Stock Code:4566

GLOBAL TEK FABRICATION CO., LTD.

Annual Report 2023

Annual Report Inquiry Website:

MOPS MOPS: https://mops.twse.com.tw.

Company Website: https://www.globaltek.com.tw.

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Notice to readers: This English-version annual report is a translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. Company Website: https://www.globaltek.com.tw.

Contents

Chapter 1 Letter to Shareholders

Dear Shareholders:

Hello everyone, after three years of the pandemic and the impact of a significant inventory adjustment following the end of the 2023 pandemic, every industry is now facing the challenge of restructuring. However, Global Tek has not been discouraged or stagnant. Instead, we have adopted a proactive approach and made essential capital investments to enhance the resilience of our company's sustainable operations. Firstly, we would like to express our gratitude to the 6th Board of Directors of Global Tek for their professional guidance and unwavering support throughout this journey. Under the guidance of the Board of Directors, we have successfully established the Sustainable Development and Risk Management Committees, acknowledging the importance of sustainable operations and incorporating the principles of sustainable development into our company's operational policies. Furthermore, we have proactively prepared and strengthened our capabilities to tackle ESG challenges, fulfilling our responsibility in ensuring effective corporate governance for our shareholders.

The sustainable operation of a company relies on the founder's ambition and perseverance, as well as fostering awareness, understanding, and commitment to sustainability among every employee. This, in turn, shapes the overall corporate culture of sustainability. Since its establishment, Global Tek has consistently focused on the conservative metal products industry. We have continuously built a specialized, systematic, and international team in the global niche market through innovation and integration. Since the early stage of incorporation, Global Tek has fostered a core cultural characteristic, aimed to create a learning-oriented organization, and been striving to become a sustainable and efficient enterprise. Our focus on innovation is directed toward global diverse high-end niche markets, such as automotive, industrial products, aerospace, and medical devices. Our goal is to provide one-stop and all-round services for metal products with differentiated competitive advantage strategies as an organic organization in the relatively conservative traditional precision metal manufacturing industry to high-quality customers through resource integration, thus developing differentiated competitiveness of our comprehensive engineering services. In the past years, we have not only strengthened our engineering technology and improved production efficiency, but also integrated and refined our supply chain, so that we can not only provide a diversified product service to a wider range of niche customers, as well as take the strength of economic scale as the guarantee of continuous and healthy growth together with customers.

The global economy is experiencing a new wave of change, characterized by heightened geopolitical risks, financial tensions, and an increase in the frequency of extreme weather events. This is further compounded by the impact of evolving artificial intelligence (AI) technology, which is propelling the global economy into one of the most turbulent periods in recent history, thereby posing greater challenges to business operations. We adopt a cautious and conservative approach to business management and have made necessary adjustments to adapt to the business cycle of this industry. We firmly believe that a company pursuing sustainable management cannot maintain a high level of growth year after year, as long as we continue to implement, refine and strengthen the four aspects of enterprise culture, strategy, organization and talent, we can continue to grow healthily. As the drive system and autonomous driving system of new energy vehicles continue to advance, we have become a part of the supply chain of new energy vehicle key components. The industrial applications are steadily emerging with new products created for various applications. Additionally, the aerospace sector has shown growth as the industry as a whole recovers. Medical products have also begun to contribute to revenue, which will drive the Company's future growth. In conclusion, we maintain a positive outlook on the long-term development of diverse niche markets.

Considering the aforementioned factors, Global Tek effectively prepared itself, particularly improved its response speed and digital technology in 2023 when facing the impact of turbulent external domestic and foreign politics, economic environments, and regional conflicts, as well as the supply chain restructuring brought about by vehicle electrification. Our team strategically positions itself in the new energy vehicle and other high-value-added key components, seizing future business opportunities through the diversification of end product applications and the globalization of markets. Additionally, we continuously optimize processes and product structures with an optimized operational structure. We invest in automated production equipment and refined cost control to ensure optimal production efficiency. We also enhance our supply chain management skills and simplify material management processes to reduce overall inventory. Our aim is to achieve outstanding business performance in the future and deliver business results for the Company and our shareholders.

I. Business Results for 2023:

The distribution of diversified niche products and markets aims to avoid huge fluctuations in the company's sales due to single concentrated risks. GLOBAL TEK GROUP continues to distribute diversified products, expand more application areas, and add integrated solutions to add new momentum for revenue growth. In the automotive field, in addition to extending the business opportunities of existing and commercial vehicle products and actively str\iving for the undeveloped market, GLOBAL TEK focuses on various applications of new energy vehicles (including full electric vehicles /BEV, hybrid vehicles /HEV and plug-in hybrid vehicles /PHEV) and self-driving vehicle ecosystem. And GLOBAL TEK has successfully opened up business opportunities in the electric vehicle market and pitched into the supply chain of core key components of China's leading electric vehicle manufacturers and other emerging new-energy vehicle manufacturers, such as BSC braking safety control system and EPS electric power steering system, providing the precision-stamped and formed motor housing, motor shaft and precision-machined components, which will certainly be of great benefit to revenue growth in the future; In the field of industrial applications including semiconductor, oil & gas exploration, high-end bicycles or electric bicycles, the Company is also actively developing new applications; the market conditions of aerospace applications showed a growth trend along with the recovery of the overall industry; the products in the medical materials segment have started to generate revenue contribution.

The COVID-19 pandemic and the Russo-Ukrainian war have further intensified the global supply chain disruptions and production delays, due to the associated geopolitical risks. The war has caused geopolitical instability, resulting in transportation blockades, trade restrictions, and supplier withdrawals. This has had a detrimental effect on the stability of the supply chain. Due to the challenges in forecasting product demand and adapting to market fluctuations, caused the Company to accumulate an excessive inventory of products. Consequently, the Company significantly revised the existing orders downward in 2023, resulting in the first revenue decline since 2020. In 2023, the Company's operating revenue decreased by 16%.

(I) Budget and business results

Unit: Thousand NT$

Items	2022	2023	Change (%)
Net operating revenue	4,986,366	4,208,458	-16%
Gross profit	1,132,512	930,616	-18%
Operating profit	407,738	220,583	-46%
Net income before tax	539,657	305,424	-43%
Net income for this period	422,850	262,253	-38%
Basic earnings per share (NT$)	5.74	3.04	-47%

(II) Financial Income and Expenses and Profitability Analysis

Item	Year	2022	2023
Financial Structure	Liabilities to Assets Ratio	58.31%	52.78%
	Long-term Capital to Fixed Assets Ratio (%)	178.11%	213.10%
Debt Service Ability	Current Ratio (%)	154.79%	240.70%
	Quick Ratio (%)	104.70%	182.00%
Profitability	Return on Total Assets (%)	6.11%	3.75%
	Return on Equity	14.50%	7.20%
	Profit Margin	8.48%	6.23%
	Earnings Per Share (NT$)	5.74	3.04

(III) Research and Development

Global Tek has actively engaged in diverse fields, including automotive, aerospace, industrial applications, and the medical industry. In contrast to traditional manufacturers, we are moving away from the conventional "Me too" competitive strategy of working independently but also place great emphasis on keeping abreast of the growth of different niche markets to seize opportunities to stay ahead of the competition. Global Tek is committed to taking customer perspectives first and advocating for the use of VA/VE expertise. Additionally, we are dedicated to enhancing our one-stop integrated services. In addition to the precision machining services provided to help customers optimize product costs and functionality, we have strengthened integration with upstream and downstream supply chains and developed the necessary technology for producing high-value-added products. This has allowed Global Tek to provide a total solution of metal products, including machining, material forming, precision stamping, deep drawing, and post-processing. It can not only enhance and strengthen core customers' comprehensive demand for precision metal parts but strengthen the long-term development strategic partnership with them. This is also a plan in response to the general trend of energy efficiency, weight reduction, and emission reduction in the automotive industry and an important step for enterprises to devise a strategy that is key to diversifying long-term market risks and maintaining the momentum for sustained revenue growth.

In light of the new challenges and opportunities presented by electric vehicles and green manufacturing (ESG) as a critical factor in decision-making in the global manufacturing industry, Global Tek has realized that establishing green factories is an inevitable trend and an unavoidable challenge for the machinery manufacturing industry. Global Tek has undertaken digital transformation and ESG initiatives to improve processing performance, implemented AI projects, and developed and adopted high-precision net shape forming technology. By integrating hardware manufacturing with software and services, we are adopting AI in the manufacturing processes from product design, factory operations, products to services, thereby optimizing operational processes and enhancing our core competitiveness. Global Tek is dedicated to creating a sustainable and efficient ecosystem for metal products. We have developed a comprehensive platform that connects online community and offline clusters, with the goal of promoting the sustainable growth of the industry. Through strategic planning and gradual implementation, we will strive to internationalize the enterprise so as to establish our long-term competitiveness in the ESG wave.

Our research and development status is specified below:

1. In addition to the existing safety and transmission systems, there is a need for the development and mass production of key components for automobiles, particularly for new energy vehicles and autonomous vehicles. This emphasis is particularly on the systems for driving, braking, steering, energy-efficiency, weight reduction, and emission reduction in new energy vehicles and autonomous driving.
2. In the industrial application field, we have developed not only high-end aluminum components for bicycles but semiconductor IC testing components, electronic heat dissipation module components, and high-precision components for fluid monitoring.
3. In the aerospace industry, we are constantly developing advanced polishing technologies for high-precision surface parts and key components for aircraft electromagnetic brake systems.
4. We set up a production line in compliance with law for manufacturing medical minimally invasive surgical staplers.
5. We continued to strengthen digital transformation by integrating our ERP system and Industry 4.0 system (including the PDM/MES system). This integration has allowed us to overcome the production bottlenecks, integrate our work techniques to reduce labor costs and working hours, achieve balanced processing, and enhance automation and AI.
6. We enhanced collaboration between Global Tek and research units to foster the development of innovative technologies and talent training. We conducted research on various topics, including software simulation, data analysis, and automation applications, developed new production techniques and inspection techniques, and continued to optimize production.

II. Summary of the 2023 business plan

(I) Business strategies and implementation

As the global demand for ESGs is increasing, the promotion of sustainable governance has become a key focus of investors and authorities in global capital markets in addition to financial gain. In addition to meeting the long-term requirements set by the regulatory authorities, Global Tek voluntarily disclosed the ISO 14064 greenhouse gas inventory information and conducted ISO 14064 greenhouse gas verification for the first time in 2023. Global Tek voluntarily published the first ESG report in 2023 ahead of schedule. This action showcases our dedication to being a responsible global citizen and exemplifies the Company's eagerness to embrace new knowledge, tackle challenges, and strive for continuous improvement by learning while doing as our unwavering commitment to sustainable business.

Regarding business expansion:
In the automotive industry, we actively pursue opportunities in the safety airbag components market from leading car manufacturers in Japan and China. Our products also include seat belt tubes, automotive sensors, One-box components, steering system components, commercial vehicle engine cylinder pressure relief braking system components, gear products, and charging stations with copper-plated silver electrodes. By entering the new energy vehicle supply chain, we aim to achieve sustainable organic growth.
In the industrial application field, we have developed not only high-end aluminum components for bicycles but semiconductor IC testing components,and electronic heat dissipation module components. Working with suppliers of special materials, high-temperature alloys, and titanium alloys, with competitive prices, high quality, and short delivery periods not only helps customers solve the problem of material shortages but also creates many new business opportunities, enabling the industrial product market to expand and maintain growth momentum.
As borders gradually reopen in different countries, the global aviation industry is undergoing a recovery, resulting in a substantial surge in the demand for new aircrafts. The two major international aircraft manufacturers, Boeing and Airbus, have resumed aircraft production, leading to increased demand for upstream components. We are also actively developing low-altitude aircraft accessories and aerospace motor parts, and our aerospace business is promising. Additionally, we have expanded our business in medical endoscopic staplers, which is already contributing to revenue as a new driver for the Group's growth.

Regarding production and manufacturing:
In 2023, the opening of the new plant in Anzhen, Wuxi, was witnessed by many key customers, showcasing Global Tek's ambition and long-term plan. This not only helps to strengthen relationships with existing customers but also enables the continuous exploration of new business opportunities in the new energy vehicles field. Moreover, in line with the sustained growth of Global Tek's Xi'an Plant and the net-zero policy in mainland China, the initial construction of a self-sufficient precision casting plant in Tongchuan, Shaanxi, has been completed. The projected production capacity for the first year is 800 tons. Despite starting late, we have adopted the state-of-the-art and highly automated equipment and have obtained AS9000 and PED certifications for the plant. Additionally, we have secured support from two major international clients, enabling us to explore further business opportunities in the future. The Tongchuan Plant's initial mass production will effectively reduce our casting costs. In the future, we can also pursue opportunities in the blank formed parts business.
In view of the shortage of labor in all factories and with the global phenomenon of labor shortage and personnel shortage as well as the impact of the new generation on the workplace culture, the management team will continue to internally establish a digital teaching platform to facilitate the continuous on-line education and training of enterprise management and culture, engineering technology and quality management, so as to accelerate the internal talent training and improve the overall competitiveness. Besides, in terms of production automation and intelligence, each factory introduces APS system, MES system and PDM system, and continues to extend to the whole supply chain, so as to truly implement the single intelligent management systematization of GLOBAL TEK, and achieve transparency, visualization, immediacy and synchronization of internal management. In addition, we also optimize the use of internal information management systems such as SharePoint, Power BI, and eHRD human resource development systems to improve the training of talent pipeline and management thinking.

In addition, in the face of the volatile supply chain, while pursuing revenue growth and improving profitability, the company will control accounts receivable and inventory levels as the focus of operation and management in 2023 in terms of internal management, in order to improve the company's operating cash flow, and strengthen the supply chain management and integration with the follow-up of customers' accounts receivable.

(II) Projected sales quantity

The global economy in 2023 demonstrated greater resilience than anticipated and may achieve positive growth in the future despite a slowdown in growth. The automotive and aerospace industries are anticipated to recover. Although the industrial application sector is facing challenges in demand for bicycles and semiconductors due to high inventory levels, both industries have been gradually reducing their inventories by increasing sales for over a year, with a potential rebound from the bottom this year. It is also anticipated that orders in the industrial application sector will gradually recover, particularly with the collaboration of WEBO, an investment team from Germany, to explore new business opportunities with advanced technologies, which will reignite growth momentum. Additionally, medical device products have begun to contribute to revenue. There is no systemic adverse impact, and the management team remains cautiously optimistic about the overall sales outlook.

(III) Important production and sales policies

Production policy:

1. Continuing to enhance our quality system, strengthen quality management skills, reduce product defect rates, and customer complaints, maintain strong relationships with existing customers, form relationships with new customers, and create new business opportunities.
2. Continuing to optimize processes and product structures while refining cost control. Investing in automated production equipment and overcoming production bottlenecks to improve efficiency; integrating techniques to reduce labor costs and working hours, ensuring optimal production efficiency; additionally, strengthening our supply chain management skills and simplifying material management processes to reduce overall inventory, while improving manufacturing yield.
3. Continuing to optimize our in-house production and outsourcing policies; strengthening the production technology and economic scale of our manufacturing team; enhancing supply chain management; continuing to enhance new collaboration platforms with diverse small clusters of businesses, implementing the offline professional division of labor, and creating a large online smart manufacturing and management platform in line with the completion of the new plant in Wuxi Anzhen and the precision casting plant in Tongchuan, Shaanxi, as well as the strengthened factory-within-a-factory mechanism in the large park of Global Tek.

Sales policy:

Global Tek adheres to a consistent marketing policy and proactively puts more attention and effort in keeping up with the development trends in various niche markets. In addition to continuously developing automotive safety systems and transmission systems, we explore opportunities to expand our existing and commercial vehicle product lines and actively pursue untapped markets. We are also involved in major automobile manufacturers' research and manufacturing of new energy vehicles through collaborations with existing customers in the automotive industry. Through long-term strategic partnerships with global system suppliers, we stay updated on the changes and demands in new energy vehicle technology, jointly plan the new energy vehicle development to seize opportunities, and research and develop components related to new energy vehicles and autonomous driving. Furthermore, we are enhancing our production skills in precision stamping and deep drawing products to actively expand our niche customer base. Moreover, we are diversifying industrial applications, including semiconductor equipment, high-end bicycles, industrial control, and components for electronic heat dissipation modules. As the aviation industry is recovering, the surge in demand for new aircrafts drives demand for upstream components. We are also actively developing low-altitude aircraft accessories and aerospace motor parts, and our aerospace business is promising. Additionally, we have expanded our business in medical endoscopic staplers as a new driver for the Group's growth. With a diverse professional development layout and our team's collective efforts, we not only maintain the overall vitality but also demonstrate resilience and energy. As a result, we have gained attention and recognition from major global clients who want to continue to grow with the Company.

III. Future development strategies, impact of the external competitive environment, the regulatory environment, and the overall business environment

The rise of ideological tensions among major powers has prevented the post-pandemic global economy and trade from returning to an efficient and level playing field. Technological blockades, trade barriers, and show of military force, combined with the constantly changing external environment, have created a state of constant uncertainty. Despite this uncertain global economic environment, Global Tek has managed to maintain steady operations against the daunting challenges, which is not an easy feat. As we bid farewell to a year full of uncertainties in 2023, our ambitious team, as always, views adversity as a challenge to foster our organization. We will sustain our competitiveness through collective wisdom, continuous improvement, and perseverance, and achieve another milestone in revenue. To ensure long-term stability and expansion, the Group has initiated the construction of a new plant in Wuxi, with relocation to the new plant, covering an area of 43 acres and a floor area of 43,000 square meters, in October 2022. The new plant has begun mass production and is contributing to revenue. In 2023, the opening of the new plantin Anzhen, Wuxi, was witnessed by many key customers, showcasing Global Tek's ambition and long-term plan. This not only helps to strengthen relationships with existing customers but also enables the continuous exploration of new business opportunities in the new energy vehicles field. In 2021, we found a suitable industrial site of 17,000 ping for the Taiwan plant as a long-term development base and relevant development procedures are progressing rapidly. Additionally, the Xi'an Plant is implementing a new project to establish a lost-wax casting factory. The initial construction of a self-sufficient precision casting plant in Tongchuan, Shaanxi, has been completed.The projected production capacity for the first year is 800 tons. Despite starting late, we have adopted the state-of-the-art and highly automated equipment and have obtained AS9000 and PED certifications for the plant. Additionally, we have secured support from two major international clients, enabling us to explore further business opportunities in the future. The Tongchuan Plant's initial mass production will effectively reduce our casting costs. In the future, we can also pursue opportunities in the blank formed parts business.

