



Stock code 6664

# 群翔工業股份有限公司

Group Up Industrial Co. Ltd.

## 一一三年股東常會

2024 Shareholders' Meeting

## 議事手冊

The Meeting Handbook

**Meeting Date:**

**9:00 AM Tuesday May 30th 2024**

**Meeting Room:**

**4F Training Classroom, No.188, Heping Road, Taoyuan city, Taiwan**

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

## **2024 Annual Shareholders' Meeting Agenda**

1. Meeting Time:  
9:00 a.m., Tuesday on May 30th, 2024.
2. Meeting Venue:  
Training Room on 4<sup>th</sup> floor at No. 188, Heping Road, Yangmei District, Taoyuan City, Taiwan (R.O.C.)
3. Convening method: Physical meeting.
4. Report Items:
  - (1) The 2023 Annual Business Report
  - (2) Audit Committee Report
  - (3) 2023 Annual Employee Remuneration and Director Remuneration Distribution Report
  - (4) 2023 Annual Earnings Distribution Cash Dividend Report
5. Items to be approved:
  - (1) 2023 Annual Business Report and Financial Statements
  - (2) 2023 Annual Earnings Distribution
6. Items to be discussed and resolved:
  - (1) Comprehensive re-election of directors
  - (2) Dismissal of newly appointed directors and their representatives' non-compete restrictions
7. Other Questions and Motions
8. Adjournment

## **Report Items**

**Proposal 1:** The 2023 Annual Business Report

**Explanation:** For the 2023 Annual Business Report, please refer to pages 5-6 as Attachment 1 of the Handbook.

**Proposal 2:** Audit Committee Report

**Explanation:** For the Audit Committee Report on 2023, please refer to page 7 as Attachment 2 of the Handbook.

**Proposal 3:** 2023 Annual Employee Remuneration and Director Remuneration Distribution Report

**Explanation:**

- (1) Follow the article no.19 of the “Company Charter.”
- (2) In the annual year of 2023, the Company will distribute the compensation of NT\$22,000,000 to employees, and NT\$5,500,000 to Board members, all by cash. The Company will authorize the Chairperson to set the date of compensation.
- (3) There is no difference between the estimated items and the total amount of compensation as mentioned above.

**Proposal 4:** 2023 Annual Earnings Distribution Cash Dividend Report

**Explanation:**

- (1) To follow Article no.20 of the Company Charter, if the Company distributes the dividend and bonus by cash, will authorize 2/3 attendance of Board members, and then process the resolution by more than 1/2 of Board members who attend Board meeting, and report to Annual Shareholders’ Meeting.
- (2) Cash dividends to be distributed to shareholders are NT\$463,912,224. Each common shareholder will be entitled to receive a cash dividend of NT\$8 per share, as calculated on a proportional basis up to NT\$1.00, and the total amount of miscellaneous items distributed less than NT\$1.00 shall be listed as other income of the Company.
- (3) If there’s a change in the share capital that affects the number of shares, and changes in the shareholder’s dividend rate and needs to be corrected, The Company authorizes the chairman to adjust further change.

## Items to be approved

**Proposal 1:** (by Board of Directors)

**Topic:** 2023 Annual Business Report and Financial Statements

**Explanation:** The Company's 2023 Financial Statement is completed by KPMG with an audit report; the audit committee also reviewed both the Financial Statements and Business Report, and then submitted the reports to the shareholders' meeting for approval. Please refer to page 5~6 of Attachment 1 and page 8~22 of Attachment 3 of the Handbook.

**Proposal 2:** (by Board of Directors)

**Topic:** 2023 Annual Earnings Distribution

**Explanation:**

(1) In 2023, the company's net profit after tax amounted to NT\$713,559,585. After including the adjusted opening undistributed earnings of NT\$715,432,164, the cumulative distributable surplus reached NT\$1,428,991,749. Following the appropriation of 10% of the statutory surplus for 2023, which accumulated to NT\$71,493,177, and the adjustment of the special surplus reserve of NT\$4,723,796 for the exchange difference in the translation of financial statements of foreign operating institutions, the surplus available for distribution was calculated to be NT\$1,352,774,776. Consequently, the cash dividend to be distributed to shareholders amounts to NT\$463,912,224.

(2) Earnings distribution statement in the year 2023 below:

### Earnings distribution statement in 2023

| Explanation  | Unit: NT\$           |
|--|----------------------|
| initial undistributed surplus – before 1997                        | 161,943              |
| initial undistributed surplus – during 1998-2009                   | 105,771,607          |
| initial undistributed surplus – after 2010                         | <u>608,126,428</u>   |
| IFRS   | 714,059,978          |
| Plus : net profit after tax in 2023                                | 713,559,585          |
| Plus : Actuarial benefits of the company's pension                 | <u>1,372,186</u>     |
| Cumulative distributable surplus                                   | <u>1,428,991,749</u> |
| Distribution:  |                      |
| Statutory surplus reserve 10%                                      | 71,493,177           |
| Special surplus reserve for conversion of foreign operating agency | 4,723,796            |
| Cash Dividend NT\$8.0 (Note1)                                      | <u>463,912,224</u>   |
| Unallocated surplus at the end of period                           | <u>888,862,552</u>   |

Note 1: To follow Article No.20 of the Company Charter, if the Company distributes the dividend and bonus by cash, will authorize 2/3 attendance of Board members, and then process the resolution by more than 50% of Board members who attend Board meeting, and report to Annual Shareholders' Meeting.

Note 2: The dividend distribution amount is calculated based on the company's 57,989,028 shares as of February 23<sup>rd</sup>, 2024.

Board of Director  
Resolution:



General Manager



Accounting Manager



## **Items to be Elected and Discussed**

**Proposal 1:** (proposed by Board of Directors)

**Topic:** Comprehensive re-election of directors

**Explanation:**

- (1) The term of office of the current Board of Directors will expire on July 29, 2024, and the Company intends to hold a comprehensive election of directors at the 2024 shareholders' meeting.
- (2) According to the government company law Article, the shareholders' meeting will elect 10 directors, including 4 independent directors, through a nomination system, in which the shareholders will select from a list of candidates.
- (3) The newly elected directors will take office on the date of election for a three-year term from May 30, 2024, to May 29, 2027.
- (4) The list of candidates for directors and independent directors was approved by the Board of Directors on February 23, 2024, and April 17, 2024. Please refer to Attachment 4 on page 23 of this manual.
- (5) Please participate in the election.

