-	50%~100%	-
	<b><u>\$ 423,847</u></b>		<b><u>143</u></b>

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-aver age loss rate</b>	<b>Loss allowance</b>
Current	\$ 645,778	0.1%	322
1 to 90 days past due	6,345	10%	571
90 to 180 days past due	5,862	30%	1,500
More than 180 days past due	20	50%~100%	10
	<b><u>\$ 658,005</u></b>		<b><u>2,403</u></b>

The movements in the allowance for notes and accounts receivable were as follows:

	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 2,403	10,082
Impairment losses reversed	(2,260)	(7,679)
Balance on December 31	<b><u>\$ 143</u></b>	<b><u>2,403</u></b>

As of December 31, 2023 and 2022, the Company did not provide any notes and accounts receivable as collated for its loan.

(Continued)



**GROUP UP INDUSTRIAL CO., LTD.****Notes to the Financial Statements****(d) Other financial assets**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Time deposits with maturity of more than three months	\$ 2,472,113	275,135
Interest receivable	59,779	-
Restricted time deposits	23,401	20,355
<b>Total</b>	<b><u>\$ 5,110,586</u></b>	<b><u>295,490</u></b>

Please refer to note 8 for other financial assets pledged as collateral for performance guarantees, short-term borrowings and long-term borrowings as of December 31, 2023 and 2022.

**(e) Inventories**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Raw materials and semi-finished goods	\$ 124,953	155,700
Work in progress	1,715,128	1,651,738
Finished goods	345	-
	<b><u>\$ 1,840,426</u></b>	<b><u>1,807,438</u></b>

The details of the cost of sales were as follows:

	<b>2023</b>	<b>2022</b>
Inventory that has been sold	\$ 1,094,017	1,194,800
Write-down of inventories(Reversal of write-down)	56,350	14,998
Inventory scrap loss	13,613	-
Maintenance costs	77,193	87,113
Others	313	9,875
	<b><u>\$ 1,241,486</u></b>	<b><u>1,306,786</u></b>

As of December 31, 2023 and 2022, the Company did not provide any inventories as collateral for its loans.

(Continued)

# GROUP UP INDUSTRIAL CO., LTD.

## Notes to the Financial Statements

### (f) Investments accounted for using equity method

A summary of the Company's financial information about investments accounted for using equity method at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 472,848</u>	<u>459,441</u>

#### (i) Subsidiaries

Please refer to the consolidated financial statements.

#### (ii) Collateral

None of the investments accounted for using equity method held by the Company was pledged as collateral as of December 31, 2023 and 2022.

### (g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Transportation Equipment	Office and other Equipment	Construction in progress equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 259,316	227,059	12,545	79,077	91,347	669,344
Additions	-	3,151	3,120	7,730	24,757	38,758
Reclassification	-	58,382	-	24,790	(83,172)	-
Disposal	-	-	(6,827)	-	-	(6,827)
Balance on December 31, 2023	<u>\$ 259,316</u>	<u>288,592</u>	<u>8,838</u>	<u>111,597</u>	<u>32,932</u>	<u>701,275</u>
Balance on January 1, 2022	\$ 259,316	227,059	11,945	76,029	14,556	588,905
Additions	-	-	600	3,048	76,791	80,439
Balance on December 31, 2022	<u>\$ 259,316</u>	<u>227,059</u>	<u>12,545</u>	<u>79,077</u>	<u>91,347</u>	<u>669,344</u>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	49,264	8,384	44,250	-	101,898
Depreciation	-	7,715	1,322	8,192	-	17,229
Disposal	-	-	(6,728)	-	-	(6,728)
Balance on December 31, 2023	<u>\$ -</u>	<u>56,979</u>	<u>2,978</u>	<u>52,442</u>	<u>-</u>	<u>112,399</u>
Balance on January 1, 2022	\$ -	42,384	6,008	37,987	-	86,379
Depreciation	-	6,880	2,376	6,263	-	15,519
Balance on December 31, 2022	<u>\$ -</u>	<u>49,264</u>	<u>8,384</u>	<u>44,250</u>	<u>-</u>	<u>101,898</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 259,316</u>	<u>231,613</u>	<u>5,860</u>	<u>59,155</u>	<u>32,932</u>	<u>588,876</u>
Balance on January 1, 2022	<u>\$ 259,316</u>	<u>184,675</u>	<u>5,937</u>	<u>38,042</u>	<u>14,556</u>	<u>502,526</u>
Balance on December 31, 2022	<u>\$ 259,316</u>	<u>177,795</u>	<u>4,161</u>	<u>34,827</u>	<u>91,347</u>	<u>567,446</u>

(Continued)

# GROUP UP INDUSTRIAL CO., LTD.

## Notes to the Financial Statements

As of December 31, 2023 and 2022, the Company did not provide any the property, plant and equipment ,as collateral for its loans.

(h) Right-of-use assets

The Company leases many assets including land, buildings and transportation equipment. Information about leases for which the Company has been a lessee is presented below:

	Land	Buildings	Transportation Equipment	Total
<b>Cost:</b>				
Balance on January 1, 2023	\$ 4,133	13,092	8,126	25,351
Additions	-	-	1,526	1,526
Disposal	-	-	(5,430)	(5,430)
Balance on December 31, 2023	<b>\$ 4,133</b>	<b>13,092</b>	<b>4,222</b>	<b>21,447</b>
Balance on January 1, 2022	\$ 4,133	9,478	8,334	21,945
Additions	-	3,614	739	4,353
Disposal	-	-	(947)	(947)
Balance on December 31, 2022	<b>\$ 4,133</b>	<b>13,092</b>	<b>8,126</b>	<b>25,351</b>
<b>Accumulated depreciation and impairment loss:</b>				
Balance on January 1, 2023	\$ 1,101	3,357	4,976	9,434
Depreciation	827	1,698	2,449	4,974
Disposal	-	-	(5,430)	(5,430)
Balance on December 31, 2023	<b>\$ 1,928</b>	<b>5,055</b>	<b>1,995</b>	<b>8,978</b>
Balance on January 1, 2022	\$ 275	1,804	3,282	5,361
Depreciation	826	1,553	2,641	5,020
Disposal	-	-	(947)	(947)
Balance on December 31, 2022	<b>\$ 1,101</b>	<b>3,357</b>	<b>4,976</b>	<b>9,434</b>
<b>Carrying amounts:</b>				
Balance on December 31, 2023	<b>\$ 2,205</b>	<b>8,037</b>	<b>2,227</b>	<b>12,469</b>
Balance on January 1, 2022	<b>\$ 3,858</b>	<b>7,674</b>	<b>5,052</b>	<b>16,584</b>
Balance on December 31, 2022	<b>\$ 3,032</b>	<b>9,735</b>	<b>3,150</b>	<b>15,917</b>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(i) Convertible bonds payable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total amount of issuing convertible corporate bonds	\$ 238,800	500,000
Unamortized discounted corporate bonds payable	(5,757)	(20,404)
Convertible corporate bonds payable balance	<u><b>\$ 233,043</b></u>	<u><b>479,596</b></u>
Embedded derivatives - redemption (included in financial liabilities at fair value through profit or loss—non current)	<u><b>\$ 501</b></u>	<u><b>300</b></u>
Equity components - conversion options (included in capital surplus—share options)	<u><b>\$ 12,030</b></u>	<u><b>25,188</b></u>
	<b>2023</b>	<b>2022</b>
Gain on remeasurements of embedded derivative at fair value	<u><b>\$ 743</b></u>	<u><b>152</b></u>
Interest expense	<u><b>\$ 6,448</b></u>	<u><b>4,826</b></u>