Our sales offices in Europe and North America closely monitor local market trends and maintain regular communication with international clients to stay updated on their needs. Moreover, we will enhance the integration of our affiliates and the upstream and downstream supply chain, develop the essential technology for manufacturing high-value-added products, and establish a highly competitive team. Facing the uncertainty of the global situation, Global Tek is committed to taking a forward-looking approach and pledges to establish core competitiveness and expand economic scale through vertical integration and horizontal cooperation as a key partner that assists in the long-term development of key customers in niche markets across the globe. We have began to launch an ESG program to establish a comprehensive professional integrated service platform for metal products, thereby ensuring the sustainable longevity of our conglomerate organization. Thank you for your long-term support. We hope that all shareholders will continue to give their encouragement and guidance to the Company's management team!

Sincerely,
Chairman Liu, Tsu-Ying
President Huang, Ya-Hsing

Chapter 2 Company Profile

I. Date of incorporation: November 7, 2008

II. Company History

The founder of the Group, Huang, Ya-Hsing, has witnessed the overall development of Taiwan's economy. He made a transition from working at foreign-invested enterprises to the electronics and technology industry. In 1985, he entered the field of professional international procurement and engineering management, specializing in precision machining. Additionally, he co-founded a precision machining company, capitalizing on his expertise in marketing, engineering, and quality management. By including the production technologies and manufacturing skills of multiple precision machining factories, the company supplied precision machining components to globally renowned disk drive manufacturers, resulting in growth and high gross profit every year. He then left the company due to differences in business philosophy and established Global Tek to engage in manufacturing and marketing. He initially set up factories in Taiwan and later expanded to Wuxi and Xi'an, China. The Company specializes in three industries: automotive safety and braking systems, industrial fluid and gas control systems, and aerospace applications. By adopting a strategy of outsourcing as the main approach and in-house production as a supplement, the Company achieved remarkable growth in its early stages with a light-asset strategy. Due to the impact of the financial crisis, he has decided to increase the threshold for business operations and develop core capabilities in niche markets. This will ensure the long-term, sustainable growth of the Company.

Global Tek has been incorporating its management expertise as a foreign-invested enterprise and aiming to increase business opportunities in the globalized electronics technology sector. Additionally, we have leveraged our unique precision machinery processing skills, which cannot be easily replicated in large quantities and at a fast pace. Our focus has been on developing a professional, systematic, and internationalized team in this traditional industry. The Company has developed a core cultural characteristic, aimed to create a learning-oriented organization, and been striving to become a sustainable and efficient enterprise. In the global diversified niche markets of automotive, industrial products, and aerospace, we have established an exclusive one-stop business unit to enhance the differentiated competitiveness of our comprehensive engineering services.

Global Tek's management team aims to pursue technological advancement, innovative management, and collective endeavors, create synergy, strive for excellence, gain customer recognition, share achievements, and achieve sustainable growth. Our mission is to offer comprehensive services in precision machining and metal products and become the leading strategic partner and a model company in the industry for global niche markets and core customers. With a shared vision, we have developed a culture of trust and reciprocity based on our core values and fostered a long-term commitment from all members of the Company to collaborate and pursue success as the cornerstone of the Company's core competitiveness.

Key development important Events of the Company:

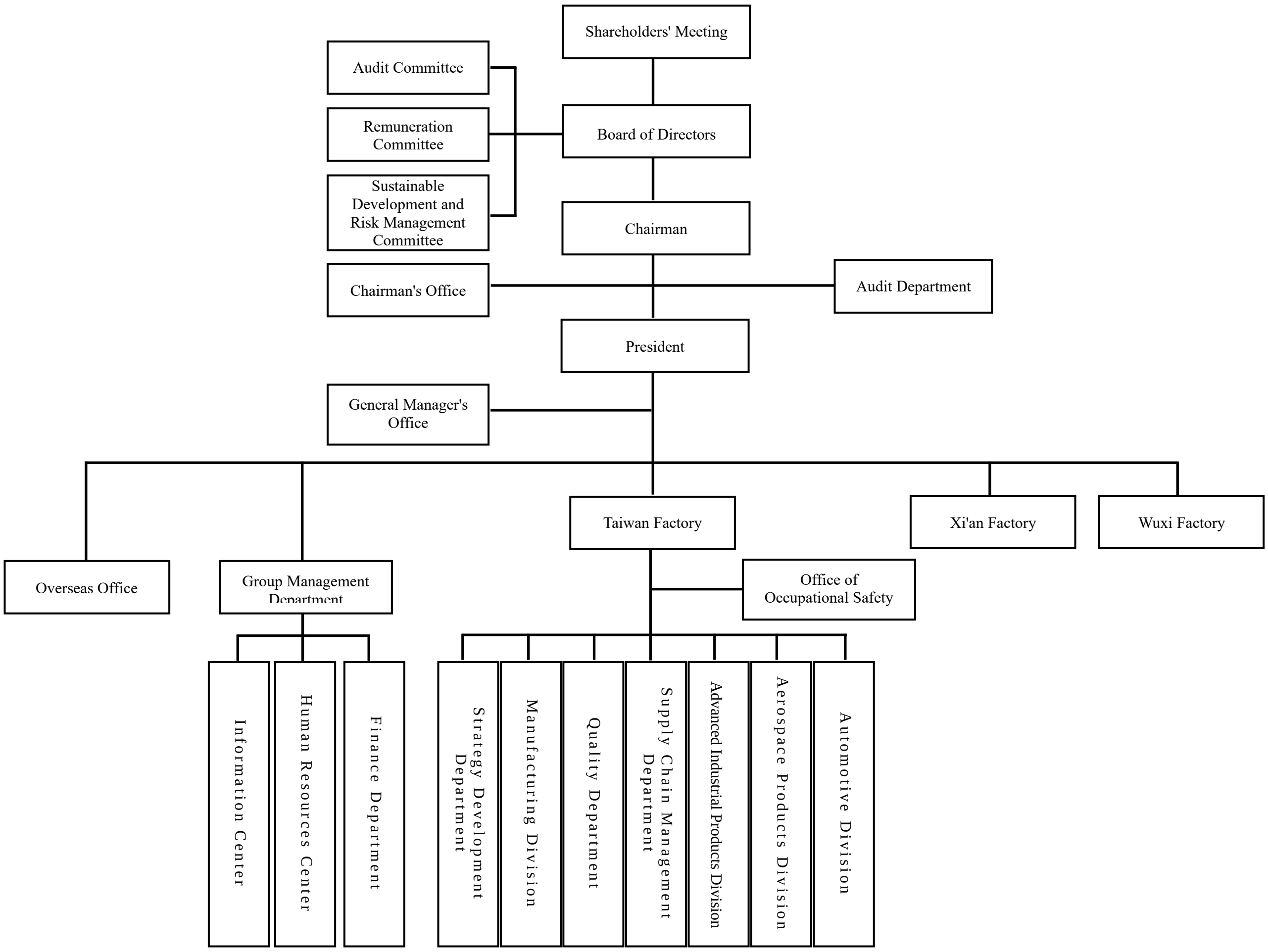
Month/Year	Important Events
November 2008	The Company was founded and named Global Tek with an initial capital of NT$10 million.
August 2009	The cash capital increase amounted to NT$90 million, resulting in a paid-in capital of NT$100 million after the increase.
December 2009	The Company was awarded the global Emerson Group Annual Supplier Award.
May 2010	Xinwu precision casting plant was completed and opened.
December 2010	The Company was awarded the global Emerson Group Annual Supplier Award. The Company won the Parker Best Supplier Award.
July 2011	The Company was qualified by the operation headquarters.
August 2011	GLOBAL TEK FABRICATION CO., LTD. (Samoa) has become a 100%-owned investee of the Company.
November 2011	The capital increase amounted to NT$103 million, with capital contribution made from property, resulting in a paid-in capital of NT$203 million after the increase. Global Tek Co., Ltd. became a 100%-owned investee of the Company with TS16949 international automotive quality and safety certification and AS9100 international aerospace safety and quality certification.
December 2011	The Company won the Autoliv Annual Best Supplier Award.
January 2012	The cash capital increase amounted to NT$100 million, resulting in a paid-in capital of NT$303 million after the increase.
June 2012	The Investment Commission has approved the investment in the following companies in third-party regions: Global Tek (Wu'Xi) Co., Ltd., Global Tek (Xi'An) Co., Ltd., and Wuxi Global Tek Metal Products Manufacturing Co., Ltd.
July 2012	The cash capital increase amounted to NT$61.84 million, resulting in a paid-in capital of NT$364.84 million after the increase.
December 2012	The Company won the Emerson Group pressure sensors Best Supplier Award.
December 2012	The Company won the Magna Annual Performance Supplier Award.
December 2012	The Company signed a memorandum of cooperation with Aviation client Goodrich (for key components in the aviation industry).
March 2013	The Company was certified by Nadcap in the aviation industry.
April 2013	The cash capital increase amounted to NT$76.16 million, resulting in a paid-in capital of NT$441 million after the increase.
December 2013	The Company won the Litens Annual Merit Supplier Award.
February 2015	The cash capital increase amounted to NT$110 million, resulting in a paid-in capital of NT$551 million after the increase.
December 2015	The Company won the Litens Annual Merit Supplier Award.
November 2016	The Company won the Mahle Annual Merit Supplier Award.
November 2016	The Company filed an application for public offering.
November 2016	The application for public offering was approved.

Month/Year	Important Events
January 2017	The issuance of employee stock warrants was approved.
February 2017	The Company's stock was listed on the emerging stock market.
May 2017	The cash capital increase amounted to NT$49 million, resulting in a paid-in capital of NT$600 million after the increase.
February 2018	The Company's stock was listed on TWSE. The cash capital increase amounted to NT$60 million, resulting in a paid-in capital of NT$660 million after the increase.
August 2019	The Company issued the first domestic unsecured convertible corporate bonds, with a total face value of NT$600 million.
April 2021	The Company acquired a 36.7% equity stake in AvioCast Inc.
January 2022	The Company issued the second domestic unsecured convertible corporate bonds, with a total face value of NT$630 million.
October 2022	The Company established a 100%-owned subsidiary, GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO., LTD., through GLOBAL TEK(XI'AN) CO., LTD.
October 2023	The New plant in Anzhen, Wuxi, was opened.
January 2023	The Company issued the third domestic unsecured convertible corporate bonds, with a total face value of NT$800 million.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Business Operations of Each Major Department

Department	Responsibilities
Chairman's Office	1. Responsible to the Board of Directors. 2. The analysis of the internal and external Company environment, industry analysis, and the provision of constructive opinions for macro decision-making and management innovation are led by the Company's leadership. 3. Responsible for organizing and managing the development and refinement of the Company's medium and long-term strategic plans, as well as analyzing research reports. 4. Investor Relations.
Audit Department	1. Promote and assist in establishing a written internal control and internal audit system, and update and revise it as needed. 2. The planning and execution of internal audit operations involve assisting the Board of Directors and management in examining and evaluating the effectiveness of internal control systems. 3. Ensure timely improvement suggestions are provided and track the effectiveness of these improvements to achieve internal control objectives.

Department	Responsibilities
General Manager's Office	1. Responsible for evaluating, planning, and formulating Company policies, operational guidelines, and systems. 2. Compile and analyze the daily operational performance of each department, and develop and submit recommendations for improvement. 3. Plan and execute the instructions provided by the executive management. 4. Undertake sustainable projects and operations in accordance with ESG principles.
Overseas Office	Responsible for managing the offices in North America and Europe.
Human Resources Center	Responsible for the overall management of the Group's human resources, including tasks such as developing human resource strategies and systems, implementing training and organizational development strategies, as well as planning and administering compensation and rewards.
Information Center	Responsible for managing information systems, including software and hardware, as well as overseeing information security operations.
Finance Department	1. Financial planning review, fund allocation management, and financial operations of the Company. 2. The Company offers advice and decision-making support for significant investments, financing, mergers and acquisitions, and other business activities. It also engages in risk assessment and post-investment management. 3. Board of Directors, reporting, and matters related to stock affairs. 4. Financial planning and management provide effective financial analysis for decision-making within the Company. 5. According to the accounting system, the responsibilities include establishing accounting principles and cost plans, preparing financial reports and management statements, providing accurate financial data to the Company, and reflecting the Company's operating conditions truthfully.
Office of Occupational Safety	Responsible for overseeing environmental protection, occupational safety, and health-related operations within the factory premises.
Supply Chain Management Department	Responsible for various procurement, logistics, and supply chain management tasks in Taiwan.
Quality Department	1. Supplier Management: Operations for managing suppliers and ensuring quality assurance. 2. Quality Assurance: Establishment, maintenance, and continuous improvement the quality management system. Overseeing and executing internal and external quality audits. 3. Quality Control: Inspection, Analysis, and Management of Incoming Materials, Process, and Finished Products.
Manufacturing Division	1. The execution of production plans, product manufacturing, and process records is crucial for ensuring the smooth operation of the factory. 2. Inventory management planning, shipment arrangements, factory operations, equipment management, and maintenance.
Strategy Development Department	Precision casting engineering technology and production, as well as the research and development of new products and technologies.
Various Business Departments	1. As a profit center, it is responsible for managing the financial performance of various departments, including business, engineering, and technology, and ensuring profitability. 2. Operations, development, and management of products, markets, and customers.

II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

(I) Board of Directors and Supervisors Information

April 29, 2024; Unit: Shares

Title	Nationality or place of registration	Name	Gender and Age	Date of Appointment	Term	Date of Initial Appointment	Holding Shares at the Time of Appointment		Current Shareholding		Spouses and minor children currently holding shares		Shares held on behalf of others		Main Experience	Currently holding positions in this Company and other companies.	Other executives, directors, or supervisors who have spouses or relatives within the second degree of kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Republic of China	Representative: Liu, Tsu-Ying	Female between the age of 60-69	2022.6.23	3	2009.12.01	3,226,665	4.50%	3,226,665	3.53%	6,226,695	6.82%	0	0	National Taipei University of Business EMBA Institute staff at the Aviation Department of National Chengchi University and clerk of Taiwan Land Bank	Chairman of Global Tek Co., Ltd. Director and legal representative of Global Tek Co., Ltd. (Wuxi) Director and legal representative of Global Tek Co., Ltd. (Xi'an) Director and legal representative of Xi'an Global Tek Fabrication Co., Ltd. Director and legal representative of Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. Director of Global Tek Fabrication Co., Ltd. (Samoa) Director of Global Tek Co., Ltd.	Director	Huang, Ya-Hsing	Spouse	Note 1
	Republic of China	Hsingying Investment Co., Ltd.	–	2022.6.23	3	2015.01.23	7,854,000	10.95%	7,854,000	8.60%	0	0	0	0	–	–	–	–	–	–
Director	Republic of China	Huang, Ya-Hsing	Male between the age of 70-79	2022.6.23	3	2009.12.01	6,226,695	8.68%	6,226,695	6.82%	3,226,665	3.53%	0	0	Company founder EMBA Masters in National Enterprises, National Taiwan University National Taipei University of Business (formerly National Taipei College of Business) Tax Accounting Department Business Associate Manager of Primax Electronics Ltd. Vice President of GLOBAL PMX CO., LTD. Procurement Supervisor of Taiwan International Standard Electronics Co., Ltd.	Company General Manager Director of Global Tek Co., Ltd. (Xi'an) Director of Global Tek Co., Ltd. (Wuxi) Director of Global Tek Xi'an Machinery Manufacturing Co., Ltd Director of Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. Global Tek Co., Ltd. (Samoa) Director Director of Global Tek Fabrication Co., Ltd. (HK) Director of Global Tek GmbH Director of Chongye (Suzhou) Precision Industry Co., Ltd. Legal Representative of AvioCast Inc. Director of Global Tek Co., Ltd.	Corporate Director Representative	Liu, Tsu-Ying	Spouse	Note 1
Director	Republic of China	Ting, Ling-Chuan	Male between the ages of 50-59	2022.6.23	3	2022.6.23	11,397,000	15.89%	11,523,000	12.62%	8,000	0.01%	0	0	Information Department of Yu Chang Technical & Commercial Vocational Senior High School, YCVS	Chairman of Juyuan Industrial Co., Ltd.	–	–	–	–
Independent Director	Republic of China	Huang, Ming-Zhan	Male between the ages of 50-59	2022.6.23	3	2017.01.23	0	0	0	0	0	0	0	0	Doctor of Law, Department of Law, Tunghai University National Chiayi University, Department of Business Administration, Adjunct Assistant Professor	Practicing attorney at Hua-Hong Law Firm Member of the Regulations Committee of the National Science Council Legal Representative of Trade-van	–	–	–	–

Title	Nationality or place of registration	Name	Gender and Age	Date of Appointment	Term	Date of Initial Appointment	Holding Shares at the Time of Appointment		Current Shareholding		Spouses and minor children currently holding shares		Shares held on behalf of others		Main Experience	Currently holding positions in this Company and other companies.	Other executives, directors, or supervisors who have spouses or relatives within the second degree of kinship			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
															Judge of the Taiwan Chiayi District Court Judicial Yuan Judges Academy Seminar	Info Services Vice Chairman of Formosa Television Co., Ltd.				
Independent Director	Republic of China	Tsai, Jung-Teng	Male between the ages of 60-69	2022.6.23	3	2022.6.23	0	0	0	0	0	0	0	0	Bachelor of Business Administration, Wisconsin State University, USA President of Taiwan Listed Companies Association Delta Electronics Japan Co., Ltd. Representative Director Advisory Committee Member of National Central University Joint Research Center Vice President of Delta Electronics Group	Senior Consultant at Delta Electronics Independent Director of SHINE TREND International Multimedia Co., Ltd. Executive Independent Director at COTA Commercial Bank Independent Director of Grand Hall Enterprise Co., Ltd.	–	–	–	–
Independent Director	Republic of China	Chang, Shih-Chia	Male between the ages of 60-69	2022.6.23	3	2022.6.23	0	0	0	0	0	0	0	0	Ph.D., Graduate School of Business, National Taiwan University Master of Science in Industrial Engineering, University of Texas, Arlington, USA Bachelor of Industrial Management, National Taiwan University of Science and Technology Professor and Dean of the School of Management, National Taipei University of Business	Professor, Business Management Department, National Taipei University of Business Independent Director, Shengnan Electronic Technology Co., Ltd.	–	–	–	–
Independent Director	Republic of China	Chen, Hsiang-Ju	Female between the ages of 50-59	2022.6.23	3	2022.6.23	0	0	0	0	0	0	0	0	EMBA, National Taiwan University MBA, California State University, USA Bachelor of Business Administration, California State University, USA General Manager of First Securities Director of First Financial Holdings / First Securities / First Securities Asia Limited / First Worldsec Securities Limited Senior Vice President, Chief Executive and Director of Hong Kong Branch of China Trust Securities Investment Banking Department Vice President and Senior Director of Investment Banking Department of China Trust Bank Director of Investment Banking Department and Vice President of Equity Capital Market Department (ECM), Nomura Securities Co., Ltd., Vice General Manager of Research Department/Fixed Income Department/Investment Banking Department/Overseas Department, Capital Securities Corp.	–	–	–	–	–

Note 1: Explanation of the Necessity of the Chairman and General Manager Being Spouses: The Chairman and the General Manager of our Company are married to each other. Both have long-term experience in the metal processing industry, with a deep understanding of industry trends and customer relationships. Their contributions to the company's operations and performance align with our corporate goals. Additionally, our Company has a board of seven directors, including four independent directors, with the majority of directors not holding concurrent positions as employees or managers, thereby strengthening corporate governance.