## **Election Results**

**Proposal 2:** (proposed by Board of Directors)

**Topic:** Dismissal of newly appointed directors and their representatives' non-compete for restrictions

**Explanation:**

- (1) According to Article 209 of the Company Law, "Directors shall explain the essential content of their actions for themselves or others within the company's business scope to the shareholders' meeting and obtain their permission."
- (2) The company plans to lift the non-compete restrictions for newly appointed directors and their representatives to facilitate operations.
- (3) Refer to Attachment Five on Page 24 of this handbook for details on the non-compete clauses of the newly appointed director candidates.
- (4) Resolution is requested.

## **Resolution**

## **Other Questions and Motions**

## **Adjournment**

## Appendix 1

### Group Up Industrial Co. Ltd. 2023 Business Report

In 2023, the company's operating income was NT\$2,432,621,000, representing a 3.21% increase from the previous year's NT\$2,357,053,000, showing a growth of NT\$75,568,000. The after-tax net profit amounted to NT\$713,560,000, with earnings per share (EPS) at NT\$12.65. which the details are as follows:

Unit : NT\$ 1,000 ; %

| Items                              | 2023      | 2022      | Increase (decrease) | Rate % |
|------------------------------------|-----------|-----------|---------------------|--------|
| 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% |

In 2023, the company experienced a 3.21% increase in revenue compared to 2022, which was mainly influenced by a 3.73% rise in PCB production equipment sales. The gross profit figures for 2023 and 2022 were NT\$1,139,271,000 and NT\$996,034,000, respectively. Gross profit margins also showed improvement, with 46.83% in 2023 and 42.26% in 2022, reflecting a 5.97% change attributed to variations in product mix.

Regarding operating income, the numbers for 2023 and 2022 stood at NT\$700,082,000 and NT\$598,925,000, respectively. Operating margins increased from 25.41% in 2022 to 28.78% in 2023, driven by the higher gross margin achieved. Notable changes in non-operating income and expenses were observed, primarily due to a significant upsurge in interest income resulting from the higher USD deposit interest rate. Product-wise revenue is detailed below:

Unit : NT\$ 1,000 ; %

| Year<br>Products  | 2023      |       | 2022      |       |
|-------------------|-----------|-------|-----------|-------|
|                   | Revenue   | %     | Revenue   | %     |
| PCB equipment     | 1,964,011 | 80.74 | 1,893,454 | 80.33 |
| Display equipment | 7,105     | 0.29  | 37,829    | 1.6   |
| Others            | 461,505   | 18.97 | 425,770   | 18.07 |
| Total             | 2,432,621 | 100   | 2,357,053 | 100   |

### Company profitability

Unit : %

| Items         |  | 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  | 17.60 |
|               | Earnings per share (NT\$)                  | 12.65  | 11.44  | 6.12  |

In 2023, the return on assets decreased to 10.83%, approximately 15% lower than the 12.44% in 2022, mainly attributed to a notable increase in financial assets. The return on equity in 2023 was 26.50%, around 8% lower than the 28.54% in 2022, primarily due to retaining a larger amount of retained earnings to support operating activities. The ratio of pre-tax net income to paid-in capital stood at 154.06%, the net profit margin was 29.33%, and the earnings per share was 12.65, all showing an increase from 2022, primarily driven by changes in the product mix that raised gross profit margins and, consequently, net income.

## Company Overview:

The company's core business involves designing, producing, assembling, selling, and providing after-sales services for machinery used in electronics and semiconductor manufacturing. Our offerings revolve around four main technological pillars: coating, drying, exposure, and automation, serving applications such as printed circuit boards, displays, touch panels, and specialty glass covers. We focus on delivering high-end equipment solutions tailored to the diverse processes of manufacturing rigid PCBs, flex PCBs, multilayer boards, and IC substrates. Our customized production lines meet clients' specific quality and efficiency requirements. Drawing on our expertise, we seamlessly integrate with automated equipment, develop customized software for improved human-machine collaboration, and offer comprehensive plant planning and vertical integration services. While consumer electronics drive a significant part of our business, we have successfully expanded into IC substrate, packaging, server, and automotive electronics markets. With steady demand in automotive and server-related sectors, we anticipate continued client investments in advanced PCBs/IC substrates and Southeast Asian manufacturing relocation. We actively collaborate with clients to develop new products for the future and maintain a positive outlook ahead.

## Development for future planning

### 1. Short-term planning

- Enhance equipment intelligence by leveraging the LCD industry's CIM system architecture support and experience with semiconductor SEG5/GEM300 protocol to align with the smart factory construction trend and boost market competitiveness.
- Maintain collaborations with industry peers to create turnkey solutions, broaden the customer base, and actively pursue orders.
- Focus on market expansion in semiconductor, OLED, 3D cover glass, flexible electronics, biomedical, 5G infrastructure, and applications.

### 2. Long-term planning

- Utilize GP's equipment customization capabilities to develop and introduce next-generation process-specific equipment that caters to the evolving process needs of existing customers.
- Develop specialized process equipment through cross-industry alliances, in alignment with upstream material development, to jointly promote materials and equipment for mutual benefits.
- Establish partnerships with major European, American, and Japanese manufacturers for OEM/ODM cooperation and market development.

Chairman



General Manager



Accounting Manager





## Appendix 2

### Group Up Industrial Co. Ltd.

### Audit Committee's 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, 2023 financial statements have been checked by accountants Mr. Yu, Chi-Lung 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.

Here we presented this Audit report to all the shareholders at the 2024 Annual Shareholders Meeting.