The Company issued the first domestic unsecured convertible corporate bonds and recognized conversion options and the liability component as equity and liability, respectively. The detailed information was as follows:

	<b>The first domestic unsecured convertible corporate bonds</b>
The present value of the convertible corporate bonds at the time of issuance	\$ 474,770
Embedded derivative financial assets at the time of issuance – redemption	(148)
Equity components at the time of issuance	<u>25,188</u>
Total amount of convertible corporate bonds payable at the time of issuance	<u><b>\$ 499,810</b></u>

The Company issued the first domestic unsecured convertible corporate bonds on May 30, 2022, with a total issuance amount of NT\$500 million, and the main issuance conditions are as follows:

- (i) Issuance price : 101% of the par value
- (ii) Coupon rate : 0%.
- (iii) Issuance rate : Three years (2022.5.30-2025.5.30)
- (iv) The Companys' right of redemption

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

From the day following the expiration of three months after the date of issuance to 40 days before the expiration of the issuance period, if the closing price of Company's ordinary shares is equal to or greater than the conversion price by 30% for 30 consecutive trading days, or the outstanding balance of the bonds is less than 10% of total initial issue amount, the Company may redeem the bonds in cash at face value.

(v) Bondholders' put option

The holders of the first domestic unsecured convertible bonds have no right to request the Company or repurchase the convertible bond.

(vi) Terms of conversion

1) From the day following three months after the date of issue to maturity, the holders of the above-mentioned conversion bonds may convert them into ordinary shares of the Company in accordance with the terms of conversion prescribed by the Company.

2) Terms of conversion price

The conversion price was set at \$96 per share at the time of issue. When the number of ordinary shares of the Company changes, or other convertible bonds are issued with a conversion price lower than the market price, the conversion price will be adjusted based on a formula in accordance with the terms of issue. On December 31, 2023, the conversion price was \$85.6 per share.

(j) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 3,550</u>	<u>4,925</u>
Non-current	<u>\$ 9,010</u>	<u>11,077</u>

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 94</u>	<u>113</u>
Expenses relating to short term leases	<u>\$ 3,861</u>	<u>1,129</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 151</u>	<u>331</u>

(Continued)

# GROUP UP INDUSTRIAL CO., LTD.

## Notes to the Financial Statements

The amounts recognized in the statement of cash flows by the Company were as follows:

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b>\$ 9,074</b>	<b>6,564</b>

(i) Real estate leases

The Company leases land and buildings for its office space, factory, and employees' dormitories. The leases of land typically run for five years, and of buildings for five to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company leases transportation equipment, with lease terms of three years. In some cases, the Company has options to purchase the assets at the end of the contract term.

(k) Provisions

The movement in warranty provisions was as follow:

	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 52,132	50,350
Provisions made (used) during the year	(6,280)	1,782
Balance on December 31	<b>\$ 45,852</b>	<b>52,132</b>

(i) The provision for warranties relates mainly to maintenance of product. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

(ii) As of December 31, 2023 and 2022, the warranty provisions would have increased or decreased by \$5,458 thousand and \$5,227 thousand, respectively, when the rate of warranty provisions increased or decreased by 0.25%.

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligations	\$ 77,816	80,897
Fair value of plan assets	(39,170)	(37,411)
Net defined benefit liabilities	<b><u>\$ 38,646</u></b>	<b><u>43,486</u></b>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account amounted to \$39,170 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligations on January 1	\$ 80,897	84,528
Benefits paid	(2,646)	-
Current service costs and interest cost	1,147	726
Remeasurements loss (gain):		
— Actuarial loss (gain) arising from financial assumptions	424	(2,595)
— Actuarial loss (gain) due to experience adjustments	(2,006)	(1,762)
Defined benefit obligations on December 31	<b><u>\$ 77,816</u></b>	<b><u>80,897</u></b>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Fair value of plan assets on January 1	\$ 37,411	30,985
Interest income	471	216
Remeasurements loss (gain) — return on plan assets excluding interest income	133	2,233
Contributions paid by the employer	3,800	3,977
Benefits paid	(2,646)	-
Fair value of plan assets on December 31	<b><u>\$ 39,169</u></b>	<b><u>37,411</u></b>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Current service costs	\$ 128	134
Net interest of net liabilities for defined benefit obligations	547	376
	<b><u>\$ 675</u></b>	<b><u>510</u></b>

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discount rate	1.18%	1.26%
Future salary increase rate	3.0%	3.0%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$3,507 thousand.

The weighted-average lifetime of the defined benefits plans is 7 years.

(Continued)



**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact on the defined benefit obligations</b>	
	<b>Increased 0.50%</b>	<b>Decreased 0.50%</b>
December 31, 2023		
Discount rate	\$ (2,784)	3,004
Future salary increasing rate	2,935	(2,749)
December 31, 2022		
Discount rate	(3,244)	3,515
Future salary increasing rate	3,436	(3,207)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of the Labor Insurance amounted to \$9,582 thousand and \$8,995 thousand for the years ended December 31, 2023 and 2022, respectively.

(iii) Short-term employee benefits provisions

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Employee paid leave provisions (recognized in other payables)	<u><u>\$ 6,920</u></u>	<u><u>7,234</u></u>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.****Notes to the Financial Statements****(m) Income taxes****(i) Tax expense**

The components of income tax for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Current tax expense	\$ 170,382	156,078
Deferred tax benefit	(1,058)	(17,867)
Income tax expense	<b><u>\$ 169,324</u></b>	<b><u>138,211</u></b>

The amount of income tax recognized in other comprehensive income for 2023 and 2022 was as follows:

	<b>2023</b>	<b>2022</b>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<b><u>\$ (343)</u></b>	<b><u>(1,318)</u></b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<b><u>\$ 1,181</u></b>	<b><u>(1,888)</u></b>

Reconciliation of income tax and profit before tax for 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Profit excluding income tax	\$ 882,884	767,370
Income tax using the Company's domestic tax rate	176,577	153,474
Tax-exempt income	(462)	(167)
Tax incentives	(19,516)	(20,864)
Undistributed earnings additional tax	9,667	1,719
Change in provision in prior periods	3,058	4,049
Income tax expense	<b><u>\$ 169,324</u></b>	<b><u>138,211</u></b>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(ii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax liabilities:

	<b>Investment income and Others</b>
Balance on January 1, 2023	\$ 20,357
Recognized in profit or loss	3,747
Balance on December 31, 2023	<b><u>\$ 24,104</u></b>
Balance on January 1, 2022	\$ 37,156
Recognized in profit or loss	(16,799)
Balance on December 31, 2022	<b><u>\$ 20,357</u></b>

Deferred tax assets:

	<b>Defined Benefit Plans</b>	<b>Inventory provisions</b>	<b>Expected credit loss</b>	<b>Total</b>
Balance on January 1, 2023	\$ 10,319	25,082	16,676	52,077
Recognized in profit or loss	(625)	11,270	(5,840)	4,805
Recognized in other comprehensive income	(343)	-	1,181	838
Balance on December 31, 2023	<b><u>\$ 9,351</u></b>	<b><u>36,352</u></b>	<b><u>12,017</u></b>	<b><u>57,720</u></b>
Balance on January 1, 2022	\$ 12,282	22,082	19,851	54,215
Recognized in profit or loss	(645)	3,000	(1,287)	1,068
Recognized in other comprehensive income	(1,318)	-	(1,888)	(3,206)
Balance on December 31, 2022	<b><u>\$ 10,319</u></b>	<b><u>25,082</u></b>	<b><u>16,676</u></b>	<b><u>52,077</u></b>

- (iii) The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

(n) Capital and other equity

As of December 31, 2023 and 2022, the authorized capital of the Company all amounted to \$800,000 thousand, consisting of 80,000 thousand shares, with par value of \$10 per share, and the issued capital consisted of 57,792 thousand shares and 55,000 thousand shares, respectively. All proceeds from the shares issued have been collected.