1. Major Shareholders of the Legal Person Shareholders

April 29, 2024

Name of Corporate Shareholders	Major Shareholders of the Legal Person Shareholders
Hsingying Investment Co., Ltd.	Huang Hao holds a majority stake of 52.57%, followed by Huang, Ya-Hsing with 26.18%, and Liu, Tsu-Ying with 21.25%.

2. Among the major shareholders in the table, corporate entities are the main shareholders: none
3. Disclosure of Director's Professional Qualifications and Independence of Independent Directors:

April 29, 2024

Conditions / Name	Professional Qualifications and Experience	Independence Status	Number of independent directors serving concurrently in other publicly listed companies.
Representative of Hsingying Investment Co., Ltd.: Liu, Tsu-Ying	Possesses a background in banking and extensive experience in the metal processing industry; has developed a comprehensive understanding of industry trends and customer relationships; holds professional qualifications and expertise in business management, leadership decision-making, industry knowledge, financial accounting, and marketing; no circumstances falling under Article 30 of the Company Act.	Not applicable.	0 Companies
Huang, Ya-Hsing	Founder of the company; extensive experience in the metal processing industry; has developed a comprehensive understanding of industry trends and customer relationships; holds professional qualifications and expertise in business management, leadership decision-making, industry knowledge, financial accounting, and marketing; no circumstances falling under Article 30 of the Company Act.	Not applicable.	0 Companies
Ting, Ling-Chuan	Possess experience in Company management, leadership decision-making, industry knowledge, financial accounting, marketing, and other professional areas; no circumstances falling under Article 30 of the Company Act.	Not applicable.	0 Companies

Conditions Name	Professional Qualifications and Experience	Independence Status	Number of independent directors serving concurrently in other publicly listed companies.
Huang, Ming-Zhan	Possess professional qualifications and experience in law, Company management, leadership decision-making, industry knowledge, financial accounting, and other areas; no circumstances falling under Article 30 of the Company Act.	1. On June 23, 2022, our Company conducted an independence review for the appointment of independent directors and obtained a declaration from the independent directors stating that they meet the qualification requirements set forth in the 'Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies' issued by the Financial Supervisory Commission, as well as the declaration required under Article 14-2 of the Securities and Exchange Act. 2. The independence review, conducted from June 23, 2022 to June 30, 2023, was presented to the Board of Directors on August 10, 2023. The review is in accordance with the independence requirements for independent directors.	0 Companies
Tsai, Jung-Teng	Possess experience in Company management, leadership decision-making, industry knowledge, financial accounting, marketing, and other professional areas; no circumstances falling under Article 30 of the Company Act.	1. On June 23, 2022, our Company conducted an independence review for the appointment of independent directors and obtained a declaration from the independent directors stating that they meet the qualification requirements set forth in the 'Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies' issued by the Financial Supervisory Commission, as well as the declaration required under Article 14-2 of the Securities and Exchange Act. 2. The independence review, conducted from June 23, 2022 to June 30, 2023, was presented to the Board of Directors on August 10, 2023. The review is in	3 Companies Independent directors of SHINE TREND International Multimedia Technology Co., Ltd., Grand Hall Enterprise Co., Ltd., and COTA Commercial Bank

Conditions Name	Professional Qualifications and Experience	Independence Status	Number of independent directors serving concurrently in other publicly listed companies.
		accordance with the independence requirements for independent directors.	
Chang, Shih-Chia	Professor in the Department of Business Administration at National Taipei University of Business, with professional qualifications and experience in Company management, leadership decision-making, industry knowledge, financial accounting, strategic planning, and other areas; no circumstances falling under of Article 30 of the Company Act.	1. On June 23, 2022, our Company conducted an independence review for the appointment of independent directors and obtained a declaration from the independent directors stating that they meet the qualification requirements set forth in the 'Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies' issued by the Financial Supervisory Commission, as well as the declaration required under Article 14-2 of the Securities and Exchange Act and approval to hold a part-time position at a school. 2. The independence review, conducted from June 23, 2022 to June 30, 2023, was presented to the Board of Directors on August 10, 2023. The review is in accordance with the independence requirements for independent directors.	1 Company (Independent Director of Shengnan Electronic Technology Co., Ltd.)
Chen, Hsiang-Ju	Have financial industry work experience and possess expertise in financial accounting, Company management, leadership decision-making, industry knowledge, marketing, and other areas; no violations of Article 30 of the Company Act.	1. On June 23, 2022, our Company conducted an independence review for the appointment of independent directors and obtained a declaration from the independent directors stating that they meet the qualification requirements set forth in the 'Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies' issued by the Financial Supervisory Commission, as well as the declaration required under Article 14-2 of the Securities and Exchange Act.	0 Companies

Conditions Name	Professional Qualifications and Experience	Independence Status	Number of independent directors serving concurrently in other publicly listed companies.
		2. The independence review, conducted from June 23, 2022 to June 30, 2023, was presented to the Board of Directors on August 10, 2023. The review is in accordance with the independence requirements for independent directors.	

4. Board Diversity and Independence:

(1) Board Diversity:

The selection of directors in our Company is based on various criteria, including educational and professional backgrounds, shareholding, as well as values such as gender, age, nationality, and culture. Our goal is to have at least one female director and at least one director with a financial and accounting background.

The sixth Board of Directors of our Company is composed of seven directors, including four independent directors. The board members possess expertise and skills in various fields such as law, business management, leadership decision-making, industry knowledge, financial accounting, marketing, and strategic development. Currently, there are seven directors in office, two of whom are female, accounting for 2/7 of the total. The four independent directors make up 4/7 of the total, demonstrating the board's dedication to diversity and management objectives.

(2) Independence of the Board of Directors:

Our Company's sixth Board of Directors of consists of seven directors, including four independent directors. Currently, there are seven directors in office, two of whom are female, accounting for 2/7 of the total. The four independent directors make up 4/7 of the total. Two directors have a spouse or a relative within the second degree of kinship, accounting for 2/7 of the total. The Board of Directors of our Company does not have any situations specified in Article 26-3, sections 3 and 4 of the Securities and Exchange Act. The independence of the Board of Directors complies with the regulations.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

April 29, 2024; Unit: Shares

Title	Name	Nationality	Gender	Date of Appointment	Shareholding		Spouses and minor children holding shares		Shares held on behalf of others		Main Experience	Currently holding positions in this Company and other companies	Managers with spouses or relatives within the second degree of relationship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President	Huang, Ya-Hsing	Republic of China	Male	2008.11.07	6,226,695	6.82%	3,226,665	3.53%	0	0	Company founder EMBA Masters in National Enterprises, National Taiwan University National Taipei University of Business (formerly National Taipei College of Business) Tax Accounting Department Business Associate Manager of Primax Electronics Ltd. Vice President of GLOBAL PMX CO., LTD. Procurement Supervisor of Taiwan International Standard Electronics Co., Ltd.	Company General Manager Director of Global Tek Co., Ltd. (Xi'an) Director of Global Tek Co., Ltd. (Wuxi) Director of Global Tek Xi'an Machinery Manufacturing Co., Ltd Director of Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. Global Tek Co., Ltd. (Samoa) Director Director of Global Tek Fabrication Co., Ltd. (HK) Director of Global Tek GmbH Director of Chongye (Suzhou) Precision Industry Co., Ltd. Legal Representative of AvioCast Inc. Director of Global Tek Co., Ltd.	—	—	—	Note 1
General Manager of the Taiwan and Xi'an Factories	Lo, Chun-Hao	Republic of China	Male	2013.09.16	0	0	0	0	0	0	Master's Degree in Mechanical Engineering from Feng Chia University Spartan School of Aeronautics (USA) A&P Vice General Manager of Snap-On Tool Manufacturing (Zhejiang) Co., Ltd., which is owned by an American Company.	Director of Global Tek Co., Ltd. (Xi'an) Director of Global Tek Xi'an Machinery Manufacturing Co., Ltd Director of Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	—	—	—	—
Wuxi Factory General Manager	Liu, Kuang-Hung	Republic of China	Male	2003.05.15 (Note 2)	2,054,000	2.25%	42,000	0.05%	0	0	Master of Medical Engineering, Institute of Medical Engineering, Chung Yuan Christian University Director of Global Tek Automotive Business Department	Director of Global Tek Co., Ltd. (Wuxi) Director of Chongye (Suzhou) Precision Industry Co., Ltd.	—	—	—	—

Title	Name	Nationality	Gender	Date of Appointment	Shareholding		Spouses and minor children holding shares		Shares held on behalf of others		Main Experience	Currently holding positions in this Company and other companies	Managers with spouses or relatives within the second degree of relationship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager of the Taiwan Factories	Chan, Chien-Wei	Republic of China	Male	2014.09.01	76,000	0.08%	215,000	0.24%	0	0	Master of Mechanical Engineering from Imperial College of Science, Technology and Medicine Vice President of Lorom Industrial Co., Ltd.	None	－	－	－	－
Director of Automotive Division	Chang, Yang-Chin	Republic of China	Male	2000.07.11 (Note 2)	210,000	0.23%	0	0	0	0	Master of Business Research, Chang Gung University Engineering Manager of GLOBAL PMX CO., LTD.	None	－	－	－	－
Director of Advanced Industrial Products Division	Lin Yuan-Ming (Note 3)	Republic of China	Male	2014.1.1	0	0	3,000	0.00%	0	0	Master of Mechanical Engineering from Imperial College London H.C. General Manager, Starck GmbH Taiwan Branch Henkel AG & Co., Electronic Business Unit Director	None	－	－	－	－
Director of Manufacturing Division	Chang, Chien-Chung	Republic of China	Male	2021.03.18	37,070	0.04%	1,000	0.00%	0	0	National Central University EMBA Program Stock Chief of Shinkong Synthetic Fibers Corporation Department Head of Zig Sheng Industrial Co., Ltd. Deputy Engineering Manager at Freudenberg Far Eastern Spunweb Co., Ltd.	None	－	－	－	－
Director of the Supply Chain Management Department	Yeh, Chao-Lin	Republic of China	Male	2022.07.01	10,000	0.01%	0	0	0	0	Industrial Engineering Department, Dayeh University Deputy Director of the Procurement and Logistics Department at Global Tek Industrial Co., Ltd. Quality Assurance Manager, Suzhou Plant, Hochen Electronics Technology Co., Ltd. Deputy Manager of the Materials Department, Kin Chung Technology Co., Ltd.	None	－	－	－	－
Director of the Chairman's Office	Lian, Rong-Yi	Republic of China	Male	2018.07.02	0	0	0	0	0	0	Master of Oral Science, Taipei Medical University Special Assistant to the General Manager's Office at Fu Sheng Industrial Co., Ltd.	Legal Representative of AvioCast Inc.	－	－	－	－

Title	Name	Nationality	Gender	Date of Appointment	Shareholding		Spouses and minor children holding shares		Shares held on behalf of others		Main Experience	Currently holding positions in this Company and other companies	Managers with spouses or relatives within the second degree of relationship			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
Chief Financial Officer and Financial Manager	Gau, Cheng-Hsing	Republic of China	Male	2018.12.19	0	0	0	0	0	0	EMBA of National Taiwan University Master of Business Administration, University of Rochester, USA. Chief Financial Officer of Phalanx Biotech Group Chief Financial Officer of Microbase Technology Corp.	None	—	—	—	—
Accounting Manager	Liu, Hsueh-Wei	Republic of China	Male	2020.11.12	0	0	0	0	0	0	Department of Accounting and Information Technology, Chung Cheng University Chief Accountant, BrightKing Electronics Co., Ltd. Audit Manager, HiTi Digital Inc. Deputy Manager, KPMG Certified Public Accountants	Accounting Manager of GLOBAL TEK CO., LTD.	—	—	—	—
Audit Manager	Kuo, Ming-Pi (Note 4)	Republic of China	Women	2023.7.1	0	0	0	0	0	0	Department of Accounting, Chung Yuan Christian University Assistant Manager of Audit at New Applied Materials Co., Ltd. Deloitte Taiwan Deputy Team Leader	None	—	—	—	—
Corporate Governance Supervisor	Chien, Rong-Yao (Note 5)	Republic of China	Male	2023.5.11	0	0	0	0	0	0	Department of Finance and Financial Management, Feng Chia University Assistant Manager of Finance and Accounting at Chyi Ding Technologies CO., Ltd. Danen Technology Corporation Financial Manager	None	—	—	—	—

Note 1: Explanation of the Necessity of the Chairman and General Manager Being Spouses: The Chairman and the General Manager of our Company are married to each other. Both have long-term experience in the metal processing industry, with a deep understanding of industry trends and customer relationships. Their contributions to the company's operations and performance align with our corporate goals. Additionally, our Company has a board of seven directors, including four independent directors, with the majority of directors not holding concurrent positions as employees or managers, thereby strengthening corporate governance.

Note 2: Date of assuming office at Global Tek.

Note 3: Assumed office on January 1, 2024.

Note 4: Assumed office on July 1, 2023.

Note 5: Assumed office on May 11, 2023.

III. Remuneration of Directors, Supervisors, President, and Vice Presidents in the Most Recent Year

(I) Remuneration of General Directors and Independent Directors:

Unit: Thousand NT$; %

Title	Name	Directors' remuneration								The total amounts and proportions of post-tax net income for A, B, C, and D.		Remuneration for part-time employees								The total amounts and proportions of post-tax net income for A, B, C, D, E, F and G.		Receipt of remuneration from non-subsidiary investee companies or the parent Company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Business execution expenses (D)				Salary, bonuses, and special allowances, etc. (E)		Retirement pension (F)		Employee remuneration (G)						
		The Company	All companies mentioned in the Financial Report	The Company	All companies mentioned in the Financial Report	The Company	All companies mentioned in the Financial Report	The Company	All companies mentioned in the Financial Report	The Company (Total Amount/ Proportion)	All companies mentioned in the Financial Report (Total Amount/ Proportion)	The Company	All companies mentioned in the Financial Report	The Company	All companies mentioned in the Financial Report	The Company		All companies mentioned in the Financial Report		The Company (Total Amount/ Proportion)	All companies mentioned in the Financial Report (Total Amount/ Proportion)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Hsingying Investment Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Representative: Liu, Tsu-Ying	0	0	0	0	1,005	1,005	40	40	1,045 0.40%	1,045 0.40%	0	4,464	0	0	0	0	0	0	1,045 0.40%	5,509 2.10%	0
Director	Huang, Ya-Hsing	0	0	0	0	1,005	1,005	40	40	1,045 0.40%	1,045 0.40%	5,955	5,955	0	0	0	0	0	0	7,000 2.67%	7,000 2.67%	0
Director	Ting, Ling-Chuan	0	0	0	0	835	835	40	40	875 0.33%	875 0.33%	0	0	0	0	0	0	0	0	875 0.33%	875 0.33%	0
Independent Director	Huang, Ming-Zhan	760	760	0	0	0	0	40	40	800 0.31%	800 0.31%	0	0	0	0	0	0	0	0	800 0.31%	800 0.31%	0
Independent Director	Tsai, Jung-Teng	780	780	0	0	0	0	40	40	820 0.31%	820 0.31%	0	0	0	0	0	0	0	0	820 0.31%	820 0.31%	0
Independent Director	Chang, Shih-Chia	760	760	0	0	0	0	40	40	800 0.31%	800 0.31%	0	0	0	0	0	0	0	0	800 0.31%	800 0.31%	0
Independent Director	Chen, Hsiang-Ju	760	760	0	0	0	0	40	40	800 0.31%	800 0.31%	0	0	0	0	0	0	0	0	800 0.31%	800 0.31%	0
	Total	3,060	3,060	0	0	2,845	2,845	280	280	6,185 2.36%	6,185 2.36%	5,955	10,419	0	0	0	0	0	0	12,140 4.63%	16,604 6.33%	0

Note: The individual allocation amounts for director remuneration are just proposed figures.

1. The policy, system, standards, and structure for remunerating independent directors should clearly outline their responsibilities, risks, time commitment, and other relevant factors, as well as specify the amount of remuneration to be paid.