Sincerely yours,

Mr. Robert Li  
Convener of Audit Committee



23<sup>th</sup> Feb 2024

## **Appendix 3**



**安侯建業聯合會計師事務所**  
**KPMG**

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### **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, IFRIC, 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 under 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)

|                            |  | <b>December 31, 2023</b> |            | <b>December 31, 2022</b> |            |                               |   | <b>December 31, 2023</b> |            | <b>December 31, 2022</b> |            |
|----------------------------|--|--------------------------|------------|--------------------------|------------|-------------------------------|---|--------------------------|------------|--------------------------|------------|
|                            |  | <b>Amount</b>            | <b>%</b>   | <b>Amount</b>            | <b>%</b>   |                               |   | <b>Amount</b>            | <b>%</b>   | <b>Amount</b>            | <b>%</b>   |
| <b>Assets</b>              |  |                          |            |                          |            | <b>Liabilities and Equity</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>                                    | <b>3,881,245</b>         | <b>54</b>  | <b>3,140,031</b>         | <b>51</b>  |
|                            |  | <b>6,215,029</b>         | <b>87</b>  | <b>5,116,350</b>         | <b>84</b>  |                               | <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>                                | <b>309,712</b>           | <b>4</b>   | <b>559,843</b>           | <b>9</b>   |
| 1980                       | Other non-current financial assets (notes 6(d) and 8)                                | 202,972                  | 3          | 238,551                  | 4          |                               | <b>Total liabilities</b>  | <b>4,190,957</b>         | <b>58</b>  | <b>3,699,874</b>         | <b>60</b>  |
| 1995                       | Other non-current assets, others   | 14,352                   | -          | 18,396                   | -          | 3110                          | <b>Equity attributable to owners of parent (notes 6(i)(n)(o)):</b>  |                          |            |                          |            |
|                            |  | <b>956,854</b>           | <b>13</b>  | <b>986,983</b>           | <b>16</b>  | 3140                          | Ordinary share  | 577,916                  | 8          | 550,000                  | 9          |
|                            |  |                          |            |                          |            |                               | Advance receipts for share capital                                  | 1,869                    | -          | -                        | -          |
|                            |  |                          |            |                          |            |                               |   | <b>579,785</b>           | <b>8</b>   | <b>550,000</b>           | <b>9</b>   |
|                            |  |                          |            |                          |            | 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         |
|                            |  |                          |            |                          |            |                               |   | <b>1,895,656</b>         | <b>26</b>  | <b>1,565,926</b>         | <b>26</b>  |
|                            |  |                          |            |                          |            |                               | <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>               | <b>2,980,926</b>         | <b>42</b>  | <b>2,403,459</b>         | <b>40</b>  |
|                            |  |                          |            |                          |            |                               | <b>Total equity</b>   | <b>2,980,926</b>         | <b>42</b>  | <b>2,403,459</b>         | <b>40</b>  |
| <b>Total assets</b>        |  | <b>\$ 7,171,883</b>      | <b>100</b> | <b>6,103,333</b>         | <b>100</b> |                               | <b>Total liabilities and equity</b>                                 | <b>\$ 7,171,883</b>      | <b>100</b> | <b>6,103,333</b>         | <b>100</b> |

(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)        | -         |
|      | <b>Total items that may not be reclassified subsequently to profit or loss</b>   | 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)        | -         |
|      | <b>Total items that may be reclassified subsequently to profit or loss</b>   | (4,724)           | -         | 7,552          | -         |
| 8300 | <b>Other comprehensive income</b>  | (3,352)           | -         | 12,824         | -         |
|      | <b>Comprehensive income</b>  | <b>\$ 710,208</b> | <b>29</b> | <b>641,983</b> | <b>27</b> |
|      | <b>Profit attributable to:</b>   |                   |           |                |           |
|      | Owners of parent   | <b>\$ 713,560</b> | <b>29</b> | <b>629,159</b> | <b>27</b> |
|      | <b>Comprehensive income attributable to:</b>   |                   |           |                |           |
|      | Owners of parent   | <b>\$ 710,208</b> | <b>29</b> | <b>641,983</b> | <b>27</b> |
|      | <b>Earnings per share (note 6(o))</b>  |                   |           |                |           |
| 9750 | Basic earnings per share (NT dollars)  | <b>\$ 12.65</b>   |           | <b>11.44</b>   |           |
| 9850 | Diluted earnings per share (NT dollars)  | <b>\$ 11.95</b>   |           | <b>10.87</b>   |           |

(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                       |                                    |                 |               |                 |                                  | Exchange differences on translation of foreign financial statements | Total equity attributable to owners of parent | Total equity |                         |
|   | Ordinary shares                         | Advance receipts for share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings |   |   |              | Total retained earnings |
| 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               |



**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)**

|  | <u>2023</u>        | <u>2022</u>      |
|--|--------------------|------------------|
| <b>Cash flows from operating activities:</b>                                     |                    |                  |
| Profit before tax  | \$ 890,357         | 778,625          |
| Adjustments:   |                    |                  |
| 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>                              | <u>(74,714)</u>    | <u>(3,002)</u>   |
| <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>   | <u>927,866</u>     | <u>487,705</u>   |
| 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>                                  | <u>1,657,585</u>   | <u>1,197,751</u> |
| <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>                        | <u>(2,551,479)</u> | <u>275,483</u>   |
| <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>                               | <u>(390,510)</u>   | <u>(54,262)</u>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>              | <u>(3,408)</u>     | <u>6,670</u>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | (1,287,812)        | 1,425,642        |
| <b>Cash and cash equivalents at beginning of period</b>                          | 1,951,595          | 525,953          |
| <b>Cash and cash equivalents at end of period</b>                                | <u>\$ 663,783</u>  | <u>1,951,595</u> |



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## 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 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 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 under 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)