(i) Ordinary shares

For the years ended December 31, 2023, the holders of convertible bonds issued by the Company exercised their rights by converting their bonds into 2,979 thousand shares of common stock, at the amount of \$29,785 thousand, wherein the related registration procedures of 2,792 thousand shares had been completed as of the reporting date, with the remaining 187 thousand shares, whose related registration procedures have yet to be completed, having been recognized as advance receipts for share capital.

(ii) Capital surplus

The balances of capital surplus was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share capital	\$ 493,201	257,367
Employee share options	29,654	29,654
Equity components of convertible corporate bonds	12,030	25,188
	<b><u>\$ 534,885</u></b>	<b><u>312,209</u></b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's Articles of Incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The distribution of earnings or legal reserve and capital surplus distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

Since the Company is in the growth stage and developing business expansion, earnings are distributed in consideration of the Company's capital expenditure budget and capital needs. The distribution will be proposed by the Board of directors and resolved during the shareholders' meeting. With the dividends exceeding 10% of the distributable earnings each year, unless the accumulated distributable earnings are less than 10% of the paid-in capital. Earnings can be distributed by way of cash or stock dividends, wherein cash dividends shall not be less than 10% of the total distribution.

#### 1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

#### 2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2021 earnings in 2022, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2022 earnings in 2023, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

#### 3) Earnings distribution

The amounts of cash dividends for 2022 and 2021 had been approved during board meeting held on February 24, 2023 and February 25, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 6.83	<u>385,202</u>	4.90	<u>269,500</u>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.****Notes to the Financial Statements**

The amounts of cash dividends for 2023 have been approved and proposed during the board meeting held on February 23, 2024 as follow:

	<b>2023</b>	
	<b>Amount per share</b>	<b>Total amount</b>
Dividends distributed to ordinary shareholders:		
Cash	\$ 8.00	<u><b>463,912</b></u>

(iv) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>
Balance on January 1, 2023	\$ (24,676)
Exchange differences arising from translation of foreign operations	(4,724)
Balance on December 31, 2023	<u><b>\$ (29,400)</b></u>
Balance on January 1, 2022	\$ (32,228)
Exchange differences arising from translating foreign operations	7,552
Balance on December 31, 2022	<u><b>\$ (24,676)</b></u>

(o) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year ended 2023 and 2022 was as follows:

	Unit: earnings per share in dollars/in thousand of shares	
	<b>2023</b>	<b>2022</b>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><b>\$ 713,560</b></u>	<u><b>629,159</b></u>
Weighted average number of outstanding ordinary shares (in thousands)	<u>56,411</u>	<u>55,000</u>
	<u><b>\$ 12.65</b></u>	<u><b>11.44</b></u>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.****Notes to the Financial Statements**

	<u>2023</u>	<u>2022</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (basic)	\$ 713,560	629,159
Gain on revaluation of the redemption at the option of the convertible corporate bonds measured at fair value	(594)	(152)
Interest expense of convertible bonds	5,159	4,826
Profit attributable to ordinary shareholders of the Company	<u><b>\$ 718,125</b></u>	<u><b>633,833</b></u>
Weighted average number of outstanding ordinary shares (basic)	\$ 56,411	55,000
Effect of employee share bonus	174	255
Effect of convertible bonds	3,516	3,082
Weighted average number of outstanding ordinary shares (diluted)	60,101	58,337
	<u><b>\$ 11.95</b></u>	<u><b>10.87</b></u>

## (p) Revenue from contracts with customers

## (i) Details of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Taiwan	\$ 410,146	714,712
China	1,716,589	1,213,950
Others	195,776	309,404
	<u><b>\$ 2,322,511</b></u>	<u><b>2,238,066</b></u>
Major products:		
Equipment	\$ 2,291,488	2,216,483
Service	31,023	21,583
	<u><b>\$ 2,322,511</b></u>	<u><b>2,238,066</b></u>

## (ii) Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$ 848	46,170	1,855
Accounts receivable (including related parties)	422,999	611,835	295,689
Less: allowance for impairment	(143)	(2,403)	(10,082)
Total	<u><b>\$ 423,704</b></u>	<u><b>655,602</b></u>	<u><b>287,462</b></u>

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Contract liabilities	<b>\$ 3,302,785</b>	<b>2,230,473</b>	<b>998,149</b>

For details on notes receivables and accounts receivable (including related parties) and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$953,593 thousand and \$829,001 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the equipment sales contracts, and the customer has not confirmed the function of the machine yet. Revenue is recognized after the function of the machine is confirmed by the customer.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(iii) The transaction price allocated to the unfulfilled performance obligations

The contract has an original expected duration of less than one year, thus the Group applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(q) Employee compensation and directors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 2% of the profit as employee remuneration and less than 5% as directors' remuneration when there is profit for the year. The distribution of remuneration shall be approved by the majority of directors at the Board of Directors meeting, attended by more than two thirds of the directors; thereafter, to be submitted during the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration all amounting to \$22,000 thousand, and directors' remuneration all amounting to \$5,500 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses each year. The differences between accrual and actual distribution, if any, would be treated as changes in accounting estimates and recognized as profit or loss in next year. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(Continued)



**GROUP UP INDUSTRIAL CO., LTD.****Notes to the Financial Statements****(r) Non-operating income and expenses****(i) Interest income**

The details of interest income for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 100,765	23,414
Other interest income	38	23
	<b><u>\$ 100,803</u></b>	<b><u>23,437</u></b>

**(ii) Other gains and losses**

The details of other gains and losses for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 73,941	140,007
Gains on disposals of investments	-	837
Gains on financial assets at fair value through profit or loss	5,519	828
Others	1,081	(1,448)
	<b><u>\$ 80,541</u></b>	<b><u>140,224</u></b>

**(s) Financial instruments****(i) Credit risk****1) Credit risk exposure**

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

**2) Concentration of credit risk**

The Company believes that there is no significant concentration of credit risk due to the Company's large number of customers and their wide geographic spread. In order to reduce credit risk, the Company evaluates the financial status of customers regularly without requiring its customers to provide collateral.

(Continued)

# GROUP UP INDUSTRIAL CO., LTD.

## Notes to the Financial Statements

### (ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6~12 months</u>	<u>1~2 years</u>	<u>2~ 5 years</u>	<u>Over 5 years</u>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Accounts payable and other payables (including related parties)	\$ 376,651	376,651	376,651	-	-	-	-
Convertible bonds payable	233,043	238,800	-	-	238,800	-	-
Lease liabilities	12,560	12,911	1,950	1,675	3,019	2,517	3,750
	<u>\$ 622,254</u>	<u>628,362</u>	<u>378,601</u>	<u>1,675</u>	<u>241,819</u>	<u>2,517</u>	<u>3,750</u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Accounts payable and other payables (including related parties)	\$ 662,670	662,670	662,670	-	-	-	-
Convertible bonds payable	479,596	500,000	-	-	-	500,000	-
Lease liability	16,002	16,248	2,661	2,356	3,111	4,190	4,110
	<u>\$ 1,158,268</u>	<u>1,178,918</u>	<u>665,331</u>	<u>2,356</u>	<u>3,111</u>	<u>504,190</u>	<u>4,110</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