   Our company has established a "Director and Functional Committee Members Remuneration Policy." Under this policy, independent directors are compensated monthly for their responsibilities, risks, and the maintenance of their independence, starting from the day they are elected. Additionally, those serving on functional committees receive a fixed remuneration each quarter. Independent directors do not participate in the distribution of director remuneration. They are also reimbursed for travel expenses based on the actual number of board meetings they attend.
2. In addition to the disclosure in the table above, the directors of the Company did not receive any remuneration in the most recent fiscal year for providing services, such as serving as consultants to the parent Company or other companies included in the financial reports, or as non-employee advisor to affiliated investment businesses.

(II) Remuneration for supervisors: Not applicable, as an audit committee has been established to replace supervisors.

(III) Remuneration for General Manager and Deputy General Manager, etc.

Unit: NT$1,000

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special allowances, etc. (C)		Employee remuneration amount (D)				The total amounts and proportions of post-tax net income for A, B, C, and D (%)		Receipt of remuneration from non-subsidiary investee companies or the parent Company
		The Company	All companies mentioned in the Financial Report	The Company	All companies mentioned in the Financial Report	The Company	All companies mentioned in the Financial Report	The Company		All companies mentioned in the Financial Report		The Company (Total Amount/ Proportion)	All companies mentioned in the Financial Report (Total Amount/ Proportion)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Huang, Ya-Hsing	9,604	13,708	0	0	10,683	12,958	0	0	0	0	20,287 7.74%	26,666 10.17%	0
General Manager of the Taiwan and Xi'an Factories	Lo, Chun-Hao													
Wuxi Factory General Manager	Liu, Kuang-Hung													
General Manager of the Taiwan Factories	Chan, Chien-Wei													

Salary Grade Table

Pay Scale for General Managers and Deputy General Managers at our Company	Names of the General Manager and Deputy General Manager	
	The Company	All companies mentioned in the Financial Report (E)
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	None	None
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	None	None
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Huang, Ya-Hsing, Lo Chun-Hao, and Chan, Chien-Wei	Huang, Ya-Hsing, Lo Chun-Hao, Liu, Kuang-Hung and Chan, Chien-Wei
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	None	None
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	None	None
Over NT$100,000,000	None	None
Total	Three people	Four people

(IV) Information on the remuneration of the top five highest-paid executives: Not applicable.

Manager's name responsible for distributing employee remuneration and details of the distribution

Unit: NT$1,000

	Title	Name	Stock amount	Cash amount	Total	The percentage of total amount relative to net profit after tax (%)
Managerial Personnel	General Manager	Huang, Ya-Hsing	0	0	0	0%
	General Manager of the Taiwan and Xi'an Factories	Lo, Chun-Hao				
	General Manager of the Wuxi Factory	Liu, Kuang-Hung				
	General Manager of the Taiwan Factories	Chan, Chien-Wei				
	Director of Automotive Division	Chang, Yang-Chin				
	Director of Advanced Industrial Products Division	Lin, Yuan-Ming				
	Director of the Supply Chain Management Department	Yeh, Chao-Lin				
	Director of Manufacturing Division	Chang, Chien-Chung				
	Director of the Chairman's Office	Lian, Rong-Yi				
	Chief Financial Officer	Gau, Cheng-Hsing				
	Accounting Manager	Liu, Hsueh-Wei				
	Corporate Governance Supervisor	Chien, Rong-Yao				
	Audit Manager	Kuo, Ming-Pi				

(V) Respectively compare and explain the analysis of the total remuneration paid to the directors, supervisors, general manager, and deputy general manager of our Company, as well as the consolidated financial statements of all companies, in the past two years. This analysis will be presented as a percentage of the after-tax net income reported in the individual or individual financial reports. Additionally, the policy, standards, and composition of remuneration, the procedure for setting remuneration, and the relationship with operational performance and future risks will be explained:

1. The remuneration paid to the directors, supervisors, general manager, and deputy general manager of our Company in the past two years was calculated as a ratio of the net profit after tax in the individual or separate financial reports.

Unit: Thousand NT$; %

Analysis Item	Total remuneration amount for the fiscal year 2022 and its proportion to net profit (net loss) after tax.				Total remuneration amount for fiscal year 2023 and its proportion to net profit (net loss) after tax.			
	The Company		All companies mentioned in the Financial Report		The Company		All companies mentioned in the Financial Report	
	Total	Proportion	Total	Proportion	Total	Proportion	Total	Proportion
Director	11,260	2.66%	16,129	3.81%	12,140	4.63%	16,604	6.33%
Supervisor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
General Manager, Deputy General Manager	13,124	3.10%	17,205	4.07%	20,287	7.74%	26,666	10.17%

The total director remuneration for the fiscal year 2023 increased compared to the fiscal year 2022, mainly due to the establishment of the Functional Committee for Sustainable Development and Risk Management on November 8, 2022, resulting in increased remuneration paid to independent directors serving on the Functional Committee in the fiscal year 2023 compared to the fiscal year 2022.

The total remuneration for the General Manager and Deputy General Manager for the fiscal year 2023 increased compared to the fiscal year 2022, primarily due to the promotion to Deputy General Manager on July 1, 2022, resulting in increased remuneration for the entire fiscal year.

2. Remuneration policy, standards and composition, procedures for setting remuneration, and their correlation with operational performance and future risks.

(1) Director remuneration payment principles
The Board of Directors of our company has established the "Director and Functional Committee Remuneration Regulation" and the "Board of Directors Performance Evaluation Regulation" in accordance with the usual standards of the industry. The remuneration for independent directors is determined based on the responsibilities and risks they bear, as well as the maintenance of their independence. From the day of their election, they receive a fixed monthly remuneration. Independent directors do not participate in the distribution of director remuneration. General director remuneration is in accordance with Article 18 of the company's charter. If the company makes a profit in a given year, up to 2% is allocated for director remuneration. This is reviewed and approved by the Salary and Remuneration Committee, and after being legally submitted to the Board of Directors for resolution, it is reported at the annual shareholders' meeting. The remuneration is also based on the degree of their involvement in the company's operations and the value of their contributions, as well as the company's long-term operational performance. The company's operational risks are also taken into consideration when determining the remuneration. If a director of the Company holds other positions in the Company, his or her remuneration for such positions shall be paid in accordance with our Company's relevant regulations. The reasonableness of the remuneration is reviewed and then submitted to the Remuneration Committee for approval by the Board of Directors.

(2) The remuneration of the General Manager and Deputy General Manager, etc.

The remuneration of our Company's General Manager, Deputy General Manager, and other managers includes salary, bonuses, and compensation, which are processed in accordance with relevant Company policies on salaries and bonuses. The standards for remuneration are determined by the HR department according to regulations, taking into account the responsibilities and duties of the positions, as well as considering the attraction and retention of excellent management talents. Additionally, industry salary standards (based on external salary surveys) are taken into consideration to agree upon a reasonable remuneration for these roles. The performance of managers is assessed based on a comprehensive evaluation of the following factors: the Company's annual operating results (revenue, gross profit, operating profit, and net profit before tax growth rate), their position and responsibilities, achievement of departmental goals for the year, budget control for the year, implementation of corporate governance and sustainable development practices, continuous improvement efforts, leadership of teams and departments throughout the year, talent development, and adherence to Company culture. In the event of profitability for the fiscal year, 1% to 10% will be allocated for employee remuneration according to Article 18 of the Company's Articles of Incorporation. Performance bonuses and remuneration are issued based on a comprehensive assessment of performance, aiming to achieve motivation. The reasonableness of remuneration is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

(3) Relationship with operational performance and future risks

Our Company's remuneration policy is primarily based on the overall Company performance, taking into consideration individual capabilities, contributions, and achievement of goals as performance indicators for determining payment standards. We also consider industry salary standards to ensure that executive compensation remains competitive in the industry, aiming to retain excellent management talent and establish a positive correlation with operational performance. The performance goals of executives are aligned with risk management to prevent, respond to, and manage potential risks within their scope of responsibility. Important decisions in Company operations are made based on objective and effective information, weighing various risk factors, and thoroughly discussed by management before implementation. The operational performance resulting from these decisions reflects in the Company's profitability, showcasing the correlation between executive compensation and risk management.

IV. Implementation of Corporate Governance

(I) The operation of the Board of Directors

In the fiscal year 2023, the Board of Directors held 5 meetings (A), and the attendance of directors is as follows:

Title	Name	Actual attendance frequency (B)	Proxy attendance frequency	Actual attendance rate (%): [B/A]	Remarks
Chairman	Representative of Hsingying Investment Co., Ltd.: Liu, Tsu-Ying	5	0	100%	Expected attendance rate of 5 times Re-elected on June 23, 2022
Director	Huang, Ya-Hsing	5	0	100%	Expected attendance rate of 5 times Re-elected on June 23, 2022
Director	Ting, Ling-Chuan	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022
Independent Director	Huang, Ming-Zhan	5	0	100%	Expected attendance rate of 5 times Re-elected on June 23, 2022
Independent Director	Tsai, Jung-Teng	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022
Independent Director	Chang, Shih-Chia	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022
Independent Director	Chen, Hsiang-Ju	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022

Other matters to be recorded:

I. If the Board of Directors operates under any of the following conditions, the board meeting date, agenda, content, opinions of all independent directors, and the Company's response to the opinions of independent directors should be documented

(I) The items listed in Article 14-3 of the Securities and Exchange Act are as follows: Our Company has established an audit committee. Please refer to the operation of the audit committee.

(II) Apart from the aforementioned matters, there were no other decisions made during board meetings where independent directors expressed opposition or reservation and there is a record or written statement.

II. The implementation status of directors abstaining from conflict of interest resolutions should include:

(I) The 5th meeting of the 6th board discussed the distribution of employee remuneration and director remuneration for the fiscal year 2022, the issuance of performance bonuses for managers in the second half of fiscal year 2022, and the issuance of special bonuses for senior executives for fiscal year 2022. Due to potential conflicts of interest with directors such as Huang, Ya-Hsing and Liu, Tsu-Ying, they temporarily abstained from the meeting based on the principle of conflict of interest and did not participate in the voting process.

(II) The 7th meeting of the 6th board discussed the distribution of employee remuneration for the fiscal year 2022 and the issuance of performance bonuses for managers in the first half of fiscal year 2023. Due to potential conflicts of interest with directors such as Huang, Ya-Hsing and Liu, Tsu-Ying, they temporarily abstained from the meeting based on the principle of conflict of interest and did not participate in the voting process

(III) The 9th meeting of the 6th board discussed the adjustment of the remuneration of the Chairman of the Company. Due to potential conflicts of interest with directors such as Huang, Ya-Hsing and Liu, Tsu-Ying, they temporarily abstained from the meeting based on the principle of conflict of interest and did not participate in the voting process.

III. Listed and OTC companies should disclose information about the evaluation period and duration, evaluation scope, method, and content of the self-assessment (or peer assessment) of the Board of Directors:

The implementation status of the Board of Directors' evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Performed annually	January 1 to December 31, 2023	(1) Board of Directors (2) Individual board members (3) Functional committees of the Remuneration Committee, Audit Committee, and Sustainability and Risk Management Committee.	(1) Internal self-assessment (2) Self-assessment of board members (3) Internal self-assessment	(1) Board of Directors' Performance: Evaluated based on five aspects including participation in Company operations, enhancing the quality of board decisions, board composition and structure, director selection and continuous education, internal controls, etc. Assessment result: Excellent. (2) Individual board members' performance: Evaluated based on six aspects including understanding of Company goals and tasks, awareness of director responsibilities, level of participation in Company operations, management of internal relationships and communication, professional expertise and continuous education of directors, internal controls, etc. Assessment result: Excellent. (3) Performance of the Remuneration Committee, Audit Committee, and the Functional Committee of the Sustainability and Risk Management Committee: Evaluated based on five aspects including level of participation in Company operations, understanding of committee responsibilities, enhancing the quality of committee decisions, committee composition and member selection, internal controls, etc. Assessment result for the Remuneration Committee: Excellent. Audit Committee assessment result: Excellent. Sustainable Development and Risk Management Committee assessment result: Excellent.

IV. Evaluation of the goals and implementation status of strengthening the functions of the Board of Directors for the current year and the most recent year:

Our Company has submitted a performance evaluation report for the Board of Directors, individual board members, and the functional committees of the Remuneration Committee, Audit Committee, and the Functional Committee of the Sustainability and Risk Management Committee for the year 2023 to the board meeting held on March 14, Year 2024. The assessment result was excellent. The overall average attendance rate of the Board of Directors in Year 2023 was 100%.

(II) The operational status of the Audit Committee or the participation of the supervisor in the operations of the Board of Directors.

1. The operational status of the Audit Committee: The Audit Committee of our Company held 5 meetings in 2023, and the attendance of independent directors is as follows:

Title	Name	Actual attendance frequency	Proxy attendance frequency	Actual attendance rate (%)	Remarks
Independent Director	Huang, Ming-Zhan	5	0	100%	Expected attendance rate of 5 times Re-elected on June 23, 2022
Independent Director	Tsai, Jung-Teng	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022
Independent Director	Chang, Shih-Chia	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022
Independent Director	Chen, Hsiang-Ju	5	0	100%	Expected attendance rate of 5 times Elected on June 23, 2022

The annual focus areas of the Audit Committee:

In accordance with Article 14-5 of the Securities and Exchange Act and Article 6 of the organization regulations of our Audit Committee, matters within the committee's jurisdiction are deliberated and approved by the committee before being submitted to the Board of Directors for resolution.

The primary purpose of the operation of this committee is to supervise the following matters:

(I) The proper expression of the Company's financial statements.
(II) The selection, appointment, independence, and performance of the signing accountant.
(III) The effective implementation of internal controls within the Company.
(IV) The Company's compliance with relevant laws and regulations.
(V) Management of Company's existing or potential risks.

In the 2023 fiscal year, the Audit Committee held 5 meetings to discuss various matters including financial report cases, loans to others, endorsements and guarantees, appointment of signing accountants, etc. For detailed agenda items and resolution results, please refer to other matters to be recorded.

Other matters to be recorded:

I. The operation of the Audit Committee, if one of the following situations occurs, shall state the date, session, agenda, dissenting opinions of independent directors, reserved opinions or content of significant recommendations, decision results of the Audit Committee, and the Company's handling of the Audit Committee's opinions.

(I) The items listed in Article 14-5 of the Securities and Exchange Act are as follows:

The date of the Audit Committee meeting	The session	The agenda items	The dissenting opinions, reservations, or significant recommendations of independent directors	The resolution result of the Audit Committee	The Company's handling of the Audit Committee's opinions
2023/3/23	The fourth meeting of the third session	Item I: The Company's operating report for fiscal year 2022, as well as individual financial statements and consolidated financial statements. Item II: The Company's overseas investment company did not repatriate profits for fiscal year 2022. Item III: 2022 Earnings Distribution Proposal. Item IV: The Company is planning to establish a general policy for 'pre-approval of non-assurance services.' Item V: Changing the appointment of the signing accountant for the 2023 fiscal year in this Company and evaluating the independence and suitability of the signing accountant with reference to audit quality indicators. Item VI: The Company's domestic unsecured convertible corporate bonds were converted into common stock for the first and second time in the fourth quarter of fiscal year 2022 to issue new shares. Item VII: The Company's 'Statement of Internal Control Systems' for the period from January 1, 2022 to December 31, 2022.	None.	All committee members present agreed and approved.	The Board of Directors approved the proposal.

2023/5/11	The fifth meeting of the third session	Item I: The Company's consolidated financial report for the first quarter of fiscal year 2023. Item II: The Company's first and second domestic unsecured convertible corporate bonds were converted into common stock in the first quarter of fiscal year 2023 to issue new shares. Item III: The Company plans to issue the third domestic unsecured convertible corporate bonds for the purpose of repaying bank loans and enhancing operational funds. Item IV: Revision of the Company's "Internal Control System". Item V: Change of the Company's audit supervisor.	None.	All committee members present agreed and approved.	The Board of Directors approved the proposal.
2023/8/10	The sixth meeting of the third session	Item I: The Company's consolidated financial report for the second quarter of fiscal year 2023. Item II: The Company's second domestic unsecured convertible corporate bonds were converted into common stock in the second quarter of fiscal year 2023 to issue new shares. Item III: The subsidiary intends to apply for an extension of the short-term comprehensive credit line from Shanghai Commercial and Savings Bank, with the Company providing an endorsement guarantee.	None.	All committee members present agreed and approved.	The Board of Directors approved the proposal.
2023/11/9	The seventh meeting of the third session	Item I: The Company's consolidated financial report for the third quarter of fiscal year 2023. Item II: The Company's first and second domestic unsecured convertible corporate bonds were converted into common stock in the third quarter of fiscal year 2023 to issue new shares. Item III: The subsidiary intends to apply for an extension of the	None.	All committee members present agreed and approved.	The Board of Directors approved the proposal.

		short-term comprehensive credit line from Taishin International Bank, with the Company providing an endorsement guarantee.			
2023/12/28	The eighth meeting of the third session	Item I: To handle the cash capital increase case for subsidiary Global Tek GmbH. Item II: The establishment of joint venture Global Tek Co., Ltd. Item III: The Company's acquisition of shares in AvioCast Inc. Item IV: The internal audit plan for the fiscal year 2024. Item V: The subsidiary intends to apply for a short-term comprehensive credit line from Cathay United Bank (China) Co., Ltd., Shanghai Branch, with an endorsement guarantee from our Company.	None.	All committee members present agreed and passed. During the meeting, the third case was discussed, and the Chief Financial Officer was asked about the reasonableness of the price of NT$7.5 per share. It was agreed to pass the case as proposed, and additional written information will be provided after the meeting. (The supplementary information was completed on January 3, 2024)	The Board of Directors approved the proposal as presented. Regarding the third case, the chairman consulted all attending directors and received conditional approval to proceed with the proposal. (The supplementary information was completed on January 3, 2024)

(II) Except for the aforementioned matters, there were no decisions made without approval from the Audit Committee. Furthermore, there were no decisions made that required consent from two-thirds or more of the entire Board of Directors.