|                          |   | December 31, 2023 |           | December 31, 2022 |           |     |                          | December 31, 2023   |    | December 31, 2022 |     |           |     |
|--------------------------|---|-------------------|-----------|-------------------|-----------|-----|--------------------------|---|----|-------------------|-----|-----------|-----|
|                          |   | Amount            | %         | Amount            | %         |     |                          | Amount  | %  | Amount            | %   |           |     |
| Assets                   |   |                   |           |                   |           |     |                          |   |    |                   |     |           |     |
| Current assets:          |   |                   |           |                   |           |     |                          |   |    |                   |     |           |     |
| 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    | -   |                          | Total current liabilities   |    | 3,809,681         | 54  | 3,063,304 | 51  |
| Total current assets     |   |                   | 5,927,035 | 84                | 4,889,594 | 81  | Non-Current liabilities: |   |    |                   |     |           |     |
| Non-current assets:      |   |                   |           |                   |           |     |                          |   |    |                   |     |           |     |
| 1511                     | Non-current financial assets designated at fair value through profit or loss (note 6(b)(s)) |                   | 501       | -                 | 300       | -   | 2530                     | Bonds payable(notes 6(i)(s))  |    | 233,043           | 3   | 479,596   | 8   |
| 1550                     | Investments accounted for using equity method, net (note 6(f))                              |                   | 472,848   | 7                 | 459,441   | 8   | 2570                     | Deferred tax liabilities (note 6(m))                                |    | 24,104            | -   | 20,357    | -   |
| 1600                     | Property, plant and equipment (notes 6(g))  |                   | 588,876   | 8                 | 567,446   | 9   | 2580                     | Non-current lease liabilities (notes 6(j)(s) and 7)                 |    | 9,010             | -   | 11,077    | -   |
| 1755                     | Right-of-use assets (note 6(h))   |                   | 12,469    | -                 | 15,917    | 1   | 2640                     | Net defined benefit liability, non-current (note 6(l))              |    | 38,646            | 1   | 43,486    | 1   |
| 1840                     | Deferred income tax assets (note 6(m))  |                   | 57,720    | 1                 | 52,077    | 1   |                          | Total non-current liabilities                                       |    | 304,803           | 4   | 554,516   | 9   |
| 1980                     | Other non-current financial assets(notes 6(d) and 8)  |                   | 23,401    | -                 | 20,355    | -   |                          | Total liabilities   |    | 4,114,484         | 58  | 3,617,820 | 60  |
| 1995                     | Other non-current assets, others  |                   | 12,560    | -                 | 16,149    | -   |                          | Equity attributable to owners of parent (notes 6(i)(n)(o)(u)):      |    |                   |     |           |     |
| Total non-current assets |   |                   | 1,168,375 | 16                | 1,131,685 | 19  | 3110                     | Ordinary shares   |    | 577,916           | 8   | 550,000   | 9   |
|                          |   |                   |           |                   |           |     | 3140                     | Advance receipts for share capital                                  |    | 1,869             | -   | -         | -   |
|                          |   |                   |           |                   |           |     |                          |   |    | 579,785           | 8   | 550,000   | 9   |
|                          |   |                   |           |                   |           |     | 3200                     | Capital surplus   |    | 534,885           | 7   | 312,209   | 5   |
|                          |   |                   |           |                   |           |     |                          | Retained earnings:  |    |                   |     |           |     |
|                          |   |                   |           |                   |           |     | 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  |
|                          |   |                   |           |                   |           |     |                          | Other equity:   |    |                   |     |           |     |
|                          |   |                   |           |                   |           |     | 3410                     | Exchange differences on translation of foreign financial statements |    | (29,400)          | -   | (24,676)  | -   |
|                          |   |                   |           |                   |           |     |                          | Total equity  |    | 2,980,926         | 42  | 2,403,459 | 40  |
|                          |   |                   |           |                   |           |     |                          | Total liabilities and equity  |    | \$ 7,095,410      | 100 | 6,021,279 | 100 |
| Total assets             |   | \$                | 7,095,410 | 100               | 6,021,279 | 100 |                          |   |    |                   |     |           |     |

(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>  | <b>\$ 710,208</b> | <b>31</b> | <b>641,983</b> | <b>28</b> |
| <b>Earnings per share</b> (note 6(o))                        |  |                   |           |                |           |
| 9750   | Earnings per share (NT dollars)  | <b>\$ 12.65</b>   |           | <b>11.44</b>   |           |
| 9850   | Diluted earnings per share (NT dollars)  | <b>\$ 11.95</b>   |           | <b>10.87</b>   |           |

(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> |

(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>                                     |                   |                  |
| <b>Profit before tax</b>   | \$ 882,884        | 767,370          |
| <b>Adjustments:</b>  |                   |                  |
| <b>Adjustments to reconcile profit (loss):</b>                                   |                   |                  |
| 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>                              | (97,982)          | (30,153)         |
| <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>   | 906,053           | 401,211          |
| 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>                                  | 1,632,862         | 1,102,184        |
| <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>                        | (2,594,097)       | 368,434          |
| <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>                               | (390,264)         | (53,383)         |
| <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> |



## **Appendix 4**

### **List of Directors and Independent Director Candidates**

| Title                | Name   | Account No.<br>or ID No. | Number of<br>Shares Held | Major Experience   |
|----------------------|--|--------------------------|--------------------------|--|
| Board Director       | Mr. Chen, An Shun<br>Legal person represented:<br>Zhanhong Investment Company      | 62                       | 2,755,104                | Bachelor of Mechanical Engineering<br>Taipei City University of Science &<br>Technology, TPCU<br>Manager of Design Dept.<br>CSUN Industrial Co.Ltd.  |
| Board Director       | Mr. Lee, Jung Kung<br>Legal person represented:<br>Yufeng Investment Co., Ltd.     | 63                       | 2,757,309                | Dept. of Mechanical Engineering<br>Xiehe Vocational High School<br>Manager of Sales Dept.<br>CSUN Industrial Co.Ltd.   |
| Board Director       | Mr. Lai, Wen Chang<br>Legal person represented:<br>Hongyi Investment Co., Ltd.     | 64                       | 2,758,119                | Bachelor of Mechanical Engineering<br>Chien Hsin University of Science and<br>Technology<br>Manager of Quality Management<br>CSUN Industrial Co.Ltd.   |
| Board Director       | Mr. Yu, Tien Ho<br>Legal person represented:<br>Living Water Investment<br>Company | 65                       | 2,760,712                | Bachelor of Electrical Engineering<br>National Taipei University of<br>Technology<br>Manager of Sales Dept.<br>CSUN Industrial Co.Ltd.   |
| Board Director       | Mr. Dai, Shui Chuan  | 265                      | 80,000                   | Fu-Hsin Trade and Arts School<br>Quality Control Team Leader, Yungtay<br>Engineering Co., Ltd.<br>Manager, Lin Ming Construction Co.<br>General Manager,<br>Xiefeng Mingban Printing Co., Ltd.   |
| Board Director       | Mr. Wang Zuo Jing  | J10023****               | 0                        | Bachelor, Ocean Engineering and<br>Technology Department of Marine<br>Engineering, National Taiwan Ocean<br>University<br>Chairman, Ta Liang Technology Co.,<br>Ltd.<br>Director, Nanjing Daliang Numerical<br>Control Technology Co., Ltd<br>Director, Taliang Technology Co., Ltd.<br>(BVI)<br>Independent Director, Architectural<br>Aesthetics Global Development Co.,<br>Ltd. |
| Independent Director | Mr. Li, Robert   | F12175****               | 0                        | Master, Industrial Management, National<br>Cheng Kung University   |
| Independent Director | Mr. Hung, Ching Chang  | 536                      | 0                        | Ph.D., Institute of Welding Technology,<br>Cranfield University  |
| Independent Director | Mr. Chen, Ming Hsing   | T10205****               | 0                        | MBA, Singapore National University   |
| Independent Director | Ms. Lin, Shu Ling  | Q22053****               | 0                        | Bachelor's, Accounting, National<br>Chengchi University  |