### (iii) Currency risk

#### 1) Exposure of foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 136,373	30.705	4,187,334	60,585	30.710	1,860,565
CNY	108,114	4.327	467,809	54,908	4.408	242,034
<u>Financial liabilities</u>						
<u>Monetary items:</u>						
USD	1,050	30.705	32,240	272	30.710	8,353
CNY	57	4.327	247	1,386	4.408	6,109

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

#### 2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables and trade payables are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD and CNY as of December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$36,981 thousand and \$16,705 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

#### 3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$73,941 thousand and \$140,007 thousand, respectively.

#### (iv) Fair value of financial instruments

##### 1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

		December 31, 2023			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$ 603,437	602,936	501	-	603,437
		December 31, 2022			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	\$ 251,388	251,088	300	-	251,388

#### 2) Valuation techniques for financial instruments measured at fair value

##### (2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

(Continued)

## **GROUP UP INDUSTRIAL CO., LTD.**

### **Notes to the Financial Statements**

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(t) Financial risk management

(i) Overview

The Company has exposure to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the companying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.****Notes to the Financial Statements****(iii) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

**1) Notes receivable, accounts and other receivables**

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

**2) Investments**

The cash of the Company is kept in different financial institutions and credit risks exposed to each financial institution are properly controlled, and therefore, there is no significant credit risk.

**3) Guarantees**

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2023 and 2022, no other guarantees were outstanding.

**(iv) Liquidity risk**

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

**(v) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**1) Currency risk**

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the Chinese Yuan (CNY) and US Dollar (USD).

(Continued)

## GROUP UP INDUSTRIAL CO., LTD.

### Notes to the Financial Statements

#### 2) Interest rate risk

Some of the Company's long and short-term borrowings are debts with floating interest rates. Therefore, movement of the market interest rate will affect the interest rate of the loans accordingly, which will cause fluctuations in its future cash flow.

#### 3) Other Risk

The Company has not entered into a long-term purchase contract other than to meet anticipated consumption and sales requirement.

#### (u) Capital management

The Group's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company's equity capital ratio on December 31, 2023 and 2022 was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total equity	<u><u>\$ 2,980,926</u></u>	<u><u>2,403,459</u></u>
Total asset	<u><u>\$ 7,095,410</u></u>	<u><u>6,021,279</u></u>
Equity capital ratio at December 31	<u><u>42%</u></u>	<u><u>40%</u></u>

There were no changes in the Company's approach to capital management during the year.

#### (v) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022 were acquisition of right-of-used assets by leasing. Please refer to Note 6(h) and (j).

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

**(7) Related-party transactions:**

(a) Names and relationship with the Company

The followings are related parties that had transactions with the Company during the periods covered in the financial statements.

<u>Key management personnel</u>	<u>Relationship with the Company</u>
GROUP UP (SAMOA) Ltd.	A subsidiary
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	A subsidiary
GROUP UP Trading (Shenzhen) Limited	A subsidiary
An-Shun Chen	Key management personnel
Jung-Kung Lee	Key management personnel
Tian-Ho Yu	Key management personnel
Wen-Chang Lai	Key management personnel
Hung-Chan Chen	The person is a first-degree relative of the Key management personnel
Che-Kuan Yu	The person is a first-degree relative of the Key management personnel

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties was as follow:

<u>Relationship</u>	<u>2023</u>	<u>2022</u>
Subsidiary:		
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	\$ 24,266	51,304
GROUP UP Trading (Shenzhen) Limited	10,356	10,373
	<u>\$ 34,622</u>	<u>61,677</u>

The selling price of equipment with related parties is incomparable as the equipment sold to the Company's related parties are customized. The selling prices of other products and components are based on the cost, plus 10%~20%, with payment terms ranging from 2 to 4 months, having no significant difference from those with the general customers.

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(ii) Purchases

The amounts of significant purchases by the Company to related parties were as follow:

<b>Relationship</b>	<b>2023</b>	<b>2022</b>
Subsidiary:		
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	\$ 10,601	16,178
GROUP UP Trading (Shenzhen) Limited	2,791	3,891
	<b><u>\$ 13,392</u></b>	<b><u>20,069</u></b>

The purchase price of equipment with related parties is incomparable as the equipment purchased from the Company's related parties are customized. The purchase prices of other products and components are based on the cost, plus 10%~20%, with payment terms ranging from 2 to 3 months, having no significant difference from those with the general suppliers.

(iii) Maintenance costs

<b>Relationship</b>	<b>2023</b>	<b>2022</b>
Subsidiary:		
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	\$ 33,161	37,617
GROUP UP Trading (Shenzhen) Limited	26,817	23,503
	<b><u>\$ 59,978</u></b>	<b><u>61,120</u></b>

The Company delegates its related parties to provide equipment maintenance service to its customers in China, with payment terms ranging from 2 to 3 months, having no significant difference from the general suppliers.

(iv) Lease

The Company rented office buildings from its related party. A five-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$8,863 thousand. For the years ended December 31, 2023 and 2022, the Company recognized the amount of \$32 thousand and \$45 thousand as interest expense, respectively. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$3,923 thousand and \$5,663 thousand, respectively.

(v) Receivables from related parties

The receivables from related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivables	Subsidiary	<b><u>\$ 5,657</u></b>	<b><u>9,772</u></b>

(Continued)



**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

(vi) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payables	Subsidiary	<u>\$ 10,646</u>	<u>15,284</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 36,350</u>	<u>30,575</u>

**(8) Pledged assets:**

The carrying value of borrowings and pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposit (classified in other financial assets)	Performance guarantee letter and borrowings	<u>\$ 23,401</u>	<u>20,355</u>

**(9) Significant commitments and contingencies:**

As of December 31, 2023 and 2022, the Company's performance guarantee letter and standby letter of credit provided by the bank is \$18,531 thousand.

**(10) Losses due to major disasters:None**

**(11) Subsequent events:None**

**(12) Other:**

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sale	Operating expenses	Total
Employee benefits							
Salary		154,003	138,747	292,750	161,332	113,670	275,002
Labor and health insurance		13,190	8,654	21,844	12,546	7,242	19,788
Pension		6,376	3,881	10,257	6,181	3,324	9,505
Remuneration of directors		-	8,176	8,176	-	8,182	8,182
Others		8,004	4,045	12,049	7,665	3,610	11,275
Depreciation		13,636	8,567	22,203	11,429	9,111	20,540
Amortization		1,356	836	2,192	338	161	499

(Continued)

# GROUP UP INDUSTRIAL CO., LTD.

## Notes to the Financial Statements

The Company's employee headcounts and employee benefits for 2023 and 2022 was as follows:

	2023	2022
Number of employees	257	262
Number of non-employee directors	5	5
The average employee benefit	\$ 1,337	1,228
The average salaries	\$ 1,162	1,070
Adjustment of average employee salaries	8.60%	5.63%
Compensation to the supervisor	\$ -	-

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) is as follows:

- Salary and remuneration policy, procedure, and the relationship of operating performance for employees.
  - The scope and method of "employee compensation" provision is in accordance with Company's Articles 19 of Incorporation. After the current year's pre-tax profit is deducted from the profit prior to the distribution of related remunerations, after retaining the amount of accumulated losses, if there is any remaining balance, it shall be withdrawn. Appropriate not less than 2% for employee compensation, with the agreement of the Board of Directors.
  - The Company implements the "employee rewards" system in order to motivate work performance, according to the Company's "R&D design", "manufacture", "sales" and other departments operating performance targets, assessing the individual performance of the employees, based on the individual performance. Bonuses, special bonuses, and year-end bonuses will be issued depending on the profitability.
- Salary and remuneration policy, procedure, and the relationship of operating performance for directors.
 