II. The execution status of independent directors abstaining from conflicted interests should be documented, including the name of the independent director, the content of the motion, the reasons for abstaining from benefiting, and the participation in voting: None.

III. The communication status between independent directors and the internal audit manager and accountant (should include significant matters, methods, and results of communication regarding the Company's financial and operational conditions):

The internal audit manager of this Company attends meetings of the Audit Committee and the Board of Directors, reporting on the execution status of internal audit work. They also regularly send audit reports and follow-up report results to independent directors for review.

The Company's signing accountant attends meetings of the Audit Committee and the Board of

Directors to communicate and discuss matters related to financial reports.
The Company's independent directors communicate with the internal audit manager and accountant at least once per quarter. There were no regular directors or management present at the Audit Committee meetings on March 23, 2023, May 11, 2023, August 10, 2023, and November 9, 2023.

2. The supervisor does not participate in the operation of the Board of Directors, as the Company has established an Audit Committee to replace the supervisor.

(III) Corporate governance operations and differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences

Assessment items	Operating conditions			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences
	Yes	No	Summary explanation	
I. Has the Company established and disclosed corporate governance practices in accordance with the 'Corporate Governance Best Practice Principles for Listed and OTC Companies'?	✓		The Board of Directors has established the "Corporate Governance Best Practice Principles" and, on March 23, 2023, and August 10, 2023, the Board of Directors amended the "Corporate Governance Best Practice Principles" in accordance with the amendments to the "Corporate Governance Best Practice Principles for Listed and OTC Companies," and disclosed the amended "Corporate Governance Best Practice Principles" on the Company's website and public information website.	No significant differences observed
II. Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures for handling shareholder proposals, queries, disputes, and legal matters, and implemented them accordingly?	✓		The Company has a spokesperson and a deputy spokesperson as the primary points of contact for communication with shareholders. It also delegates the handling of shareholder proposals, queries, disputes, and legal matters to a professional shareholder service agency (KGI Securities Co., Ltd.).	No significant differences observed
(II) Does the Company have a list of the major shareholders who control the Company and the ultimate controllers of these major	✓		According to the shareholder list provided by the shareholder service agency, the Company has a list of shareholders. At the same time, through interactions with major shareholders, the Company obtains the list of ultimate controllers.	No significant differences observed

Assessment items	Operating conditions			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences
	Yes	No	Summary explanation	
shareholders?				
(III) Has the Company established and implemented risk control and firewall mechanisms between related entities?	✓		The Company's business and financial transactions with related entities have been conducted in accordance with relevant regulations of the competent authority and risk control measures have been implemented.	No significant differences observed
(IV) Has the Company established internal regulations prohibiting insiders from trading securities based on undisclosed information?	✓		The Company has established an operational procedure for preventing insider trading, which all insiders must adhere to. It prohibits insiders from trading securities based on undisclosed information and conducts education and awareness campaigns (held on September 12, 2023 to prevent insider trading), strictly prohibiting insider trading. Additionally, on February 2, 2023; April 17, 2023; July 17, 2023; and October 11, 2023, internal communications via email were used to remind insiders about the closed trading periods for stocks.	No significant differences observed
III. The composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy, specific management goals, and implemented them effectively?	✓		The selection of directors in our Company is based on various criteria, including educational and professional backgrounds, shareholding, as well as values such as gender, age, nationality, and culture. Our goal is to have at least one female director and at least one director with a financial and accounting background. The sixth Board of Directors of our Company is composed of seven directors, including four independent directors. The board members possess expertise and skills in various fields such as law, business management, leadership decision-making, industry knowledge, financial accounting, marketing, and strategic development. Currently, there are seven directors in office, two of whom are female, accounting for 2/7 of the total. The four independent directors make up 4/7 of the total, demonstrating the board's dedication to diversity and management objectives. The Company's director selection process considers fundamental criteria (including	No significant differences observed

Assessment items	Operating conditions			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences
	Yes	No	Summary explanation	
			education, experience, and shareholding) as well as values (including gender, age, nationality, and culture), and professional knowledge and skills (such as business management, financial accounting, and legal matters), ensuring a diverse composition. (See attached table for information on the diversity of the Board of Directors)	
(II) Has the Company voluntarily established other functional committees in addition to the legally required compensation and audit committees?	✓		The Company has established an Audit Committee and a Remuneration Committee. Additionally, on August 11, 2022, a Sustainability Development Committee was established, and on November 8, 2022, a Risk Management function was added, renamed as the Sustainability Development and Risk Management Committee. All these committees are composed of four independent directors. Other functional committees will be established based on the actual needs of the Company.	In the future, other functional committees will be voluntarily established based on demand.
(III) Has the Company established a method for evaluating the performance of the Board of Directors and its assessment procedures? Is there an annual and regular performance evaluation conducted, with the results reported to the Board of Directors and used as a reference for individual director compensation, nomination, and reappointment?	✓		The Company has established the 'Board of Directors Performance Evaluation Method' and has set up a Remuneration Committee to regularly assess the performance of directors and executives in achieving performance goals. It has also defined the content and amount of individual compensation for them. The performance evaluation result of the Board of Directors for fiscal year 2023 was 'excellent,' and it was reported to the Board of Directors on March 14, 2024.	No significant differences observed
(IV) Does the Company regularly assess the independence of the auditors?	✓		The Company conducts an annual review of auditor independence to ensure the reliability of its financial reports. The independence assessment for the fiscal year 2023 was approved by the Audit Committee and the Board of Directors on March 23, 2023. It included reference to Audit Quality Indicators (AQIs) covering professionalism,	No significant differences observed

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operating conditions</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td></td><td></td><td></td><td>independence, quality control, supervision, and innovation, with 13 indicators across 5 dimensions assessing the independence, professionalism, and suitability of the auditors. The assessment confirmed that the auditors do not hold any shares in the Company and do not hold any positions within the Company.
Adopted evaluation procedures and standards: 1. Has the Company's chairman, general manager, or managers responsible for financial or accounting affairs served in any capacity at the current auditing firm or its affiliated enterprises within the past year? 2. Scale and reputation of the auditing firm. 3. Review the individual academic and professional background of the auditor to ensure there are no lawsuits or regulatory actions against them. 4. The auditor does not hold positions as directors, supervisors, managers, or in any significant influential roles in other companies, to avoid conflicts of interest. 5. The auditor has not served continuously for more than seven years, and if reappointed, there is at least a two-year interval. 6. Obtain an annual independent statement from the auditor. 7. Whether the auditor comply with the annual continuing education requirements. 8. Quality and timeliness of audit and tax services.</td><td></td></tr>
<tr><td>IV. Whether listed OTC companies have competent and appropriate numbers of corporate governance personnel, and designate corporate governance managers to be responsible for corporate governance-related matters (including, but not limited to providing directors and supervisors with the information they need to perform</td><td>✓</td><td></td><td>On May 11, 2023, our Company established the position of Corporate Governance Supervisor, as approved by the Board of Directors. The main responsibilities include handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law, preparing minutes of the Board of Directors and shareholders' meetings, assisting directors in their appointments and ongoing education, providing necessary information for the directors' business operations, assisting directors in compliance with laws and regulations, reporting to the Board of Directors on the examination results of the eligibility of independent directors nominated, appointed, or serving during their term in relation</td><td>No significant differences observed</td></tr>
</table>

Assessment items		Operating conditions			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences
		Yes	No	Summary explanation	
	their business, and assisting directors and supervisors in complying with laws and regulations, handling matters related to Board of Directors and shareholders' meetings in accordance with the law, preparing minutes of Board of Directors and shareholders' meetings, etc.)?			to relevant laws and regulations, handling matters related to changes in directors, and other matters as stipulated in the Company's Articles of Incorporation or contracts. The execution status for the year 2023 is as follows: 1. We held the shareholders' annual meeting on June 30, 2023, as well as convened five Board of Directors meetings throughout the fiscal year. 2. All directors completed 6 hours of continuous education for directors during the fiscal year 2023. 3. On August 10, 2023, an independence review report on the independent director's tenure (from June 23, 2022 to June 30, 2023) was presented at the Board of Directors meeting.	
V.	Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on the Company website to properly address important corporate social responsibility issues that concern stakeholders?	✓		Our Company's spokesperson serves as the main contact for communicating with stakeholders, and we have a dedicated section on our website for stakeholders and corporate social responsibility, making it convenient for stakeholders and the general public to access and read.	No significant differences observed
VI.	Does the Company appoint a professional stock agency to handle shareholder meeting affairs?	✓		Our Company has appointed KGI Securities Co., Ltd. to handle shareholder meeting affairs.	No significant differences observed
VII.	Information disclosure				
(I)	Does the Company have a website that discloses financial and business information as well as	✓		Our Company has established both Chinese and English websites, regularly updating disclosures related to financial operations and corporate governance information.	No significant differences observed

Assessment items	Operating conditions			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences
	Yes	No	Summary explanation	
corporate governance information?				
(II) Does the Company adopt other methods of information disclosure, such as setting up an English website, assigning a dedicated person to collect and disclose Company information, implementing a spokesperson system, and placing the process of corporate briefings on the Company's website?	✓		Our Company has dedicated personnel responsible for collecting and disclosing Company information. We also have a spokesperson and deputy spokesperson, implementing a spokesperson system. Corporate briefing materials are placed on the Company's website, and we use the Public Information Disclosure System to submit reports. A designated person is responsible for disclosing various information and significant news.	No significant differences observed
(III) Does the Company announce and submit the annual financial report within two months after the end of the accounting year, and provide early announcements and submissions of the first, second, and third quarterly financial reports as well as operational results for each month within the specified deadline?		✓	Our Company submits and announces financial reports within the specified deadline, although early announcements have not been made yet.	That's compliant with the prescribed reporting deadline. Adjustments to the accounting operation schedule may be considered in the future.
VIII. Does the Company have other important information that is helpful in understanding the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, directors	✓		The Company has established relevant personnel regulations and incentive systems, emphasizing employee rights. It actively supports the sound development of employee autonomous organizations and assists in organizing employee activities. Additionally, strict control systems are implemented for procurement, factory operations, and finances. Clear regulations are in place for supplier selection, business rotation, and the system of job proxies. Directors attend continuing education courses as required by laws and regulations (as per the attached table: Recent Year	No significant differences observed

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operating conditions</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies as well as the reasons for these differences</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>and supervisors’ training status, risk management The implementation of policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?</td><td></td><td></td><td>Director Continuing Education Status) and purchased directors' liability insurance on July 1, 2023.
<table>
<tr><th>The insured parties</th><th>The insurance Company</th><th>The insured amount (in New Taiwan Dollars)</th><th>The coverage period</th><th>The date of the Board of Directors' report</th><th>Remarks</th></tr>
<tr><td>All directors</td><td>Shinkong Insurance Co., Ltd.</td><td>93,420,000</td><td>2023/07/01 ~ 2024/06/30</td><td>The date of the Board of Directors' report: August 10, 2023</td><td>The insured amount is USD 3,000,000, converted at an exchange rate of 29.725.</td></tr>
</table></td><td></td></tr>
<tr><td colspan="5">IX. Please explain the improvement in response to the recent annual corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and propose priority strengthening items and measures for areas that have not yet improved:
Our Company's ninth corporate governance evaluation (evaluation year: 2022), ranked in the 51% to 65% range. We will continue to seek greater improvements.
Improvement Status: Thecommunication between independent directors and internal audit supervisors and accountants is disclosed on the Company's website; interim financial reports are approved by the audit committee and submitted to the Board of Directors for discussion and resolution; education and training on preventing insider trading are promoted.
Priority Strengthening Items and Measures: In accordance with legal requirements and the operational needs of the Company, we will continue to strengthen areas where governance evaluation indicators have not been met.</td></tr>
</table>

See attached table for information on the diversity of the Board of Directors

Title	Name	Gender	Age	The tenure of independent directors	Management and operations	Leadership decision-making	Industry knowledge	Financial accounting	Marketing	Legal
Director	Huang, Ya-Hsing	Male	70~79	-	V	V	V	V	V	
Corporate Director Representative	Liu, Tsu-Ying	Female	60~69	-	V	V	V	V	V	
Director	Ting, Ling-Chuan	Male	50~59	-	V	V	V	V	V	
Independent Director	Huang, Ming-Zhan	Male	50~59	3 to 9 years	V	V	V	V		V
Independent Director	Tsai, Jung-Teng	Male	60~69	Less than 3 years	V	V	V	V	V	
Independent Director	Chang, Shih-Chia	Male	60~69	Less than 3 years	V	V	V	V		
Independent Director	Chen, Hsiang-Ju	Female	50~59	Less than 3 years	V	V	V	V	V	

Table: Directors' training status in recent years

Title	Name	Date of further education		Organizer	Course Title	Hours of further study	Total hours of further training for that year
		Start	End				
Director	Huang, Ya-Hsing	2023/3/27	2023/3/27	The Chinese National Association of Industry and Commerce	Directors and Supervisors Seminar on "Corporate Resilience and Taiwan's Competitiveness"	3	6
		2023/8/9	2023/8/9	The Greater Chinese Financial Development Association and the Taiwan Listed Companies Association	The impact of carbon pricing on corporate operations	3	
Representative of the Corporate Directors	Liu, Tsu-Ying	2023/6/2	2023/6/2	The Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Power Summit Forum	3	6
		2023/6/9	2023/6/9	Securities and Futures Institute (SFI Taiwan)	2023 Annual Insider Trading Prevention Promotion Conference	3	
Director	Ting, Ling-Chuan	2023/7/4	2023/7/4	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6	6
Independent Director	Huang, Ming-Zhan	2023/3/27	2023/3/27	The Chinese National Association of Industry and Commerce	Directors and Supervisors Seminar on "Corporate Resilience and	3	6

Title	Name	Date of further education		Organizer	Course Title	Hours of further study	Total hours of further training for that year
		Start	End				
					Taiwan's Competitiveness"		
		2023/7/14	2023/7/14	The Chinese National Association of Industry and Commerce	Directors and Supervisors Seminar on "Trade Secret Litigation Practice, Non-Compete Clauses, and Case Studies"	3	
Independent Director	Tsai, Jung-Teng	2023/3/27	2023/3/27	The Chinese National Association of Industry and Commerce	Directors and Supervisors Seminar on "Corporate Resilience and Taiwan's Competitiveness"	3	12
		2023/4/13	2023/4/13	Securities and Futures Institute (SFI Taiwan)	Corporate Governance and Securities Regulations	3	
		2023/10/12	2023/10/12	Financial Research and Training Institute (FRTI) of Taiwan	Board of Directors and Supervisors Practical Operations and Corporate Governance Seminar - Anti-Money Laundering and Fair Customer Treatment Principles/Net Zero Emissions and Carbon Management	6	
Independent Director	Chang, Shih-Chia	2023/6/9	2023/6/9	Securities and Futures Institute (SFI Taiwan)	2023 Annual Insider Trading Prevention Promotion Conference	3	6
		2023/7/31	2023/7/31	Taiwan Investor Relations Association	In the digital economy era, how can companies innovate and break through profit capabilities?	3	
Independent Director	Chen, Hsiang-Ju	2023/6/17	2023/6/17	Taipei Foundation of Finance (TFF)	ESG Sustainability Project Workshop - Supply Chain Collaboration	6	6

(IV) If a Company has set up a Remuneration Committee or Nomination Committee, it should disclose its composition and operation

Our Company does not have a Nomination Committee but has a Remuneration Committee. Here is its composition and operational status:

1. Information on the Remuneration Committee Members:

April 29, 2024

Participant's Category	Conditions Name	Professional Qualifications and Experience	Independence Status	The number of Remuneration Committee memberships held in other publicly traded companies
Independent Director/ Convenor	Tsai, Jung-Teng	The remuneration committee of our Company is comprised of four independent directors. For their professional qualifications, experience, and independence status, please refer to this year's annual report: Corporate Governance Report/II, Directors, Supervisors, General Manager, Deputy General Manager, Associate Managers, Department Heads, and Branch Managers Information/(1) Director and Supervisor Information/3. Director Professional Qualifications and Independent Director Independence Disclosure.		3 Companies
Independent Director	Huang, Ming-Zhan			0 Companies
Independent Director	Chang, Shih-Chia			1 Company
Independent Director	Chen, Hsiang-Ju			0 Companies

2. Remuneration Committee Responsibilities:

According to Article 7 of our Company's "Remuneration Committee Charter," the responsibilities are as follows:
The committee shall exercise due care of a good administrator and faithfully fulfill the following duties, and submit the proposed recommendations to the Board of Directors for discussion.

(1) Regularly review this regulation and propose amendments as needed.

(2) Based on factors such as Company objectives, operational performance, and competitive environment, formulate policies, systems, standards, and structures for performance evaluation and remuneration of directors (including the chairman), general managers, and managers above the deputy general manager level, and regularly review them.

(3) Regularly evaluate the achievement of performance targets for directors, chairpersons, general managers, and managers above the deputy general manager level, and based on individual performance assessment results for directors and managers, determine the content and amount of individual remuneration. The annual report discloses the individual performance assessment results of directors and managers, as well as the content and amount of director remuneration, and the correlation and reasonableness with the performance assessment results.

When exercising the aforementioned duties, the committee should adhere to the following principles:

A. Ensure that the Company's remuneration arrangements comply with relevant laws and are sufficient to attract excellent talent.

B. The performance evaluation and remuneration of directors, chairpersons, general managers, and managers above the deputy general manager level should be based on industry standards, considering individual performance assessment results, time commitment, responsibilities, achievement of personal goals, performance in other positions, compensation provided to individuals in similar positions in recent years, and evaluations of individual performance relative to the Company's short-term and long-term business goals, financial situation, and the rational connection between individual performance and Company operational performance and future risks.

C. Directors and managers should not be engage in activities in pursuit of remuneration that exceed Company's risks.

D. The proportion of short-term performance-based remuneration for directors, chairpersons, general managers, and managers above the deputy general manager level, as well as the timing of variable compensation payments, should be determined based on industry characteristics and the nature of the Company's business.