## **Appendix 5**

### **New candidates removed from Competitive Prohibited Behavior lists**

| Title                | Name                  | Dismissal of Competitive Prohibited Behavior  |
|----------------------|-----------------------|---|
| Board Director       | Mr. Chen, An Shun     | Independent Director, Asia Metal Industries, Inc.   |
| Board Director       | Mr. Dai, Shui Chuan   | Chairman, Pizazzy International Co., Ltd.   |
| Board Director       | Mr. Wang Zuo Jing     | Chairman, Ta Liang Technology Co., Ltd.<br>Director, Nanjing Daliang Numerical Control Technology Co., Ltd<br>Director, Taliang Technology Co., Ltd. (BVI)<br>Independent Director, Architectural Aesthetics Global Development Co., Ltd. |
| Independent Director | Mr. Li, Robert        | Independent Director, Elitegroup Computer Systems Inc.<br>Independent Director, 3S Silicon Tech., Inc.  |
| Independent Director | Mr. Hung, Ching Chang | Executive Consultant, Tech Advance Industrial Co., Ltd.   |
| Independent Director | Mr. Chen, Ming Hsing  | Independent Director, Elitegroup Computer Systems Inc.  |
| Independent Director | Ms. Lin, Shu Ling     | Independent Director, CviLux Corporation,   |

## Reference 1

# Group Up Industrial Co. Ltd. The Company Charter

### Chapter 1 General Principles

1. This company is organized in accordance with the provisions of the Company Law and is named GROUP UP INDUSTRIAL CO., LTD. and its English name is "GROUP UP INDUSTRIAL CO., LTD.
2. The businesses conducted by our company are as follows:
  - (1) General box-type drying, baking, preheating, curing equipment, automated hot air conveying, IR drying, baking equipment, professional dust-free explosion-proof, vacuum oven manufacturing and trading business.
  - (2) Manufacture and trade of constant temperature and humidity chambers, hot and cold shock chambers, temperature life chambers, aging test chambers and environmental testing equipment, as well as high-precision and high-stability fixed-temperature testing equipment for scientific physical and chemical testing.
  - (3) Processing, manufacturing and trading of automated ultraviolet instant drying and glazing equipment, ultraviolet processors for sterilization, special drying equipment for PCB processes, and dust-free furnaces for semiconductor IC and LCD processes.
  - (4) Import, export and agency of the above products.
3. The head office of the company is located in Taoyuan City. Branch offices may be established at home and abroad as needed upon resolution of the Board of Directors.
4. The method of announcement of the company shall be handled in accordance with Article 28 of the Companies Act.

### Chapter 2 Shares

5. Article 5: The company's total capital is NT\$800,000,000, divided into 80,000,000 shares at NT\$10 per share, issued in installments.  
Of the total capital, NT\$30,000,000 is reserved for the issuance of employee stock option certificates, totaling 3,000,000 shares at NT\$10 per share, which may be issued in installments according to the board of directors' resolution.

The company transfers treasury shares to eligible employees of controlling or affiliated companies. Employee stock option certificates are issued to eligible employees, including those of controlling or affiliated companies. Eligible employees of controlling or affiliated companies can acquire shares when the company issues new ones. Companies issuing new shares with restricted employee rights may include employees of controlling or affiliated companies who meet certain conditions.

- (1) The company's issuance price is not subject to the employee stock option certificates stipulated in Article 53 of the 'Issuer's Guidelines for Raising and Issuing Securities,' or the treasury is transferred at a price lower than the average price of the actual repurchase. In order to grant shares to employees, a decision must be made by shareholders who represent more than half of the total number of issued shares and more than two-thirds of the voting rights of the shareholders present.
6. If a company is a limited liability shareholder of another company, the total investment amount is not subject to the restriction of Paragraph 1 of Article 13 of the Company Law. This article stipulates that a company cannot exceed 40% of the company's paid-in share capital.
7. The company's stock certificates must be in registered form, signed or stamped by the directors representing the company, and issued after being authenticated in accordance with the law.  
After the company's public offering, new shares need not print stock certificates, but registration must be made with the centralized securities depository institution.
  - (1) To transfer shares, you must apply to the stock agency entrusted by the company. The transfer cannot be used against the company until the transfer procedures are completed. After the company's public offering, the stock affairs will be handled according to the 'Stock Affairs Handling Guidelines for Companies with Public Issuances' promulgated by the competent authority.
8. The company shall not change its name or transfer its stocks within 60 days prior to the regular meeting of shareholders, within 30 days prior to the extraordinary meeting of shareholders, or within five days prior to the base date when the company decides to distribute dividends, bonuses, or other benefits.

### Chapter 3 Shareholders' Meeting

9. Shareholders' meetings come in two types: regular and extraordinary. Regular meetings are held at least once a year, within six months after the end of each fiscal year, and are convened by the board of directors in accordance with the law. Extraordinary meetings are held when necessary, in accordance with the law. Shareholders' meetings may be held via video conference or other methods announced by the central competent authority. Relevant regulations govern the conditions, operating procedures, and other matters that must be followed when conducting a video-conference shareholders' meeting. Any regulations set forth by the securities regulatory authority take precedence.
10. In the event that a shareholder is unable to attend the shareholders' meeting, they must provide a power of attorney issued by the company that clearly states the scope of authorization. This will authorize a proxy to attend the meeting on their behalf with the shareholder's signature or seal. After the company's initial public offering, shareholders who wish to attend by proxy must comply with the 'Rules for the Use of Proxy Letters for Public Offering Companies to Attend Shareholders' Meetings' issued by the competent authority, in addition to the requirements stated in the preceding paragraph.
  - (1) The chairman shall preside over the shareholders' meeting. If the chairman takes leave or is unable to perform his duties for any reason, he shall designate a director to act as his deputy. If the chairman does not designate a deputy, the directors shall recommend one another to act as deputy.
11. Each shareholder of the Company shall have one vote per share, unless otherwise provided by law.
12. Resolutions of the shareholders' meeting must be approved by the presence of shareholders representing more than half of the total number of issued shares and by the affirmative vote of more than half of the voting rights of the shareholders present. If there is no objection from all the shareholders present after consultation with the chairman during the voting, the resolution will be deemed to be passed, and its effect will be the same as that of a voting vote. When convening a shareholders' meeting during the period when the company's stocks are listed over the counter, electronic means should be included as one of the channels for shareholders to exercise their voting rights in accordance with Article 177-1 of the Company Law.
  - (1) The minutes of the shareholders' meeting shall be recorded, signed or sealed by the chairman, and distributed to all shareholders within 20 days. Electronic distribution is permitted. After the company issues shares, the minutes may be published as an announcement. The meeting minutes should include the date, location, name of the chairperson, decision-making method, proceedings summary, and meeting results. They should be kept permanently while the company exists. The shareholder signature booklet and proxy power of attorney should be kept for at least one year.