"Directors' remuneration" includes transportation allowance, directors' remuneration and independent directors' remuneration, in accordance with Article 19 of the Company's Articles of Incorporation. After the current year's pre-tax profit is deducted from the profit prior to the distribution of related remunerations, and after offsetting the accumulated losses, a maximum of 5% of the remaining balance shall be appropriated as Directors' remuneration. The "Independent Directors' Remuneration" is based on the Company's "Directors' and Managers' Salary and Remuneration Measures".
- Salary and remuneration policy, procedure, and the relationship of operating performance for managers.
 

"Managers' remuneration" is based on the Company's "Directors', Supervisors' and Managers' Salary and Remuneration Measures", taking into account the Company's business strategy, profitability, performance and job contribution, also the salary market. The proposal by the Salary and Compensation Committee will be implemented after the Board of Directors' resolution.

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**  
**Notes to the Financial Statements**

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on the Company's significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership	Fair value	
The Company	Franklin Templeton Sinoam Money Market Fund	N/A	Financial assets at fair value through profit or loss—current	4,723	50,188	- %	50,188	
"	Capital Money Market Fund	"	"	3,045	50,506	- %	50,506	
"	Hua Nan Phoenix Money Market Fund	"	"	3,005	50,250	- %	50,250	
"	Union Money Market Fund	"	"	3,695	50,161	- %	50,161	
"	Deutsche Far Eastern DWS Taiwan Money Market Fund	"	"	4,184	50,292	- %	50,292	
"	Jih Sun Money Market Fund	"	"	3,293	50,232	- %	50,232	
"	TCB Taiwan Money Market Fund	"	"	4,822	50,215	- %	50,215	
"	Eastspring Investments Well Pool Money Market Fund	"	"	3,589	50,110	- %	50,110	
"	Yuanta De-Li Money Market Fund	"	"	2,989	50,114	- %	50,114	
"	JPMorgan (Taiwan) Taiwan First Money Market Fund	"	"	3,246	50,129	- %	50,129	
"	Mega Diamond Money Market Fund	"	"	3,884	50,097	- %	50,097	
"	Fuh Hwa Money Market	"	"	3,387	50,094	- %	50,094	
"	ECLAT FOREVER TECHNOLOGY CO., LTD.	"	"	11	548	0.03%	548	

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**

**Notes to the Financial Statements**

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Allianz Global Investors	Financial assets at fair value through profit or loss-current	-	-	-	-	11,724	150,000	11,724	150,459	150,000	459	-	-
"	Fuh Hwa Money Market Fund	"	-	-	3,427	50,123	6,799	100,000	6,839	100,262	100,000	262	3,387	50,094
"	JPMorgan (Taiwan) Taiwan First Money Market Fund	"	-	-	-	-	9,763	150,000	6,517	100,202	100,000	202	3,246	50,129
"	Hua Nan Phoenix Money Market Fund	"	-	-	3,038	50,193	5,418	90,000	5,452	90,000	90,343	150	3,005	50,250

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: Please refer to notes 6(b) and (i)
- (b) Information on investees:

The following is the information on investees for 2022 (excluding information on investees in Mainland China):

(In Thousands of shares and USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	GROUP (SAMOA) Ltd.	SAMOA	Investment holdings	399,464 (USD12,500)	399,464 (USD12,500)	12,500	100.00%	472,848	18,526	18,736	

(Continued)

**GROUP UP INDUSTRIAL CO., LTD.**  
**Notes to the Financial Statements**

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of USD)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
GROUP UP TECHNOLOGY (SIP) CO., LTD.	Manufacture and sales of equipment, maintenance services	326,105 (USD10,000)	(2)	373,898 (USD11,700)	-	-	373,898 (USD11,700)	12,176	100.00%	12,176	390,959	107,186
GROUP UP Trading (Shenzhen) Limited	Sales of equipment and maintenance services	15,979 (USD500)	(2)	15,979 (USD500)	-	-	15,979 (USD500)	9,082	100.00%	9,082	35,698	-

Note 1: There are three kinds of investment.

- (1)Invest directly in Mainland China Companies.  
(2)Invest in Mainland China by remitting through a third region.  
(3)Others.

Note 2: The recognition of gain and loss on investment based on the financial report which was audited by Group's auditor.

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
389,877 (USD12,200)	389,877 (USD12,200)	1,788,555

- (iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Tung Tak Investment Co., Ltd.		3,632,928	6.26%

**(14) Segment information:**

Please refer to consolidated financial statements of the Company and its subsidiaries as of December 31, 2023 and 2022, and for the years then ended.

**Group Up Industrial Co., Ltd.**  
**Statement of cash and cash equivalents**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>
Cash	Petty cash and cash on hand	\$ 4,044
Checking accounts and demand deposits		58,309
Foreign currency deposits (Note)	USD: 1,237,638.75	38,001
	CNY: 6,589,489.39	28,513
	HKD: 282,742.20	1,111
	JPY: 93,655,577.27	20,342
Foreign time deposits (Note)	USD: 11,500,000.00	353,108
	CNY: 2,000,000.00	8,654
Total		<u><u>\$ 512,082</u></u>

Note: The aforementioned foreign currency was valued in the rate on December 31, 2023.

USD : NTD=1 : 30.705

CNY : NTD=1 : 4.327

HKD : NTD=1 : 3.929

JPY : NTD=1 : 0.2172

**Group Up Industrial Co., Ltd.**  
**Statement of trade receivables**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Client name</u>	<u>Amount</u>
Customer I	\$ 60,716
Customer U	30,555
Customer V	30,104
Customer R	28,634
Customer W	28,262
Customer X	23,557
Customer Y	22,182
Other (Note)	<u>193,332</u>
Subtotal	417,342
Less: loss allowance	<u>(143)</u>
Total	<u><u>\$ 417,199</u></u>

Note: Amounts less than 5% of the account balance are not disclosed individually.

**Group Up Industrial Co., Ltd.**

**Statement of inventories**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>		<b>Market price basis</b>
	<b>Cost</b>	<b>Market price</b>	
Raw materials and semi-finished goods	\$ 193,014	124,953	Net realizable value
Work in progress	1,823,234	1,715,128	"
Finished goods	5,935	345	"
Less: allowance for inventory impairment	(181,757)		
Total	<u><u>\$ 1,840,426</u></u>		



Group Up Industrial Co., Ltd.

Statement of changes in investments accounted for using equity method

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Investees	Beginning balance		Additions		Decrease		Others		Share of profit of investments accounted for using equity method	Exchange differences on translation of foreign financial statements	Shares	Ending balance Percentage of ownership	Amount	Market value or net asset value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount							
Equity method:															
GROUP UP (SAMOA) Ltd.	12,500	<u>\$ 459,441</u>	-	<u>-</u>	-	<u>-</u>	-	<u>576</u>	<u>18,736</u>	<u>(5,905)</u>	12,500	100.00	<u>472,848</u>	<u>484,146</u>	Nil

**Group Up Industrial Co., Ltd.**  
**Statement of current contract liabilities**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Amount</b>
Contract liability o	\$ 526,738
Contract liability r	324,320
Contract liability s	264,925
Contract liability t	162,084
Contract liability q	155,931
Others (Note)	1,868,787
Total	<u><u>\$ 3,302,785</u></u>

Note: Amounts less than 5% of the account balance are not disclosed individually.