E. Committee members shall not participate in discussions or voting related to the determination of their own personal remuneration.

F. The determination of the content and amount of remuneration for directors, chairpersons, general managers, and managers above the deputy general manager level should consider its reasonableness. The decision regarding their remuneration should not significantly deviate from financial performance. If there is a significant decline in profit or long-term losses, their remuneration should not exceed that of the previous year. If it does, a reasonable explanation should be disclosed in the annual report.

The term "remuneration" includes cash compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances, and other substantial incentive measures. Its scope should be consistent with the guidelines for items to be disclosed in the annual reports of publicly traded companies regarding the remuneration of directors, chairpersons, general managers, and managers above the deputy general manager level.

For matters concerning the remuneration of directors, chairpersons, general managers, and managers above the deputy general manager level in subsidiary companies, if they fall under the responsibility of the subsidiary's hierarchy and require approval from the Board of Directors of the parent Company, they should first be recommended by the remuneration committee before being discussed by the Board of Directors.

3. Remuneration Committee Operational Status:

(1) The third session of the Remuneration Committee of our Company comprises 4 members.

(2) The term of office for this committee is from June 23, 2022 to June 22, 2025. The Remuneration Committee met four times during the fiscal year 2023, and the qualifications and attendance of the members are as follows:

Title	Name	Actual attendance frequency	Proxy attendance frequency	Actual attendance rate (%)	Remarks
The convenor of the third session	Tsai, Jung-Teng	4	0	100%	Expected attendance rate of 4 times Elected on June 23, 2022
Committee member	Huang, Ming-Zhan	4	0	100%	Expected attendance rate of 4 times Re-elected on June 23, 2022
Committee member	Chang, Shih-Chia	4	0	100%	Expected attendance rate of 4 times Elected on June 23, 2022
Committee member	Chen, Hsiang-Ju	4	0	100%	Expected attendance rate of 4 times Elected on June 23, 2022

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall specify the date, session, agenda items, resolution results of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (for example, if the remuneration approved by the Board of Directors is better than the Remuneration Committee's recommendation, the differences and reasons should be explained): None.

II. The decisions of the Remuneration Committee, if any member dissents or expresses reservations with recorded or written statements, should specify the date, session, agenda items of the Remuneration Committee, all members' opinions, and the handling of these opinions: None.

III. The most recent annual salary and remuneration committee meeting resolutions and results and the Company's handling of members' opinions are as follows:

Session and Meeting Date	Agenda Content and Resolution Result
The third meeting of the third session March 23, 2023	I. Proposal: 1. The Company's employee compensation and director remuneration allocation proposal for fiscal year 2022. 2. The Company's performance-based bonus issuance for managers in the second half of fiscal year 2022. 3. Issuance of special bonuses for senior executives and managers in fiscal year 2022 for the Company. II. Committee's opinion: No objections or reservations. III. Resolution: Upon the chairman's consultation with all attending members and finding no objections, the proposal was approved as presented. IV. The Company handled the opinions of the Remuneration Committee as follows: The proposal was approved by unanimous consent of all attending directors at the board meeting.
The fourth meeting of the third session May 11, 2023	I. Proposal: 1. The Company's audit supervisor change 2. The Company establishes up a corporate governance supervisor. II. Committee's opinion: No objections or reservations. III. Resolution: Upon the chairman's consultation with all attending

		members and finding no objections, the proposal was approved as presented. IV. The Company handled the opinions of the Remuneration Committee as follows: The proposal was approved by unanimous consent of all attending directors at the board meeting.
	The fifth meeting of the third session August 10, 2023	I. Proposal: 1. Allocation of Employee Compensation for Management for the Fiscal Year 2022. 2. Allocation of Directors' Remuneration for Fiscal Year 2022. 3. The issuance of performance bonuses for executives for the first half of fiscal year 2023. II. Committee's opinion: No objections or reservations. III. Resolution: Upon the chairman's consultation with all attending members and finding no objections, the proposal was approved as presented. IV. The Company handled the opinions of the Remuneration Committee as follows: The proposal was approved by unanimous consent of all attending directors at the board meeting.
	The sixth meeting of the third session December 28, 2023	I. Proposal: 1. The adjustment of the salary for the Chairman of the Company Board. 2. The change in management for our Company. 3. The salary adjustment case for our Company's management. II. Committee's opinion: No objections or reservations. III. Resolution: Upon the chairman's consultation with all attending members and finding no objections, the proposal was approved as presented. IV. The Company handled the opinions of the Remuneration Committee as follows: The proposal was approved by unanimous consent of all attending directors at the board meeting.

(V) Sustainable Development and Risk Management Committee and operational status

1. Sustainable Development and Risk Management Committee:

April 29, 2024

Conditions Participant's Category	Name	Professional Qualifications and Experience	Independence Status
Independent Director/Convenor	Chang, Shih-Chia	Our Company's Sustainable Development and Risk Management Committee is comprised of four independent directors. For their professional qualifications, experience, and independence status, please refer to this year's annual report: Corporate Governance Report/II, Directors, Supervisors, General Manager, Deputy General Manager, Associate Managers, Department Heads, and Branch Managers Information/(1) Director and Supervisor Information/3. Director Professional Qualifications and Independent Director Independence Disclosure.	
Independent Director	Huang, Ming-Zhan		
Independent Director	Tsai, Jung-Teng		
Independent Director	Chen, Hsiang-Ju		

2. Sustainable Development and Risk Management Committee Responsibilities:

According to the 'Organization Regulations of the Sustainability and Risk Management Committee' of our Company, Article 3 specifies the scope of responsibilities as follows:
The responsibilities of the sustainable development and risk management committee are to assist our Company in continuously promoting corporate sustainability and risk management mechanisms, in order to achieve the goal of sustainable operations:
(1) Establishing sustainable development policies and risk management policies.
(2) Supervising the implementation of integrity in business operations.
(3) Supervising the implementation of risk management mechanisms to continuously improve the quality of risk management.
(4) Promoting other major matters related to sustainable development and risk management as resolved by the Board of Directors or required by regulatory authorities.

3. Sustainable Development and Risk Management Committee and operational status:

(1) On August 11, 2022, the Board of Directors resolved to establish the Sustainability Committee, and on November 8, 2022, it further resolved to integrate risk management functions, renaming it to the Sustainability and Risk Management Committee, with a total of 4 members.
(2) The current committee term is from August 11, 2022 to June 22, 2025. In 2023, the Sustainability and Risk Management Committee held 2 meetings. The qualifications of the members and their attendance are as follows:

Title	Name	Actual attendance frequency	Proxy attendance frequency	Actual attendance rate (%)	Remarks
Convener	Chang, Shih-Chia	2	0	100%	Expected attendance rate of 2 times
Committee member	Huang, Ming-Zhan	2	0	100%	Expected attendance rate of 2 times
Committee member	Tsai, Jung-Teng	2	0	100%	Expected attendance rate of 2 times
Committee member	Chen, Hsiang-Ju	2	0	100%	Expected attendance rate of 2 times

(3) The most recent annual sustainability and risk management committee meeting resolutions and results and the Company’s handling of members’ opinions are as follows:

Session and Meeting Date	Agenda Content and Resolution Result
The second meeting of the first session May 11, 2023	Sustainable Development Promotion Committee Work Progress Report.
The third meeting of the first session December 28, 2023	Report on the Work Execution of the Sustainable Development and Risk Management Promotion Team in 2023. On December 28, 2023, a report on the work of the Sustainable Development and Risk Management Committee for the year 2023 was presented to the Board of Directors. The report included the following contents: 1. Sustainability report, 2. Direction of the carbon reduction action plan, 3. Achievements in activities in 2023, 4. Identification of risks and opportunities in 2024, 5. Impact of TCFD climate-related risks on finances.

(VI) Implementation status of sustainable development and differences in sustainable development practices and guidelines between listed and OTC companies.

Promoted Projects	Execution Status			Differences in Sustainable Development Practices Guidelines and the Reasons
	Yes	No	Summary explanation	
I. Has the Company established a governance framework for promoting sustainable development, set up dedicated (part-time/full-time) positions for promoting sustainable development, authorized senior management by the board to handle it, and how is the board supervising this situation?	✓		(I) Global Tek officially changed its name to the current "Sustainability and Risk Management Committee" on November 8, 2022, with an independent director as the chairman. Together with the Group's CEO and several senior executives, they reviewed the Company's core operational capabilities and formulated medium to long-term sustainability development plans. (II) The "Sustainability and Risk Management Committee" has established the "Sustainability Promotion Committee" and the "Risk Management Promotion Committee" as cross-departmental communication platforms. During 2023, the committee convened 4 and 3 meetings: 1. Sustainable Development Promotion Committee: The first meeting was held on March 30, 2023 The second meeting was held on May 29, 2023 The third meeting was held on August 22, 2023 The fourth meeting was held on December 6, 2023 2. Risk Management Promotion Committee: The first meeting was held on May 29, 2023 The second meeting was held on June 14, 2023 The third meeting was held on December 14, 2023 Through various task forces, strategies and short, medium, and long-term action plans are formulated in response to sustainability issues of concern to stakeholders and aligned with the Company's operational goals. These plans are integrated with the annual budget for implementation, and regular monitoring is conducted to track the effectiveness of execution. (III) The "Sustainability and Risk Management Committee" reported on the execution outcomes and future work plans regarding sustainability to the Board of Directors on May 11, 2023 and December 28, 2023. The agenda includes (1) the 2023 year sustainability report, (2) the direction of the Group's concrete action plan to reduce carbon emissions, (3) the achievements of various employee and public welfare activities in 2023, (4) identification of risks	No significant differences observed

<table>
<tr><th rowspan="2">Promoted Projects</th><th colspan="3">Execution Status</th><th rowspan="2">Differences in Sustainable Development Practices Guidelines and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td></td><td></td><td></td><td>and opportunities in 2024, and (5) the impact of TCFD climate-related risks on finances.
(IV) The Company's Board of Directors regularly receives various business reports from the management team, including operational reports, greenhouse gas inventory reports, and ESG-related reports. The management must propose the Company's operational strategy to the Board of Directors, which then assesses the feasibility of these strategies and monitors their progress. When necessary, the board urges the management team to make adjustments.</td><td></td></tr>
<tr><td>II. The Company shall, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to Company operations and formulate relevant risk management policies or strategies.</td><td>✓</td><td></td><td>(I) This disclosure covers the Company's sustainable performance at its main locations from January to December 2023. The risk assessment boundary primarily focuses on Global Tek as the listed entity. Subsidiaries such as Global Tek Co., Ltd., Global Tek (Wuxi) Co., Ltd., and Global Tek (Xi'an) Co., Ltd. are included based on their relevance to the core business operations and the extent of their impact on significant themes.
(II) The Sustainable Development and Risk Management Committee conducts analysis based on the materiality principles outlined in the sustainability report. It engages with internal and external stakeholders and utilizes domestic and international research reports, literature, and integrated assessments from various departments and subsidiaries to evaluate significant ESG issues. Based on this evaluation, the committee formulates effective risk management policies and implements specific action plans for identifying, measuring, evaluating, supervising, and controlling risks to mitigate their impact.
(III) Based on the assessed risks, relevant risk management policies or strategies are formulated as follows:
<table>
<tr><th>Major issues</th><th>Risk assessment items</th><th>Response strategies</th></tr>
<tr><td>Environment</td><td>Green processing</td><td>1. Energy management
(1) Establishing a real-time energy management monitoring system.
(2) Fully adopting high-efficiency energy-saving lighting fixtures.
(3) Improvement of the compressed air system.
(4) Improvement in energy efficiency of the chiller.
2. Water stewardship</td></tr>
</table>
</td><td>No significant differences observed</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted Projects</th><th colspan="3">Execution Status</th><th rowspan="2">Differences in Sustainable Development Practices Guidelines and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>(1) Establishing a real-time energy management water stewardship monitoring system.
(2) Implementing water quality testing in accordance with the law, in 2023, qualified testing companies were commissioned to conduct water quality tests, meeting emission standards.
(3) Properly handling wastewater and ensuring that process wastewater and domestic wastewater are collected separately.
(4) Planning and setting up a process wastewater treatment, recycling, and reuse system.
3. Waste Management
(1) Implement waste inventory, classify general and hazardous industrial waste, and plan for waste reduction.
(2) Set up an oil-water separation device to properly treat wastewater from air compressors.
(3) Set up individual cleaning tank recycling for reuse, eliminating overflow water discharge and extending water replacement cycles.
(4) Remove underground waste oil tanks and install iron chip compressors, as well as a cutting water recycling system.</td></tr>
<tr><td>Society</td><td>Happy workplace</td><td>1. 100% of employees are hired in accordance with the Labor Standards Act or relevant regulations in the area where the factory is located. There were no violations, complaints, or major incidents in 2023.
2. Regularly review the salary system and welfare measures, and adjust them in accordance with amendments to labor laws and regulations as needed.
3. The total hours of education and training exceeded 14,915 hours, with an average of approximately 16.2 hours of training per person. Utilizing a human development system, educational training is offered in both physical and online formats. This includes categories such as Global Tek culture, business management, safety and hygiene, and quality engineering. Additionally, a mobile app is available for continuous learning at any time.
4. Global Tek continues to establish an occupational health and safety management system in accordance with CNS45001 (ISO45001) or the relevant regulations of the factory location.
5. Annual occupational safety and health education training and promotion are regularly conducted, including: fire drills, emergency first aid,</td></tr>
</table></td><td></td></tr>
</table>

Promoted Projects	Execution Status					Differences in Sustainable Development Practices Guidelines and the Reasons
	Yes	No	Summary explanation			
					environmental protection, and the maintenance of legal certifications. These activities cultivate employees' emergency response capabilities and safety awareness, thereby reducing the risk of accidental incidents. The following represents the number of individuals who underwent in-person occupational safety and health education training in 2023: Taiwan Factory: 185 participants Wuxi Factory: 1,272 participants Xi'an Factory: 478 participants	
			Corporate Governance	Sustainable Governance	1. Enhancing the Functionality of the Board of Directors (1) Global Tek Corporation has established guidelines that allow board members or senior executives to proactively present statements and avoid conflicts of interest, in order to prevent violations of the principles of honest business operations. (2) Plan relevant continuing education topics for the Board of Directors, providing them with updates on the latest regulations, system developments, and policies each year. (3) Regularly purchase comprehensive liability insurance for directors and managers to safeguard the interests of all shareholders and reduce the operational risk of the Company. 2. Compliance with regulations (1) Global Tek conducted training sessions across all its facilities in July, September, and November of 2023. The topics covered included ethical business practices, personal data protection laws, ethical behavior, anti-corruption, gender equality, and insider trading prevention. The participation rate for these training sessions reached 99%. The promotional material has been specifically translated into the native languages of our foreign employees for enhanced dissemination. (2) The directors, independent directors, and internal managers of Global Tek Industries have all signed the "Statement of Compliance with Integrity Management Policy". New colleagues are required to sign the "Management Regulations Review Confirmation Letter". These policies are introduced during the orientation for new employees to ensure that everyone clearly understands the Company's policies and behavioral guidelines. 3. Stakeholder Communication Global Tek has established various	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>communication channels for different stakeholders, actively promoting dialogue to minimize conflict and misunderstanding.</td></tr>
<tr><td></td><td>Creating Value and Supply Chain Mutual Benefit</td><td>Global Tek is actively implementing supply chain management, developing long-term, efficient relationships with suppliers. This includes conducting risk assessments and audits in areas such as environment, society, and corporate governance to ensure that suppliers fulfill their corporate social responsibilities. This strategy strengthens the resilience of the supply chain, reduces operational risks, and ensures the sustainable operation of the Company.</td></tr>
<tr><td></td><td>Cyber Security</td><td>1. Conduct regular inspections of firewalls, enhance intrusion detection, and fortify email protection. Deploy antivirus and protective equipment across the entire Company.
2. All virtual servers regularly perform comprehensive backups and off-site backups to safeguard business operational data.
3. We periodically conduct employee information security training and awareness programs. For new hires, we create specific information security training materials to effectively promote awareness of information security protection. This is done in a formal and businesslike manner, without any unnecessary embellishments.
4. The IT staff continues to participate in cyber security activities, staying informed about recent security incidents. They are enhancing their related technical skills and analyzing whether to integrate these into the Company's internal operations.</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environmental Issues</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Has the Company established an appropriate environmental management system in accordance with the characteristics of its industry?</td><td>✓</td><td></td><td>Global Tek Corporation, along with its primary production facilities, has established and implemented an environmental management system in accordance with the industry characteristics of the metal processing industry. Furthermore, it has obtained third-party certification in compliance with the ISO-14001 environmental management system standards. Furthermore, starting from 2022, Global Tek Corporation has been implementing greenhouse gas inventories in accordance with ISO 14064-1. In 2023, we received an unqualified opinion statement from the third-party verification agency, the British Standards Institution (BSI). This information has been publicly disclosed in our sustainability report and on our</td><td>No significant differences observed</td></tr>
</table>

Promoted Projects	Execution Status			Differences in Sustainable Development Practices Guidelines and the Reasons
	Yes	No	Summary explanation	
			Company website. (https://www.globaltek.com.tw/corporate-social-responsibility/)。	
(II) Is the Company committed to improving energy efficiency and utilizing renewable materials that have a lower environmental impact?	✓		(I) Global Tek Corporation is actively implementing various energy reduction measures, opting for equipment with high energy efficiency and energy-saving designs, such as: 1. In 2023, improvements were made to the centralized control system of the air compressors at the Xinwu Factory in Taiwan, resulting in an annual energy savings of approximately 7%. In 2024, the Youshi Factory plans to adopt the same approach, with an estimated annual energy savings of 214,008 kWh, which is equivalent to a reduction of approximately 130.3 tons of CO_2e per year. 2. In 2023, the Wuxi factory demonstrated the installation of solar panels, generating a total of 473,955 kWh of electricity. The primary usage of this power was for self-consumption, accounting for 98% of the total electricity used. This aligns with the Company's objectives for energy conservation and emission reduction. (II) Our Company utilizes raw materials that comply with the RoHS and REACH regulations of the European Union. We have established an integrated resource recycling system, which includes the reuse of high-quality, environmentally friendly materials. This approach is designed to minimize pollution during the manufacturing process and reduce our environmental impact. (III) In the realm of green manufacturing, efforts are being made to reduce unnecessary waste of resources and to develop technologies for waste reduction and reuse. Along the value chain, upstream and downstream parties are collaboratively working towards the recycling and reuse of packaging materials, with the aim of maximizing the benefits of a circular economy.	No significant differences observed
(III) Has the Company assessed the potential risks and opportunities of climate change for the current and future	✓		Our Company has established the Sustainability and Risk Management Committee as the highest governing body for climate change management. This committee is chaired by an independent director and includes a Risk Management Promotion Committee, which is led by the Group General Manager. Each year, the committee reviews the Company's climate change strategies and objectives, manages actions	No significant differences observed