### Chapter 4: Directors and Audit Committee

13. The company must have between five and eleven directors, each serving a three-year term. The directors must be elected by the shareholders' meeting from among those who have the capacity to act and may be re-elected. At least three of the directors must be independent, and they must make up no less than one-fifth of the total number of directors. The company shall adopt a candidate nomination system for selecting independent directors. Shareholders will then select independent directors from a list of candidates. Independent directors must meet professional qualifications and comply with regulations set forth by the Company Law and relevant authorities. The selection process must follow a logical sequence and adhere to metrics and units. The language used must be direct and unambiguous, and the text must be free from grammatical errors, spelling mistakes, and punctuation errors. During the period when the company's stocks are listed over the counter, the election of directors will follow a candidate nomination system as per Article 192-1 of the Company Law.

14. The board of directors is organized by its members. The chairman of the board is elected by the directors with the attendance of at least two-thirds of them and the consent of more than half of the directors present. The chairman represents the company externally.

The company has established an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which is composed of all independent directors. The audit committee must have at least three members, with one serving as the convener and at least one possessing accounting or financial expertise. The committee must adhere to regulations set forth by the competent authority regarding responsibilities, organizational rules, exercise of powers, and other matters.

15. If the chairman is absent or unable to exercise their powers, their representation will be handled according to Article 208 of the Company Law. If a director is unable to attend a board of directors meeting, they may appoint another director as their representative. However, a power of attorney must be issued each time, stating the scope of authorization and limited to one person.

The company's board of directors must be notified of the reasons for convening a meeting at least seven days in advance, unless it is an emergency.

The notification can be sent in writing, electronically, or by fax.

When the board of directors meets via video conference, directors participating via video conference are considered present in person.

16. Directors' remuneration shall be based on their participation in the company's operations and the value of their contribution. During their term, liability insurance may be purchased for all directors if more than half of the directors present agree and if more than half of the directors attend the board of directors meeting based on actual needs.

#### Chapter 5: Manager

17. The company may appoint, dismiss, and remunerate a manager in accordance with Article 29 of the Company Law.

#### Chapter 6: Accounting

18. At the end of each fiscal year, the company must prepare various forms, including a business report, financial statements, and proposals for profit distribution or loss compensation. These forms must be submitted to the shareholders' regular meeting for approval in accordance with the law.

19. The company shall use pre-tax profits from the current year to deduct profits before distributing employee and director remuneration. After retaining an amount to make up for accumulated losses, any remaining balance shall allocate no less than 2% for employee remuneration and no more than 5% for director remuneration. The board of directors shall distribute employee and director remuneration with the approval of more than two-thirds of the directors present and approved by more than half of the directors present. The distribution shall be reported to the shareholders' meeting.

The recipients of employee remuneration, including stocks or cash, in the preceding paragraph, shall include employees of controlling or affiliated companies who meet certain conditions.

20. If the company's annual final accounts show a net profit after tax for the current period, it should first compensate for past losses and then set aside 10% as a statutory surplus reserve. However, this does not apply when the statutory surplus reserve has reached the company's paid-in capital. Within this limit, special surplus reserves shall be set aside or reversed in accordance with legal provisions. If there is any surplus and undistributed surplus at the beginning of the same period, the board of directors must prepare a proposal for surplus distribution and submit it to the shareholders' meeting for resolution. For the profit distribution mentioned in the previous paragraph, the board of directors shall distribute payable dividends, dividends, or statutory surplus reserves and capital reserves in cash with the attendance of more than two-thirds of the directors and the special resolution of more than half of the directors present. The board shall then report to the shareholders' meeting.

The company's dividend policy is based on the consideration that it is still in the growth stage. The distribution of surplus will be in line with business development and expansion in the future, taking into account the company's future capital expenditure budget and capital needs. The board of directors will prepare a distribution plan and distribute it after resolution by the shareholders' meeting. Among them, the annual distribution of dividends to shareholders should not be less than 10% of the surplus available for distribution in that year. However, if the accumulated surplus available for distribution is less than 10% of the paid-in capital, it may not be distributed. When distributing dividends to shareholders, it can be made in the form of cash or stocks, but the dividend distribution must be a cash dividend of no less than 10% of the dividends distributed in the current year.

#### Chapter 7 Bylaws

21. Matters not provided for in these Articles of the company shall be handled in accordance with the provisions of the Company Law.

22. These Articles of Incorporation were established on January 15, 2008.

The 1st revision was on February 11, 1991

The 2nd revision was on July 6, 1997

The 3rd revision was on July 25, 2000.

The 4th revision was on September 28, 2000.  
The 5th revision was on October 04, 2004  
The 6th revision was on June 5, 2006  
The 7th revision was on August 12, 2013  
The 8th revision was on June 2, 2014  
The 9th revision was on October 30, 2015.  
The 10th revision was on June 12, 2017.  
The 11th revision was on February 22, 2018.  
The 12th revision was on June 21, 2019  
The 13th revision was on May 27, 2022

## **Reference 2**

### **Shareholders' Meeting Rules**

Revised on May 30<sup>th</sup> 2023

1. Unless otherwise provided by law, the company's shareholders' meeting shall be conducted in accordance with these rules.
2. The company should set up a signature book for shareholders to sign in or present a sign-in card instead. The number of shares in attendance is calculated based on the signature book or the signed-in card.

The company shall state in the meeting notice the time and place of registration of shareholders, solicitors and entrusted agents (hereinafter referred to as shareholders), as well as other matters that should be noted.