**Group Up Industrial Co., Ltd.**  
**Statement of cost of revenue**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Amount</u>
Raw materials, beginning of year	\$ 214,325
Add: Raw materials purchased	1,041,817
Less: Raw materials, end of year	(193,014)
Reclassified into expense	(461)
Cost adjustment	121
Sales of raw materials	(46,982)
Scrapped of raw materials	<u>(3,655)</u>
Raw materials consumed	1,012,151
Processing cost	186,400
Manufacturing overhead	<u>171,261</u>
Manufacturing cost	1,369,812
Add: Work in process, beginning of year	1,713,946
Less: Work in process, end of year	(1,823,234)
Reclassified to expense	(180,529)
Maintenance costs	<u>(21,640)</u>
Cost of finished goods	1,058,355
Add: finished goods, beginning of year	4,573
Less: finished goods, end of year	(5,935)
Scrapped of finished goods	<u>(9,958)</u>
Cost of merchandise inventory	1,047,035
Allowance for inventory written off	56,350
Inventory scrap loss	13,613
Sales of raw materials	46,982
Maintenance costs	77,193
Other operating cost	<u>313</u>
Cost of revenue	<u><u>\$ 1,241,486</u></u>

**Group Up Industrial Co., Ltd.**  
**Statement of operating expenses**

**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Selling expense</b>	<b>Administrative expenses</b>	<b>Research and development expenses</b>
Payroll and bonus	\$ 32,081	66,989	147,933
Director's remuneration	-	8,176	-
Sales commission	8,784	-	-
Exporting expense	30,313	-	-
Shipping expense	8,926	1,727	19
Packaging expense	24,342	-	-
Others (Note)	22,047	19,660	32,578
<b>Total</b>	<b>\$ 126,493</b>	<b>96,552</b>	<b>180,530</b>

Note: Amounts less than 5% of the account balance are not disclosed individually

Property, plant and equipment, please refer to Note 6(g).

Accumulated depreciation of property, plant and equipment, please refer to Note 6(g).

Operating revenue, please refer to Note 6(p).

- 6. Important events that affect the consistency comparison of the above-mentioned condensed financial statements, such as accounting changes, company mergers or suspension of business departments, etc., and their impact on the financial report of the current year:**  
**None.**

## VIII. Financial status & financial performance review analysis & risk issues

### 1. Financial Status

#### (1) Financial Status (Consolidated)

Unit : NT\$1,000

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		6,215,029	5,116,350	1,098,679	17.68%
Real estate, plant and equipment		624,716	608,217	16,499	2.64%
Other finance assets- non-current		203,473	238,851	(35,378)	17.39%
Other non-current assets		128,665	139,915	(11,250)	8.74%
Total assets		7,171,883	6,103,333	1,068,550	14.90%
Current liabilities		3,881,245	3,140,031	741,214	19.10%
Non-Current liabilities		309,712	559,843	(250,131)	80.76%
Total liabilities		4,190,957	3,699,874	491,083	11.72%
Capital stock		579,785	550,000	29,785	5.14%
Capital reserve		534,885	312,209	222,676	41.63%
Retained surplus		1,895,656	1,565,926	329,730	17.39%
Other equity		(29,400)	(24,676)	(4,724)	16.07%
Total shareholders' equity		2,980,926	2,403,459	577,467	19.37%

Analysis criteria: the rate of change is over 20%, and the amount of change is over NT\$ 10 million.

#### Analysis Description:

Non-current liabilities: Mainly due to a reduction resulting from the conversion of convertible bonds into common stock.  
 Capital reserve: Mainly due to the increase in the premium on the issuance of shares resulting from the convertible bonds being converted into common stock.

## (2) Financial Status (Individual)

Unit: NT\$ 1,000

Item	Year	2023	2022	Difference	
				Amount	%
Current assets		5,927,035	4,889,594	1,037,441	21.22%
Long-term investment		472,848	459,441	13,407	2.92%
Real estate, plant and equipment		588,876	567,446	21,430	3.78%
Other non-current assets-other		106,651	104,798	1,853	1.77%
Total assets		7,095,410	6,021,279	1,074,131	17.84%
Current liabilities		3,809,681	3,063,304	746,377	24.37%
Non-Current liabilities		304,803	554,516	(249,713)	45.03%
Total liabilities		4,114,484	3,617,820	496,664	13.73%
Capital stock		579,785	550,000	29,785	5.42%
Capital reserve		534,885	312,209	222,676	71.32%
Retained surplus		1,895,656	1,565,926	329,730	21.06%
Other equity		(29,400)	(24,676)	(4,724)	19.14%
Total equity		2,980,926	2,403,459	577,467	24.03%

Analysis criteria: the rate of change is over 20%, and the amount of change is over NT\$ 10 million.

Current Assets: Mainly due to a significant increase in financial assets-other, current, from holding deposits for more than 3 months.

Current Liabilities: Mainly due to a significant increase in contract liabilities-current from advance receipts.

Non-current Liabilities: Mainly due to a decrease from convertible bonds converted to common stock.

Capital reserve: Mainly due to an increase in stock premium from convertible bonds converted to common stock.

Retained surplus: Mainly due to an increase from the allocation of statutory surplus and the increase in net profit for the year 2023.

Total Equity: Mainly due to an increase from Capital reserve and Retained surplus.

## 2. Financial performance

### (1) Financial performance (Consolidated)

Unit : NT\$1,000

Item	Year 2023	2022	Increase (decrease) amount	% Of change
Operating revenues	2,432,621	2,357,053	75,568	3.21%
Operating cost	1,293,350	1,361,019	-67,669	4.97%
Operating margin	1,139,271	996,034	143,237	14.38%
Operating expenses	439,189	397,109	42,080	10.60%
Operating profit	700,082	598,925	101,157	16.89%
Non-operating income and expenses	190,275	179,700	10,575	5.88%
Net profit before tax	890,357	778,625	111,732	14.35%
Income tax	176,797	149,466	27,331	18.29%
Net profit for the current period	713,560	629,159	84,401	13.41%
Other comprehensive income	-3,352	12,824	-16,176	126.14%
Total comprehensive profit and loss for the period	710,208	641,983	68,225	10.63%
Analysis benchmark: the ratio of changes in the previous and later period is more than 20% and the amount of changes is more than NT\$ 10 million.				
Other comprehensive income: primarily due to a decrease in the remeasurement amount of defined benefit plans and the reversal of exchange differences on the financial statements of foreign operations.				

## (2) Financial performance(individual)

Unit : NT\$1,000

Item \ Year	2023	2022	Increase (decrease) amount	% Of change
Operating revenues	2,322,511	2,238,066	84,445	3.77%
Operating cost	1,241,486	1,306,786	-65,300	5.00%
Operating margin	1,081,601	931,973	149,628	16.05%
Operating expenses	401,315	355,564	45,751	12.87%
Operating profit	680,286	576,409	103,877	18.02%
Non-operating income and expenses	202,598	190,961	11,637	6.09%
Net profit before tax	882,884	767,370	115,514	15.05%
Income tax	169,324	138,211	31,113	22.51%
Net profit for the current period	713,560	629,159	84,401	13.41%
Other comprehensive income	-3,352	12,824	-16,176	126.14%
Total comprehensive profit and loss for the period	710,208	641,983	68,225	10.63%
Analysis benchmark: the ratio of changes in the previous and later periods is more than 20% and the amount of changes is more than NT\$ 10 million.				
Analysis Description:				
Increase in income tax expenses: primarily due to the increase in profit before tax.				
Other comprehensive income: primarily due to the decrease in the remeasurement amounts of defined benefit plans and the reversal of exchange differences on the translation of foreign operations financial statements.				

- (3) Expected sales volume in the next year and its basis, possible impact on the company's future financial business and response plan: GP's overall performance has no major abnormalities, so there is no response plan.