<table>
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<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>business, and taken relevant response measures?</td><td></td><td></td><td>related to climate change risks and opportunities, and assesses the implementation status and future plans. The committee also reports to the Board of Directors.
Our Company, in accordance with the TCFD recommendations announced by the Financial Stability Committee, evaluates the risks and opportunities presented by climate change to our business. This assessment is conducted and reviewed on an annual basis.
In 2023, Global Tek Corporation identified one key climate risk issue from a possible eight: the increased cost of greenhouse gas emissions. This was determined to be a significant climate risk for Global Tek. Additionally, from five potential climate opportunity issues, the Company identified two: the expanded application of technology and cross-domain innovative technology. These were deemed to be important climate opportunity issues for Global Tek. Our Company is also concurrently developing responsive measures, as detailed below:
<table>
<tr><th>Climate Risk</th><th>Response strategies</th></tr>
<tr><td>The cost of greenhouse gas emissions has increased</td><td>(1) Continual improvements are being implemented in energy conservation and emission reduction.
(2) Enhance production efficiency fundamentally through lean manufacturing and automation.</td></tr>
<tr><td>Climate Opportunities</td><td>Response strategies</td></tr>
<tr><td>1. Expanding the application of technology</td><td>Understanding market development trends, we base our considerations on metal products, thinking about stacking and combining them to create greater added value.</td></tr>
<tr><td>2. Cross-domain technological innovation</td><td>(1) Enhance the communication of engineering and technical aspects within the group to strengthen the effectiveness of one-stop service.
(2) Enhance the platform for collaboration with external industry, government, and academic institutions, particularly in understanding and learning about AI applications.</td></tr>
</table>
A detailed analysis of the risks and opportunities associated with climate change for Global Tek Corporation is anticipated to be disclosed in the 2023 Sustainability Report.</td><td></td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>(IV) Has the Company compiled statistics on the total greenhouse gas emissions, water usage, and waste production over the past two years, and established policies for reducing greenhouse gas emissions, water consumption, or other waste management strategies?</td><td>✓</td><td></td><td>(I) Global Tek Industries has successfully completed the audit and third-party verification of ISO14064-1 Scope 1, 2, and 3 emissions in 2023. Based on the audit results, the Company has established a policy for greenhouse gas reduction.
The following are the greenhouse gas emissions from Global Tek Industries over the past two years:
Unit: tons of CO_2e
<table>
<tr><th>Year</th><th>Category 1</th><th>Category 2</th><th>Categories 3 through 6</th><th>Total Emissions</th></tr>
<tr><td>2022</td><td>124.51</td><td>5,873.71</td><td>1,353.42</td><td>7,351.64</td></tr>
<tr><td>2023</td><td>140.02</td><td>5,575.55</td><td>1,440.63</td><td>7,156.20</td></tr>
</table>
In 2023, the total greenhouse gas emissions from Category 1 and Category 2 sites within the specified range amounted to 5,715.57 tons of CO_2e. The majority of these emissions, accounting for 77.91% of the total, primarily stemmed from Category 2's electricity usage.
(II) Global Tek Corporation has been focusing on water resource conservation and environmental protection for many years. In terms of water-saving initiatives, the Company starts by implementing comprehensive water conservation in daily operations, aiming to maximize the benefits of available water resources. The following are the results of water and electricity usage, as well as waste emissions, at Global Tek's Taiwan facility over the past two years:
<table>
<tr><th>Year</th><th>Water Usage (tons)</th><th>Electricity Usage (kWh)</th><th>Waste Emission Volume (tons)</th></tr>
<tr><td>2022</td><td>22,576</td><td>11,539,696</td><td>358.637</td></tr>
<tr><td>2023</td><td>19,754</td><td>11,233,732</td><td>315.578</td></tr>
</table>
(III) Global Tek Corporation is committed to environmental protection, establishing waste reduction KPIs, conducting annual performance reviews, and implementing internal and external audits. The Company and its main production bases operate in accordance with the ISO 14001 environmental management system. In order to achieve sustainable resource reuse, the principle of waste management at Shi-Dai Corporation prioritizes in-house reuse to reduce the use of raw materials. The next preference is for recycling, with incineration or landfill being the last resort.</td><td>No significant differences observed</td></tr>
<tr><td>IV. Social Issues</td><td></td><td></td><td></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted Projects</th><th colspan="3">Execution Status</th><th rowspan="2">Differences in Sustainable Development Practices Guidelines and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>(I) Does the Company formulate its management policies and procedures in accordance with relevant regulations and international human rights conventions?</td><td>✓</td><td></td><td>1. Global Tek Corporation, taking into account international human rights standards such as the "United Nations Universal Declaration of Human Rights," has established our "Human Rights and Employee Policy." We respect the protections set forth in the human rights conventions and have published this policy on our Company website.
2. Global TekInc. regularly reviews its activities by focusing on significant societal issues, participating in labor conditions and salary surveys, and conducting employee satisfaction surveys. This allows the Company to assess and identify potential risks. Control work plans are then formulated and continuously monitored and improved. This approach ensures that the Company maintains a proactive stance in managing its internal and external environments.
The following is a detailed explanation of Global Tek Corporation's human rights and employee policies:
<table>
<tr><th>Human Rights and Employees Policy</th><th>Specific Plans</th></tr>
<tr><td>1. Providing a Fair Work Environment</td><td>(1) Regardless of gender, equal pay for equal work is maintained, with the gender ratio in management positions approximately at 3:1, favoring males.
(2) Foreign workers are serving in managerial positions.
(3) Overseas factories employ exceptional local talent.</td></tr>
<tr><td>2. Providing a Safe and Healthy Work Environment</td><td>(1) Acquire higher quality protective equipment for colleagues to use.
(2) Establish a nursing room.
(3) Conduct annual health check-ups for employees.
(4) There were a total of eight routine on-site doctor consultations conducted in the year 2023.
(5) We conduct an annual weight loss competition to encourage participation in physical activities that are beneficial for both body and mind.</td></tr>
<tr><td>3. Respecting Human Rights in the Workplace</td><td>(1) Encourage taking vacations, no work on makeup days.
(2) Implement a suggestion box and reporting system.</td></tr>
<tr><td>4. Implementing Information Security for Personal Data Protection</td><td>(1) The internal audit team is included in the annual audit plan, conducting on-site inspections to assess implementation status.
(2) Implement mechanisms such as the</td></tr>
</table></td><td>No significant differences observed</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted Projects</th><th colspan="3">Execution Status</th><th rowspan="2">Differences in Sustainable Development Practices Guidelines and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>installation of firewalls, antivirus software, and data access and protection.
(3) Regular internal email security awareness campaigns are conducted, outlining various infringement methods to increase employee vigilance.</td></tr>
<tr><td>5. Freedom of Employment and Freedom of Association</td><td>Employees have the freedom to resign or terminate their employment relationship, as well as the right to freely join an organization of their choice, without facing unwarranted penalties or retaliation.</td></tr>
<tr><td>6. Employee Development</td><td>(1) We are actively innovating our talent development model. In addition to establishing a digital education and training system, we are providing our colleagues with more diverse and flexible learning opportunities, unrestricted by time and location. In 2023, a performance evaluation system was also introduced, integrating target performance assessment and individual career development, implementing the company's policy of a learning-oriented organization.
(2) In 2023, the group trained a total of 7,541 participants, including real-time online learning, amounting to 14,210 hours.</td></tr>
<tr><td>7. Efficient Channels for Filing Complaints</td><td>Global Tek Inc. has established suggestion boxes, a system for reporting "illegal, unethical, or dishonest behavior", and a channel for filing complaints about sexual harassment, all in an effort to protect the rights and interests of its employees.</td></tr>
</table>In 2023, we received three complaints via our reporting mailbox. Upon verification, these were found to pertain to stakeholder communication, vendor marketing, and research institution surveys. There were no incidents of employees violating ethical integrity or labor rights being infringed upon reported.</td><td></td></tr>
<tr><td>(II) Does the Company establish and implement reasonable employee benefits measures (including salary, vacation, and other benefits), and appropriately reflect business performance or</td><td>✓</td><td></td><td>(I) Employee Remuneration
Global Tek Inc.'s compensation package includes not only a fixed salary but also annual bonuses and performance-based bonuses. These are distributed considering factors such as employee tenure and job performance, with the aim of motivating all colleagues to work collectively towards the Company's goals. The employee compensation is calculated based on the stipulations in the Articles of Incorporation, and is determined as no less than 2% of the Company's annual profits.
(II) Employee Welfare Measures
Global Tek places great importance on employee</td><td>No significant differences observed</td></tr>
</table>

<table>
<tr><th rowspan="2">Promoted Projects</th><th colspan="3">Execution Status</th><th rowspan="2">Differences in Sustainable Development Practices Guidelines and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>results in employee compensation?</td><td></td><td></td><td>compensation and benefits, and has legally established a Worker's Welfare Committee in accordance with this commitment. In an effort to alleviate the financial burden on our colleagues, we not only absorb the cost of employee benefits that should be deducted from salaries, but also set an annual budget and plan for benefits. We aim to use these funds effectively and reasonably to provide various benefits for our colleagues. These include: regular on-site doctor consultations free of charge, periodic health check-ups, monthly birthday celebrations, distribution of birthday gifts/snacks/coffee and tea, employee outings/dinners, group insurance/business trip insurance, rewards for excellent/long-serving employees, and subsidies for weddings, funerals, celebrations, and childbirth.
(III) Workplace Diversity and Equality
All employees at Global Tek Inc. enjoy equal pay and equal opportunities for promotion. However, due to the nature of the industry, there are more male applicants than female. In 2023, women made up an average of 34.6% of the staff, and 20.0% of senior management positions were held by women. The Company continues to strive for improvement in this area.
Global Tek Industrial Statistics
<table>
<tr><th></th><th>Male</th><th>Female</th><th>Subtotal</th></tr>
<tr><td>Supervisors at or above the departmental level</td><td>40</td><td>10</td><td>50</td></tr>
<tr><td>Other</td><td>164</td><td>98</td><td>262</td></tr>
<tr><td>Total</td><td>204</td><td>108</td><td>312</td></tr>
</table>
(IV) Economic performance is reflected in employee remuneration.
Global Tek Corporation has participated in a market compensation survey, adjusting salaries or distributing bonuses based on market wage levels, economic trends, and Company performance. The Company aims to reflect its operational performance in employee compensation. In 2023, the average annual salary adjustment for entry-level employees in the Taiwan factory was approximately 4%, in order to maintain overall competitive compensation.</td><td></td></tr>
</table>

Promoted Projects	Execution Status			Differences in Sustainable Development Practices Guidelines and the Reasons
	Yes	No	Summary explanation	
(III) Does the Company provide a safe and healthy working environment for its employees, and does it regularly conduct safety and health education for them?	✓		(I) Global Tek Corporation is committed to providing a safe working environment for its employees. This includes: imparting education and training on workplace safety culture, establishing and demonstrating safety operation standards, procuring superior performance work protective gear, and offering training courses related to safety and hygiene. (II) In addition to prioritizing operational safety, the Company also allocates funds for health promotion activities. These include consultation services with on-site physicians, lectures, and occupational disease prevention, among others. Furthermore, the Company provides incentive measures, implementing health weight loss and smoking cessation programs. The Company first received approval from the National Development Agency in 2019 for the "Health Promotion Workplace" certification, valid for a three-year period. This certification was subsequently renewed for another three years in 2023. (III) Risk Identification and Assessment: Each quarter, the occupational safety unit conducts on-site inspections and observations to identify and assess the level of risk associated with safety issues. Improvement measures are then formulated. Regular occupational safety committee meetings are held each quarter to discuss and decide on safety improvements. Based on the review results, immediate corrective or preventive measures are taken to ensure the safety of employees at work. (IV) Establishment of Occupational Safety Goals: Aspiring Towards a Zero-Accident Workplace In 2023, our Company reported a disability injury rate of 4.27%, marking an increase of two cases of temporary total disability. This primarily resulted from insufficient safety awareness among our personnel. Therefore, reinforcing safety education remains one of our key policies. In 2023, there were a total of four occupational injuries (three cases of disability and one minor injury), accounting for 1% of the total workforce at the end of the year. (V) Comply with the requirements of Occupational Safety and Health regulations, and independently implement a management system in accordance with the	No significant differences observed

Promoted Projects	Execution Status			Differences in Sustainable Development Practices Guidelines and the Reasons
	Yes	No	Summary explanation	
			provisions of CNS45001 (ISO45001). (VI) In 2023, our Company reported zero incidents of fire, with no casualties or injuries, which equates to 0% of the total employee count. In response to potential fire hazards, we have established an emergency response plan and a dedicated response team. We conduct two fire drills annually (one in June and another in December 2023), and carry out monthly inspections and maintenance of the fire safety equipment within the premises. In the 2023, all fire safety inspections and reports were completed satisfactorily with no deficiencies.	
(IV) Has the Company established an effective career development training program for its employees?	✓		(I) Global Tek considers employees as valuable assets and prioritize talent development. We arrange professional on-the-job training courses and management courses according to various functional needs. This includes providing education and internal or external training, seminars, etc., tailored to different levels and specialties. We integrate internal and external resources to provide employees with comprehensive professional skill development and self-growth inspiration, systematically cultivating rich professional capabilities and nurturing talents capable of facing challenges. In 2023, the group trained a total of 7,541 participants, including real-time online learning, amounting to 14,210 hours. (II) Global Tek actively innovates our talent development model. In addition to establishing a digital education and training system, we are providing our colleagues with more diverse and flexible learning opportunities, unrestricted by time and location. In 2023, a performance evaluation system was also introduced, integrating target performance assessment and individual career development, implementing the company's policy of a learning-oriented organization.	No significant differences observed
(V) Does the Company adhere to relevant laws and international guidelines concerning issues such as customer health and safety, client privacy, marketing, and	✓		(I) Global Tek is an OEM manufacturing company. In order to ensure that the product quality meets customer expectations, the company has obtained multiple international certifications such as ISO9001, PED M, NADCAP, IATF16949, AS9100, and ISO13485. (II) Global Tek bases its operations on customer satisfaction, optimizing product performance, refining services, and thereby enhancing customer trust in Timeshine's brand. The company has established a	No significant differences observed

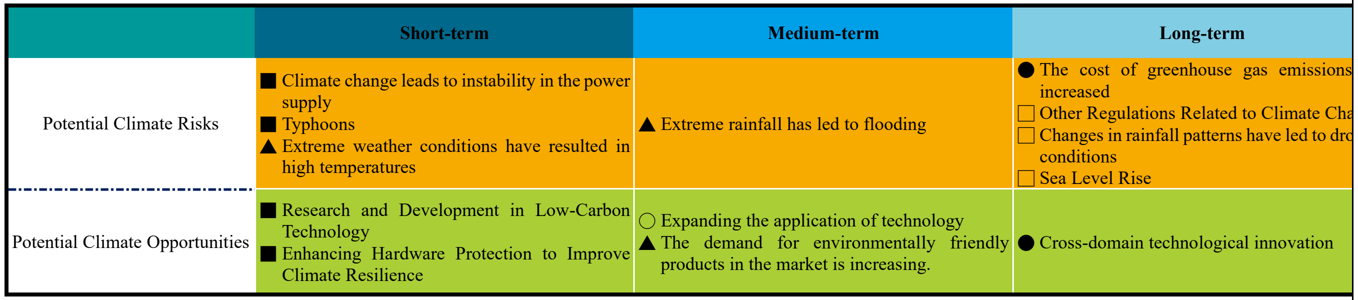
Promoted Projects	Execution Status			Differences in Sustainable Development Practices Guidelines and the Reasons
	Yes	No	Summary explanation	
labeling of products and services? Has the Company established policies and complaint procedures to protect consumer or client rights?			customer satisfaction management procedure, which includes customer satisfaction surveys, analysis, development of improvement measures, and monitoring of improvement effectiveness. Additionally, there is a customer complaint handling procedure in place (which involves setting up a customer complaint hotline, logging customer complaints, managing response times, providing complaint responses, devising complaint improvement measures, and monitoring their implementation). (III) In 2023, Global Tek has not violated any incidents related to health and safety regulations concerning products and services, information, labeling, and marketing communication regulations.	
(VI) Does the Company have a supplier management policy in place that requires suppliers to adhere to relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights? What is the status of its implementation?	✓		(I) Global Tek has established and implemented a supplier management system, which includes supplier selection and evaluation processes. (II) Global Tek Corporation requires its suppliers to cooperate in implementing the following ESG practices: 1. We have established a code of conduct for suppliers, which includes provisions on environmental protection, occupational safety and health, and labor rights. Our goal is to have this signed by our top 50 suppliers, in terms of transaction value, by the end of 2023. So far, we have received 47 signed copies. In addition, we have also advocated to our suppliers and received signed declarations of "Non-Use of Conflict Minerals" and "Environmental Substance Declaration". We have received 108 and 96 of these declarations respectively, which represents approximately 60% of our total qualified suppliers. 2. Conduct annual supplier audits regularly, incorporating ESG evaluation items into the "Supplier Quality System Checklist" used. 3. We are planning to establish a supplier competition procedure, incorporating elements related to ESG (Environmental, Social, and Governance) into the evaluation criteria. We anticipate piloting this process in 2024. 4. In 2023, we collaborated with our suppliers to participate in a carbon reduction initiative through a public welfare tree planting event on campus. Together, we planted 1,800 trees of native Taiwanese	No significant differences observed