The time for accepting shareholder registration in the preceding paragraph shall be at least 30 minutes before the start of the meeting; the registration desk shall be clearly marked, and adequate and qualified personnel shall be assigned to handle it; the video conference of the shareholders' meeting shall be at the shareholder's door 30 minutes before the start of the meeting. The video conferencing platform will accept registration, and shareholders who complete the registration will be deemed to have attended the shareholders' meeting in person.

Shareholders should attend the shareholders' meeting with their attendance certificate, attendance sign-in card or other attendance certificates. The company shall not arbitrarily add to the supporting documents for shareholders' attendance and require the provision of other supporting documents; solicitors who are soliciting power of attorney must bring their identity documents. , for verification.

If the shareholders' meeting is held via video conference, shareholders who wish to attend via video conference should register with the company two days before the shareholders' meeting.

If the shareholders' meeting is held by video conference, the company should upload the procedure manual, annual report and other relevant materials to the shareholders' meeting video conference platform at least thirty minutes before the meeting starts, and continue to disclose them until the end of the meeting.

When a company convenes a video meeting of shareholders, the following matters should be stated in the notice of shareholders' meeting:

- (1) Methods for shareholders to participate in video conferences and exercise their rights.
- (2) Methods for handling obstacles to the video conferencing platform or video participation due to natural disasters, accidents or other force majeure events, including at least the following matters:
  1. The time when the meeting must be postponed or continued due to the occurrence of previously opened obstacles that cannot be ruled out, and the date when the meeting must be postponed or continued if necessary.
  2. Shareholders who have not registered to participate in the original shareholders' meeting via video conference are not allowed to participate in the postponed or continued meeting.

Convene a video-assisted shareholders' meeting. If the video conference cannot be continued, after deducting the number of shares attending the shareholders' meeting via video conference, and the total number of shares present reaches the legal quota for the shareholders' meeting, the shareholders' meeting should continue, and shareholders participating in the video conference should continue. , the number of shares attended shall be included in the total number of shares of shareholders present, and all resolutions of the shareholders' meeting will be deemed to have abstained from voting.

How to deal with the situation where the results of all motions have been announced but no provisional motions have been made.

- (3) Convene a video conference of shareholders and specify the appropriate alternative measures for shareholders who would have difficulty participating via video conference.
3. Attendance and voting at shareholders' meetings shall be calculated based on shares. When the company convenes a shareholders' meeting, it shall exercise its voting rights electronically and may exercise its voting rights in writing; when it exercises its voting rights in writing or electronically, the method of exercise shall be stated in the notice of convening the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person. However, temporary motions and amendments to the original motion at the shareholders' meeting will be deemed as abstentions, so the company should avoid proposing temporary motions and amendments to the original motion.
4. The location of the shareholders' meeting shall be at the location of the company or a location that is convenient for shareholders to attend and suitable for the shareholders' meeting. The meeting shall not start earlier than 9 a.m. or later than 3 p.m. When the Company convenes a video conference of shareholders, it is not subject to the aforementioned restrictions on the venue.

5. If the shareholders' meeting is convened by the board of directors, the chairman shall serve as its chairman. If the chairman takes leave or is unable to exercise his powers for any reason, he shall designate a director to act on his behalf.
6. If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the chairman of the meeting shall be the person with the right to convene.
7. Lawyers, accountants or relevant personnel appointed by the company may attend the shareholders' meeting.
8. Personnel handling shareholder meetings should wear identification cards or armbands.
9. The entire meeting process of the shareholders' meeting should be audio or video-recorded and kept for at least one year.
10. When the meeting time has expired, the chairman shall immediately announce the meeting and at the same time announce the number of non-voting rights and the number of shares in attendance and other relevant information. However, if shareholders representing more than half of the total number of issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two times, and the total postponement time shall not exceed one hour. If there are still insufficient shareholders representing more than one-third of the total issued shares to attend after two postponements, the chairman shall declare the meeting to be adjourned. If the amount in the preceding paragraph is still insufficient after being postponed for two times and shareholders representing more than one-third of the total issued shares are present, a false resolution may be made in accordance with the provisions of Paragraph 1 of Article 175 of the Company Law and the false resolution shall be notified. Each shareholder shall convene another shareholders' meeting within one month.
11. Before the end of the current meeting, if the number of shares represented by the shareholders present reaches more than half of the total number of issued shares, the chairman may resubmit the false resolution to the general meeting for voting in accordance with Article 174 of the Company Law. .
12. If a shareholders' meeting is convened by the board of directors, its agenda shall be set by the board of directors. Relevant motions (including temporary motions and amendments to original motions) shall be voted on on a case-by-case basis. The meeting shall be conducted in accordance with the scheduled agenda. Unless approved by the shareholders' meeting, The resolution cannot be changed.

Changes in the method of convening the company's shareholders' meeting shall be subject to resolution by the board of directors, and shall be made no later than before the notice of the shareholders' meeting is sent.

The company shall, thirty days before the regular shareholders' meeting or fifteen days before the extraordinary shareholders' meeting, submit the shareholders' meeting notice, proxy paper, relevant recognition proposals, discussion proposals, election or dismissal of directors, supervisors and other matters. The cause of action and explanatory information are made into an electronic file and sent to the Public Information Observation Station. And twenty-one days before the shareholders' regular meeting or fifteen days before the shareholders' extraordinary meeting, prepare the shareholders' meeting manual and meeting supplementary materials, prepare an electronic file and send it to the public information observation station, and prepare it for the shareholders fifteen days before the shareholders' meeting. The meeting manual and meeting supplementary information are available for shareholders to request at any time and are displayed on the company and the professional stock agency appointed by the company.

The company shall provide shareholders with the procedure manual and meeting supplementary information mentioned in the preceding paragraph in the following manner on the day of the shareholders' meeting:

- (1) When a physical shareholders' meeting is held, the certificates shall be distributed at the shareholders' meeting site.
- (2) When convening a video-assisted shareholders' meeting, it should be distributed on-site at the shareholders' meeting and transmitted to the video conference platform as an electronic file.
- (3) When convening a video conference of shareholders, electronic files should be sent to the video conferencing platform.
13. If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding paragraph shall apply mutatis mutandis.
14. Before the agenda scheduled in the first two items (including temporary motions) is concluded, the chairman shall not declare the meeting to adjourn without passing a resolution.
15. After the meeting is adjourned, shareholders may not nominate another chairman to continue the meeting at the original location or find another venue; however, if the chairman violates the rules of procedure and announces the adjournment of the meeting, he may elect a person to be the chairman with the consent of more than half of the voting rights of the shareholders present and continue the meeting.
16. Before shareholders attend the meeting to speak, they must first fill in a speech slip stating the gist of the speech, shareholder account number (or attendance certificate number) and account name. The chairman will determine the order of speeches.
17. Any shareholder present who only mentions a statement but does not speak will be deemed not to have spoken. If the content of the speech does not match what is recorded in the speech note, the content of the speech shall prevail.