**3. Cash Flow**

- (1) Analysis of cash flow changes in the last year (2023)

Unit : NT\$1,000

Cash balance at the beginning of the year①	Annual net cash flow from operating activities ②	Net cash from other activities throughout the year ③	Cash remaining (insufficient) amount ①+②+③	Remedies for insufficient cash	
				Investment plan	Financial plan
1,951,595	1,657,585	(2,945,397)	663,783	—	—

(1) Operating activities cash inflows amounted to NT\$ 1,951,595 thousand, mainly due to an increase in contract liabilities.

(2) Investment activities cash outflows amounted to NT\$ 2,551,479 thousand, mainly due to the acquisition of financial assets.

(3) Financing activities cash outflows amounted to NT\$ 390,510 thousand, mainly due to the distribution of cash dividends.

- (2) Improvement plan for insufficient liquidity: GP has no situation of insufficient liquidity.

- (3) Analysis of cash flow in the next year (2024)

Unit: NT\$1,000

Cash balance at the beginning of the year①	Estimated net cash flow from operating activities throughout the whole year ②	Estimated cash outflow from investing activities throughout the whole year ③	Estimated cash remaining (insufficient) amount ①+②-③	Countermeasures for cash balance	
				Investment plan	Financial Plan



663,783	600,231	(609,659)	654,355	-	-
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The Company and its subsidiaries are expected to have a net cash inflow from operating activities of NT\$ 600,231 million in the 2024 fiscal year, a net cash outflow from investing activities of NT\$ 129,659 million, a net cash outflow from financing activities of NT\$ 480,000 million, and an expected remaining cash balance of NT\$ 654,355 million. There is no expected cash shortage in the 2024 fiscal year.

#### 4. The impact of major capital expenditures on financial operations in the most recent year

GP has no major capital expenditures in the most recent year, so it has no major impact on the financial business.

#### 5. The reinvestment policy in the most recent year and the main reason for profit or loss and its improvement plan and investment plan for the next year

##### (1) Reinvestment policy

GP's reinvestment policy is based on the consideration of sustainable operation and operational growth, and "procedures for the acquisition or disposal of assets" stipulated under the "Procedures for the Handling of Assets Acquired or Disposed by Public Companies" stipulated by the competent authority as the company's reinvestment. The basis of the business is to grasp the relevant business and financial status. In addition, in order to improve the supervision and management of the investment company, the company has formulated the "Supervision and Management Measures for Subsidiaries" in the internal control system., inventory and financial management to formulate relevant norms, the company also regularly conducts audit operations, and establishes a relevant operational risk mechanism, so that the company's reinvestment business can maximize its effectiveness.

##### (2) Main reasons for profit or loss of reinvested business in the most recent year and improvement plan

Unit : NT\$1,000

Reinvestment business	Main Business	2023 Annual recognition Investment gains and losses	Main reasons for profit or loss	Improvement plan
GROUP UP (SAMOA) LTD.	Investment holding	18,736	Third place reinvestment company, recognize the investment income of the Chinese subsidiary under the equity method	n/a
Group Up Technology (SIP) LTD.	Equipment manufacturing, Sale and maintenance	12,176	Mainly due to steady orders	n/a
Group Up Trading (Shenzhen)LTD.	Sale and maintenance	9,082	Mainly due to steady orders	n/a

##### (3) Investment plan for the coming year

According to the needs of operation and development, appropriate funds will be invested in each reinvestment business to improve and enrich working capital.

#### 6. Analysis and evaluation of risk issues

##### (1) Risk factors

##### A.The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future countermeasures

The impact of interest rate changes on the company's profit and loss and future plans

GP's 2023 interest expense is NT\$ 6,547,000, accounting for 0.27% of operating income. Therefore, overall, interest changes have no significant impact on the company's revenue and operations. In addition, the company will, depending on the changes in interest rates in the financial market, make appropriate plans for the use of funds and maintain close contact with banks to strive for more favorable interest rates to maximize the cost-effectiveness of funds

The impact of exchange rate changes on company's profit and loss and future plans

GP's main sales income is mostly denominated in US dollars, and the cost of materials and processing is mostly denominated in New Taiwan dollars, resulting in risk of exchange rate fluctuations. The exchange

(loss) and profit in 2023 was NT\$70,845,000, accounting for 2.91% in net operating income, showing that exchange rate changes have a certain degree of impact on the company's revenue and profit. Related exchange rate risks come from future commercial transactions and recognized assets and liabilities. GP's financial personnel maintain close contact with the foreign exchange departments of various financial institutions, and pay close attention to exchange rate information and changes in the international economic situation at all times, and carefully study and judge exchange rate trends, and Take appropriate measures as a reference for adjusting foreign currency accounts, and by establishing a consensus with customers to share risks, when quoting customers, fully consider international exchange rate trends and exchange rate fluctuations, and use appropriate and reasonable exchange rates as the basis for quotation. Reduce the impact of exchange rate fluctuations on the profit of receiving orders to reduce the impact of exchange rate risks

Impact of inflation on the company's profit and loss and future plans

GP's quotations to customers are adjusted with reference to the fluctuations in the prices of raw materials in the market. Therefore, inflation will not have a significant impact on the company's profits and losses. GP will always pay attention to market price fluctuations and maintain good interaction with suppliers and customers. Relationship to avoid the risk of adverse effects of inflation on the company's profit and loss

- (2) Engage in high-risk, high-leverage investment, fund lending to others, endorsements and derivatives trading policies, main reasons for profit or loss, and future countermeasures.

GP focuses on the operation of the industry and adheres to the principle of financial soundness and conservativeness. It does not engage in high-risk, high-leverage transactions. Therefore, the company has not engaged in high-risk, high-leverage investments or capital loans in the most recent year and as of the publication date of the prospectus. Transactions with others, endorsements and derivatives; if you want to engage in fund loans to others, endorsements and derivatives transactions in the future, based on operational risk considerations, we will follow the company's "funding loans and others operations procedures", "Endorsement Guarantee Processing Procedures" and "Processing Procedures for Engaged in Derivative Commodity Transactions"

- (3) Future R&D plans and estimated R&D expenses

In addition to continuously improving R&D personnel's own capabilities, the company's R&D capabilities are established, and the R&D system is established to nurture outstanding talents and enhance the company's competitiveness. GP also interprets market demand, confirms product development directions, and invests in new products and new products. Technology research and development, the company's future product development directions are as follows:

A. GP's products for further research and development:

IC substrate solder mask and PCB circuit roller coating baking line  
 Electrostatic spray coating line for PCB solder resist  
 Robotic arm loading and unloading clamp frame tunnel furnace for IC carrier ultra-thin board  
 Various conveyor furnaces and UV machines for PCB HDI process  
 Low oxygen content dust-free nitrogen precision oven  
 Advanced packaging Glass core baking automatic line Advanced packaging Glass core UV cure automatic line  
 Advanced packaging Glass core TGV post-high temperature metallization coating baking sintering automatic line.  
 Advanced packaging Glass core various types of laminating flattening machines.  
 Advanced packaging Glass core hot plate baking automatic line  
 Advanced packaging energy-saving carbon reduction heat recovery and water drainage recovery system.

B. Actively develop niche special process equipment for the production needs of the following industrial products:

All kinds of vehicle electronic products  
 Smart phone related parts and components  
 Flexible display  
 Key materials and components for OLED panel manufacturing process  
 Touch film made of double-sided metal layer thin film materials  
 Medical materials  
 Green energy

C. Develop and integrate smart industry related products

GP follows the trend of Industry 4.0 intelligent manufacturing system, cooperates with CIM, EMS and CCD vision system, and with the company's system automation design capabilities, successfully introduced robotic arms, and related products and systems are used in conjunction with eyes, hands, and brains., To meet the needs of customers for intelligent, intelligent and automated system manufacturing. GP invested NT\$ 183,402,000 in research and development in the year of 2023. To ensure a high degree of competitive advantage, the company will flexibly adjust the content of the research and development plan at any time in line with its operating strategy and market demand.

- (4) The impact of important domestic and foreign policy and legal changes on the company's financial business and corresponding measures

GP's operations are handled under relevant laws and regulations, and we are always aware of important domestic and foreign policy development trends and changes in laws and regulations to provide management decision-making reference, and take appropriate countermeasures in response to changes in the market environment. GP also adjusts in time Operational strategy.

In addition, the company always pays attention to the important policies and laws and regulations implemented by the governments of various countries in the industry, adopts appropriate business strategies, and develops new technologies and products that are in line with the industry to expand the market. In the most recent year and as of the publication date of the prospectus, the company has not been affected by major domestic and foreign policy and legal changes that have affected the company's financial business.

- (5) The impact of technological changes and industrial changes on the company's financial business and corresponding measures.

GP always pays attention to the changes and development of related technologies in the industry in order to be able to quickly grasp the industry dynamics. In addition, it also continuously improves R&D and design capabilities, and invests resources in research and development of new technologies, and actively expands product applications in new areas to create market revenue. For the needs of customers, tailor-made according to their differentiation, and timely grasp the changes in technology and industry, to adjust the development direction, make relevant plans and take necessary response measures. In the most recent year and as of the publication date of the prospectus, there has been no significant impact on the company's financial business due to technological changes and industrial changes.

- (6) The impact of corporate image change on corporate crisis management and countermeasures  
Since its establishment, the company has complied with relevant laws and regulations, so it has established a good corporate image with good service, high efficiency and high quality. In the most recent year and as of the publication date of the prospectus, there has been no incident that has had any impact on the company's crisis management due to changes in the corporate image.

- (7) Expected benefits, possible risks and corresponding measures of mergers and acquisitions:  
As of the printing date of the annual report, there is no such case.

- (8) Expected benefits, possible risks and corresponding measures of the expansion of the plant:  
Due to overall operational planning and capacity enhancement, GP has expanded the existing Yangmei factory building and it is expected to be completed in 2023, contributing to the expansion of business scale.

- (9) Risks faced by purchase or sales concentration and corresponding measures:

- (A) Concentration risk of purchases:

At this stage, the company does not have concentrated purchases and maintains a good relationship with suppliers. Therefore, it is safe to grasp the source of raw materials. In addition, the company does not purchase more than 20% of the same supplier from a single supplier, and the company will continue to be active Planning to seek more quality suppliers, there is no risk of concentration of purchases.

- (B) Concentration risk of sales:

GP maintains a good relationship with its customers, and actively expands the industry with new customers. Currently, there is no single customer who sells the same customer more than 20%. In addition, with the expansion of the scale of operations, the company is actively developing new products and opening up new customers, and there is no risk of concentration of sales.

- (10) Board Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact, risks

and countermeasures of the company's massive transfer or replacement of shares:

As of the printing date of the annual report, the company has no such situation.

(11) The impact, risks and countermeasures of the change of management rights on the company

As of the most recent year of the company and as of the publication date of the prospectus, there has been no change in the operating rights of the company.

(12) Litigation or non-litigation events:

As of the printing date of the annual report, the company has no such situation.

(13) Information security risk assessment analysis and corresponding measures:

With the increasingly developed network and the increasing threat of network security, the company has built a complete information security protection system to ensure the effective operation of related important systems such as company operations and accounting.

GP has also formulated relevant operating methods related to the use of computerized information system processing to implement internal control systems and maintain information security policies.

The goal of the company's electronic information security policy:

- Information security education, training and publicity, and establish employees' information security awareness.
- Protect the company's confidential information.
- Respect intellectual property rights and protect customer and company information.
- Prevent the invasion of computer viruses.
- Ensure that all information security accidents or suspicious security weaknesses should be reported to the top under an appropriate notification mechanism, and be properly investigated and handled.
- Comply with the requirements of relevant laws or regulations and achieve the goal of continuous business operation.

The above measures effectively protect the company's information security and prevent improper access and hacking. In the year of 2022, the company has not discovered any major cyber security threats, nor has there been any legal cases or regulatory investigations related to this.

(14) Other important risks and corresponding measures:

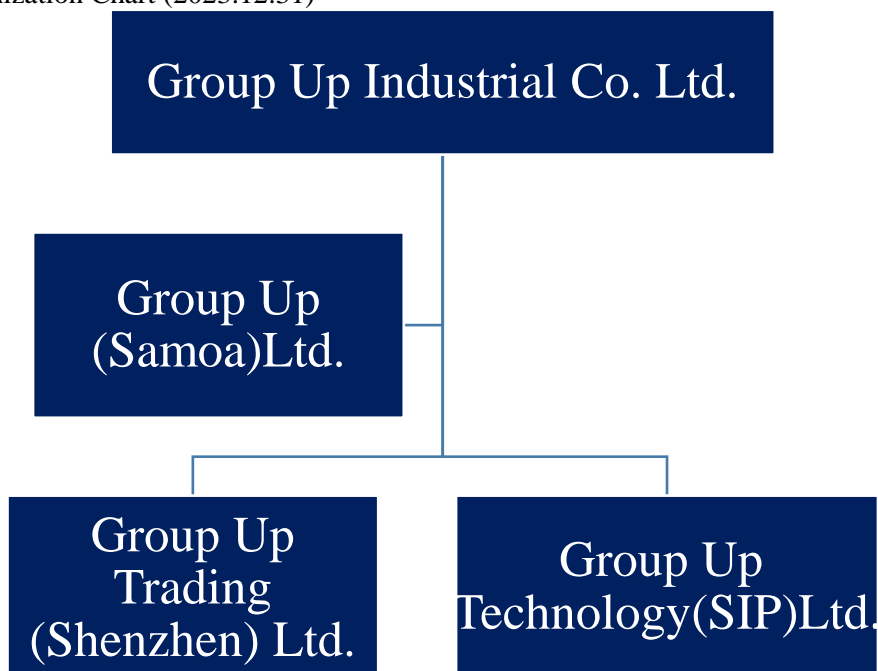
As of the printing date of the annual report, the company has no such situation.

**7. Other important items: none.**

## IX. Special Records

### 1. Related information of related companies

#### (1) Organization Chart (2023.12.31)



#### (2) The relationship between the company and its affiliates, mutual shareholding ratio, shares and actual investment amount

2023.12.31, Unit: thousand shares; Currency: foreign currency /NT\$1,000

Name of Company	Relations with the Company	GP holds shares in affiliated companies			Holding shares
		Shares	Shareholding ratio	Investment amount	
GROUP UP (SAMOA) LTD.	Subsidiary of the company	12,500	100.00%	399,464 (USD12,500)	None
Group Up Technology (SIP) LTD.	Subsidiary of the company	(note)	100.00%	373,898 (USD11,700)	None
Group Up Trading (Shenzhen) LTD.	Subsidiary of the company	(note)	100.00%	15,979 (USD500)	None

Note: It is a limited company established in mainland China.

- In the most recent year and as of the date of publication of the annual report, the handling of privately placed securities: none**
- Status of holding or disposing of the company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: none**
- Other necessary supplementary explanation items: none**
- Matters that have a significant impact on shareholders' equity or securities prices as specified in second paragraph of Article 36 of the Securities Exchange Law: none.**

群翊工業股份有限公司  
Group Up Industrial Co. Ltd.



Mr. Chen, An Shun  
Chairman of Board Director