18. When a shareholder is present to speak, other shareholders shall not interfere with the speech except with the consent of the chairman and the shareholder who is speaking. Any violation shall be stopped by the chairman.
19. Each shareholder may speak on the same motion more than twice without the consent of the chairman, and each speech shall not exceed five minutes.
20. If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the topic, the chairman may stop him from speaking.
21. When a legal person is entrusted to attend a shareholders' meeting, the legal person may only appoint one representative to attend.
22. When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal.
23. After the attending shareholders speak, the chairman may respond in person or by designating relevant personnel.
24. The chairman shall give full explanations and opportunities for discussion on proposals and amendments or temporary motions proposed by shareholders. When he believes that they have reached a level that can be voted on, he may announce the cessation of discussion, submit them for voting, and make appropriate arrangements. the voting time.
25. The supervisors and counters for voting on motions shall be designated by the chairman, but the supervisors shall have the status of shareholders.
26. The results of the voting shall be reported on the spot and recorded in minutes. The minutes of the meeting should be accurately recorded according to the year, month, day, venue, name of the chairman, resolution method, essentials of the proceedings and voting results (including statistical weights). When there is an election of directors, the names of each candidate should be disclosed. Number of votes. It should be kept permanently during the existence of the company.
27. While the meeting is in progress, the chairman may decide a time to declare a break.
28. Voting on proposals shall be passed with the consent of more than half of the voting rights of the shareholders present, unless otherwise provided by the Company Law and the Company's Articles of Association.
29. When voting, if there is no objection after consulting the chairman, it will be deemed to be passed, and its effect will be the same as voting.
30. When there are amendments or substitutions to the same motion, the chairman shall determine the order of voting based on the original motion. If one of the motions has been passed, the other motions will be deemed to have been rejected and will not need to be voted on again.
31. The chairman may direct pickets (or security personnel) to help maintain order at the venue. Pickets (or security personnel) should wear "Picket" armbands when assisting in maintaining order.
32. These rules shall come into effect after being approved by the shareholders' meeting, and the same shall apply when revised.
33. The procedures, handling of proceedings, resolution methods and all other relevant matters of the shareholders' meeting shall be governed by these rules. Matters not stipulated in these rules, except those expressly stipulated in the Company Law, Securities and Exchange Law and the Articles of Association, shall be determined by the chairman. Show processing.

## **Reference 3**

### **Directors' Election Procedures**

1. Election of the Director of the Company shall be carried out in accordance with the provisions of this Regulation.
2. The company's directors shall be elected by the shareholders' association on the list of candidates, the position and the term of office shall be in accordance with the Company's articles of association.
3. The election of the company's directors, by registered cumulative election law, and the selection of the director, each share has the same number of voting rights as the number of directors to be elected, can be concentrated to elect one person, or to allocate a number of electors.
4. The Company's directors shall calculate the right to vote for independent directors and non-independent directors separately according to the amount determined by the company's articles of association, and shall be elected by the number of voters representing the voting rights of the company, and if two or more persons have the same number of entitlements and exceed the prescribed number, the voters shall be selected by a draw of the same amount, and those who are not present shall be drawn by the Chairman.
5. Before the beginning of the election, the Chairman shall designate a number of voters and counters with the status of shareholders to carry out the relevant duties.
6. An election ballot is invalid if one of the following applies:
  - (1) A person who does not require a ballot prepared by the authority to convene the ballot.
  - (2) Individuals who enter the ballot box with a blank ballot.
  - (3) Avoid vague and unmodifiable language.
  - (4) Verify that the list of voters filled with the candidates of directors is compatible.
  - (5) In addition to filling in the number of allocated voting rights, write any other necessary characters.
7. The Chairman shall announce the election results at the end of the vote, including the list of elected directors and the number of members elected.

After signing and sealing the ballot, voters must store the previous election's ballot for at least one year. However, if a shareholder has filed a lawsuit under Article 189 of the Companies Act, the ballot shall be kept until the end of the lawsuit.
8. The Board of Directors of the Company shall notify the elected director separately.
9. Any matters not specified in this method shall be dealt with in accordance with the company law, the company's articles of association, and the relevant regulations.
10. After its adoption, the shareholders' board shall implement the present approach, and the same name shall be used in the event of amendments.

## Reference 4

### Group Up Industrial Co. Ltd. Current Shareholding of Directors and Supervisors

1. The company's capital is **NT \$ 579,785,140**, and the number of issued shares is **57,990,196 shares**.
2. According to Article 26 of Stock Exchange Act, all the directors should hold a minimum of 4,639,216 shares.
3. As of the closing date of the shareholders meeting (April 1st, 2024), the number of shares held by individuals and all directors recorded in the shareholder register is as follows:

| Title                 | Name   | Number of Shares | Share % |
|-----------------------|--|------------------|---------|
| Chairman of the Board | Zhanhong Investment Co., Ltd.<br>Mr. Chen, As-Shun   | 2,755,104        | 4.75%   |
| Board Director        | Yufeng Investment Co., Ltd.<br>Mr. Lee, Jung-Kun     | 2,757,309        | 4.75%   |
| Board Director        | Hongyi Investment Co., Ltd.<br>Mr. Lai, Wen-Chang    | 2,758,119        | 4.76%   |
| Board Director        | Living Water Investment Co., Ltd.<br>Mr. Yu, Tien Ho | 2,760,712        | 4.76%   |
| Board Director        | Mr. Kao, Chuan Chih                                  | 30,000           | 0.05%   |
| Board Director        | Mr. Dai, Shui-Chuan                                  | 80,000           | 0.14%   |
| Board Director        | Mr. Li, Robert                                       | 0                | 0%      |
| Board Director        | Mr. Hung, Ching-Chang                                | 0                | 0%      |
| Board Director        | Mr. Chen, Ming Hsing                                 | 0                | 0%      |
| All                   |  | 11,141,244       | 19.21%  |