<table>
<tr><th rowspan="2">Promoted Projects</th><th colspan="3">Execution Status</th><th rowspan="2">Differences in Sustainable Development Practices Guidelines and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td></td><td></td><td></td><td>species.</td><td></td></tr>
<tr><td>V. Does the Company follow internationally accepted guidelines or directives for preparing sustainability reports and other disclosures of non-financial information? Has the aforementioned report received assurance or verification from a third-party entity?</td><td>✓</td><td></td><td>In the base year of 2022, Global Tek Corporation adhered to the GRI (Global Reporting Initiative) standards, incorporating the Sustainable Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" established by the Taiwan Stock Exchange Corporation and the Taipei Exchange. In September 2023, the Company officially issued its first sustainability report, which was independently verified and received a statement of assurance from AFNOR (French Standards Association).</td><td>No significant differences observed</td></tr>
<tr><td colspan="5">VI. If the Company has established its own sustainability guidelines in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between its operations and the established guidelines: None.</td></tr>
<tr><td colspan="5">VII. Important Information to Understand the Progress of Sustainable Development Implementation: None.</td></tr>
</table>

(VII)Climate-Related Information of Listed Companies

1. Implementation Status of Climate-Related Information

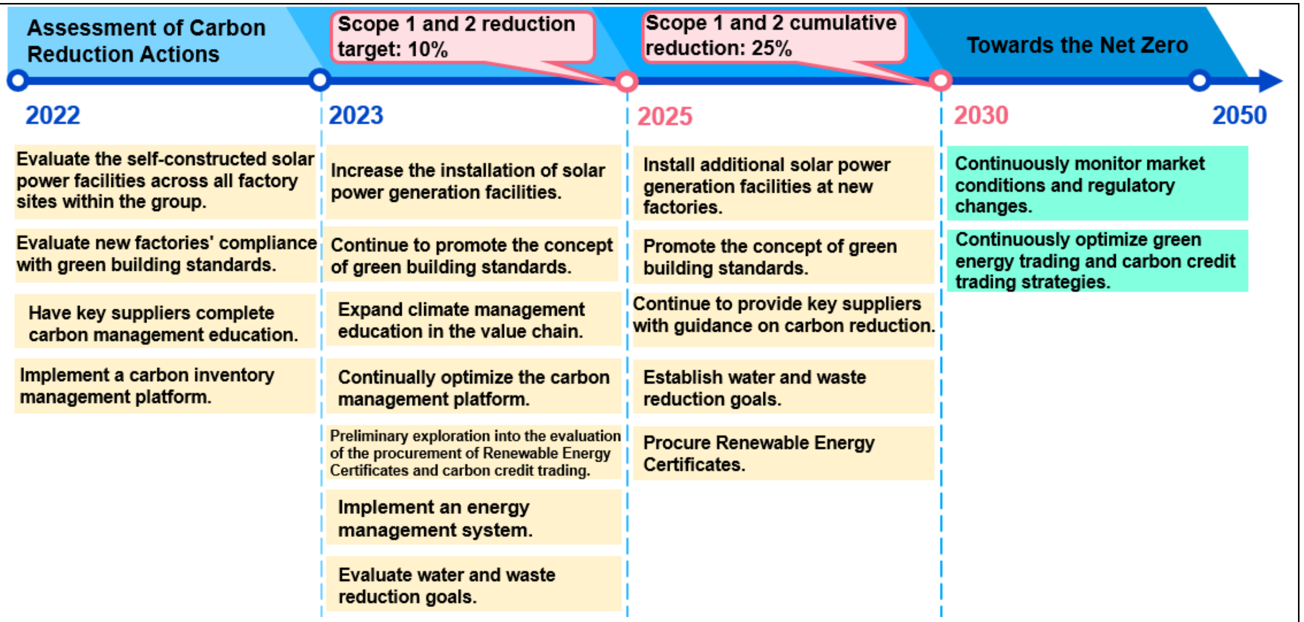
<table>
<tr><th>Item</th><th>Execution Status</th></tr>
<tr><td>1. Detail the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.</td><td>1. In order to facilitate the implementation of risk management policies, Global Tek established the "Risk Management Promotion Committee" under the Sustainable Development and Risk Management Committee in 2022. This committee serves as a dedicated unit for promoting risk management-related issues, with the Group General Manager acting as the highest authority.
2. In 2023, the Risk Management Task Force convened a total of three Risk Management Committee meetings in May, June, and December. These meetings were held to identify and formulate responses to various risk items. On December 28, the Secretariat of the Sustainable Development and Risk Management Committee reported to the Board of Directors.</td></tr>
<tr><td>2. Discuss how the identified climate risks and opportunities impact the business, strategy, and finances of the Company in the short, medium, and long term.</td><td>After evaluating the degree of impact and likelihood of various climate risks and opportunities on our Company, and determining different risk levels, we have organized the short-term (2022-2024), medium-term (2025-2027), and long-term (2028-2032) climate risks and opportunities according to their respective timelines.

Short, Medium, and Long-Term Climate Risks and Opportunities

<table>
<tr><th></th><th>Short-term</th><th>Medium-term</th><th>Long-term</th></tr>
<tr><td>Potential Climate Risks</td><td>■ Climate change leads to instability in the power supply
■ Typhoons
▲ Extreme weather conditions have resulted in high temperatures</td><td>▲ Extreme rainfall has led to flooding</td><td>● The cost of greenhouse gas emissions increased
☐ Other Regulations Related to Climate Cha
☐ Changes in rainfall patterns have led to dro conditions
☐ Sea Level Rise</td></tr>
<tr><td>Potential Climate Opportunities</td><td>■ Research and Development in Low-Carbon Technology
■ Enhancing Hardware Protection to Improve Climate Resilience</td><td>○ Expanding the application of technology
▲ The demand for environmentally friendly products in the market is increasing.</td><td>● Cross-domain technological innovation</td></tr>
</table>
●Severe ○High ■Medium ☐Low ▲Light</td></tr>
</table>

<table>
<tr>
<td>3. Discuss the impact of extreme weather events and transition actions on financial matters.</td>
<td>The climate crisis brought about by global warming presents a significant challenge that is universally faced in the pursuit of global sustainable development. Climate-related risks and opportunities will have an impact on Global Tek's operational strategies and financial planning. Therefore, to address the risks associated with climate change, businesses need to allocate more resources towards handling extreme weather events, adjusting energy usage patterns, and enhancing employee skills. Simultaneously, it is necessary for businesses to annually review the economic useful life of their assets. Complying with regulations to transition towards more environmentally friendly assets may significantly shorten the current economic lifespan of fixed assets. This leads to an increase in operational costs, a decrease in asset value, and an increase in capital expenditure. The financial implications of significant and high-level climate risks and opportunities are as follows.
<table>
<tr><th></th><th>Climate Risk and Opportunity Issues</th><th>Revenue</th><th>Cost/Expense</th><th>Capital Expenditure</th><th>Profit and Loss</th><th>Cash Flows</th></tr>
<tr><td>Risk</td><td>The cost of greenhouse gas emissions has increased</td><td>-</td><td>Increase</td><td>Increase</td><td>-</td><td>Decrease</td></tr>
<tr><td>Opportunity</td><td>Expanding the application of technology</td><td>Increase</td><td>-</td><td>-</td><td>Increase</td><td>Increase</td></tr>
<tr><td>Opportunity</td><td>Cross-domain technological innovation</td><td>Increase</td><td>Increase</td><td>Increase</td><td>Increase</td><td>Increase</td></tr>
</table>
</td>
</tr>
<tr>
<td>4. Describe how the identification, assessment, and management of climate risks are integrated into the overall risk management system.</td>
<td>In order to implement risk management policies effectively, Global Tek established the "Risk Management Promotion Committee" under the Sustainable Development and Risk Management Committee in 2022. The Group's General Manager serves as the highest authority, responsible for integrating, communicating, and coordinating risk management initiatives across all units. The committee conducts an annual review of risk items and, when necessary, refines response strategies to align with operational environment requirements.
In relation to the various risk issues that may arise within our operations, such as operational risks, financial risks, compliance risks, environmental and climate change risks, and human resources risks (including human rights), the Company adheres to its 'Risk Management Policy and Procedures' to conduct risk identification, assessment, determination, proposal of solutions or preventive measures, control, supervision, and preparation of risk management reports. This ensures a comprehensive understanding of the risk levels associated with each risk item and enables the formulation of appropriate solutions or preventive measures.
When conducting a risk assessment, it is essential to identify the risk value and evaluate the risk level by considering the likelihood of risk events and the severity of their impact. The assessment should assess the potential impact of risks on the Company within the expected timeframe. Subsequently, the management team should develop response measures to mitigate significant and high-risk situations.
In relation to the risks and opportunities presented by climate change, our Company employs the same methodological approach. We reference the aforementioned framework, identifying the risks and opportunities of climate change based on the likelihood of occurrence and the degree of impact. Subsequently, we formulate</td>
</tr>
</table>

	corresponding strategies or preventative measures, and continue to monitor and control these aspects.
5. When using scenario analysis to assess resilience to climate change risks, it is important to provide a clear explanation of the scenario, parameters, assumptions, analysis factors, and significant financial impacts.	The Company has not yet utilized the scenario analysis method for evaluation.
6. If there is a transformation plan in place to address climate-related risks, please provide the details of the plan, including the indicators and objectives used to identify and manage both physical and transitional risks.	In terms of climate change risk management, the Company is actively promoting measures to implement energy conservation and emission reduction. These measures include improving the efficiency of public facilities, replacing high-energy-consuming equipment, managing water resources and waste, and enhancing technical capabilities through lean production and automated production to improve overall production efficiency. The specific details of our Company's transformation plan are as follows: [Energy Management] 1. An energy management system for real-time monitoring has been established to continuously monitor electricity consumption, conduct zoning statistics and inventory of electricity consumption, and generate regular analysis reports. 2. We have fully adopted the use of high-efficiency energy-saving lighting fixtures, and this principle will be adhered to for all future purchases or replacements. 3. When selecting an air compressor system, we aim to choose variable frequency models whenever possible. Additionally, we employ a centralized control system to monitor and generate real-time energy consumption analysis reports. This allows us to establish the most efficient operating mode for the compressed air system. 4. We will proceed with the energy-saving improvement plan for the chiller system, in order to continuously maintain our energy management objectives. [Water Stewardship] 1. An immediate monitoring system for water resource management has been established, which manages and analyzes the water usage in operations. 2. Implementing water quality testing in accordance with the law, in 2023, qualified testing companies were commissioned to conduct water quality tests, meeting emission standards. 3. Properly handling wastewater and ensuring that process wastewater and domestic wastewater are collected separately. 4. We have planned to install a process wastewater treatment and recycling system. This system will reduce waste and recycle water from the precision casting alkali boiling wastewater process through vacuum heating. The goal is to achieve effective wastewater recycling and reuse.

	[Waste Management] Implement waste inventory, we will classify general and hazardous industrial waste, and plan for waste reduction. For example: 1. The used cotton gloves and clean rags will be recycled and reused. They will be utilized to remove oil stains before being discarded. 2. Compressed air machine wastewater: Install an oil-water separation device to collect and recycle waste oil. Collect wastewater in a septic tank to effectively reduce wastewater treatment costs. 3. Product cleaning facilities: Set up individual cleaning tank recycling for reuse, eliminating overflow water discharge and extending water replacement cycles. 4. Remove underground waste oil tanks and plan to install iron chip compressors, as well as a cutting water recycling system.
7. If internal carbon pricing is to be used as a planning tool, the basis for price determination should be clearly explained.	Currently, our Company has not yet implemented an internal carbon pricing system.
8. When setting climate-related goals, it is important to provide a clear explanation of the activities that will be covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress. If carbon offsetting or renewable energy certificates (RECs) are utilized to achieve these goals, it is necessary to specify the source and quantity of carbon offset or the quantity of RECs.	The Company will use 2022 as the base year and will continue to adhere to the ISO 14064-1 standard and the 'Sustainable Development Roadmap Promotion Schedule (2023-2029)' published by the Financial Supervisory Commission in the subsequent years. Additionally, the Company will persist in conducting greenhouse gas inventory and third-party verification operations. The schedule for implementation and the net-zero roadmap for our Company are as follows: 

	 Assessment of Carbon Reduction Actions Scope 1 and 2 reduction target: 10% Scope 1 and 2 cumulative reduction: 25% Towards the Net Zero **2022** Evaluate the self-constructed solar power facilities across all factory sites within the group. Evaluate new factories' compliance with green building standards. Have key suppliers complete carbon management education. Implement a carbon inventory management platform. **2023** Increase the installation of solar power generation facilities. Continue to promote the concept of green building standards. Expand climate management education in the value chain. Continually optimize the carbon management platform. Preliminary exploration into the evaluation of the procurement of Renewable Energy Certificates and carbon credit trading. Implement an energy management system. Evaluate water and waste reduction goals. **2025** Install additional solar power generation facilities at new factories. Promote the concept of green building standards. Continue to provide key suppliers with guidance on carbon reduction. Establish water and waste reduction goals. Procure Renewable Energy Certificates. **2030** Continuously monitor market conditions and regulatory changes. Continuously optimize green energy trading and carbon credit trading strategies. **2050**
9. The status of greenhouse gas inventory and assurance, along with reduction targets, strategies, and specific action plans (further detailed in sections 1-1 and 1-2).	Please refer to the details in the attached table below.

1-1 Recent Two-Year Company Greenhouse Gas Inventory and Verification Status

1-1-1 Greenhouse Gas Inventory Information

Total Greenhouse Gas Emissions in 2022		
Reporting Period: January 1, 2022 to December 31, 2022		
Scope 1	Total Emissions (tons CO_2e)	Density (tons of CO_2e per thousand NT$)
GLOBAL TEK FABRICATION CO., LTD. GLOBAL TEK CO., LTD.	124.5109	0.000025
GLOBAL TEK(WU'XI) CO., LTD.	286.8032	0.000058
GLOBAL TEK(XI'AN) CO., LTD.	33.3970	0.000007
Total	444.7111	0.000089
Scope 2	Total Emissions (tons CO_2e)	Density (tons of CO_2e per thousand NT$)
GLOBAL TEK FABRICATION CO., LTD GLOBAL TEK CO., LTD.	5,892.2574	0.001182
GLOBAL TEK(WU'XI) CO., LTD.	7,307.2870	0.001465
GLOBAL TEK(XI'AN) CO., LTD.	1,377.9115	0.000276
Total	14,577.4559	0.002923
Scope 3	Total Emissions (tons CO_2e)	Density (tons of CO_2e per thousand NT$)
Global Tek Group	2,880.4237	0.000578
Total	2,880.4237	0.000578

Total Greenhouse Gas Emissions in 2023		
		Reporting Period: January 1, 2023 to December 31, 2023
Scope 1	Total Emissions (tons CO_2e)	Density (tons of CO_2e per thousand NT$)
GLOBAL TEK FABRICATION CO., LTD	140.0244	0.000033
GLOBAL TEK CO., LTD.		
GLOBAL TEK(WU'XI) CO., LTD.	582.6324	0.000138
GLOBAL TEK(XI'AN) CO., LTD.	32.6784	0.000008
Total	755.3352	0.000179
Scope 2	Total Emissions (tons CO_2e)	Density (tons of CO_2e per thousand NT$)
GLOBAL TEK FABRICATION CO., LTD	5,607.8170	0.001333
GLOBAL TEK CO., LTD.		
GLOBAL TEK(WU'XI) CO., LTD.	5,842.9453	0.001389
GLOBAL TEK(XI'AN) CO., LTD.	1,376.6386	0.000327
Total	12,827.4009	0.003048
Scope 3	Total Emissions (tons CO_2e)	Density (tons of CO_2e per thousand NT$)
Global Tek Group	2,800.8919	0.000666
Total	2,800.8919	0.000666

Note 1: The report addresses three categories of emissions: Direct Emissions (Scope 1, which are directly from sources owned or controlled by the Company), Energy Indirect Emissions (Scope 2, which are indirect greenhouse gas emissions caused by the import of electricity, heat, or steam), and Other Indirect Emissions (Scope 3, which are emissions generated by Company activities that are not energy indirect emissions, but come from sources owned or controlled by other companies).

Note 2: The management of direct emissions and indirect emissions from energy should be conducted in accordance with Article 4.1.2 of the Operating Procedures for the Preparation and Submission of Sustainability Reports by Listed Companies of the Taiwan Stock Exchange (referred to as these operating procedures). Additional information regarding indirect emissions may be disclosed on a voluntary basis.

Note 3: Greenhouse Gas Inventory Standard: ISO 14064-1, which was published by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue. However, it is necessary to specify the data calculated based on revenue (in thousand New Taiwan Dollars) at the very least.

1-1-2 Greenhouse Gas Assurance Information

Global Tek Group will commence conducting annual greenhouse gas inventories and verifications starting from 2022. The inventory scope encompasses the Taiwan Factories (Xinwu Plant, Youshi Plant, Youyi Plant, Youer Plant, Xizhi Office), the Wuxi Factories (Changjiang South Road Plant, Anzhen Plant), and the Xi'an Factory. In 2022, the verification was carried out by the esteemed British Standards Institution (BSI), resulting in the acquisition of a verification statement. Regarding the greenhouse gas inventory report and inventory table of the Global Tek Group, we hereby declare that the results of this greenhouse gas inventory report are valid and fully comply with relevant regulations. The greenhouse gas information has been disclosed appropriately and accurately.

The greenhouse gas inventory for the year 2023 was also verified by the British Standards Institution (BSI), and a verification statement was obtained in April 2024. The scope of the inventory includes various facilities such as the Taiwan Factories (Xinwu Plant, Youshi Plant, Xizhi Office), Wuxi Factory, and Xi'an Factory. Regarding the greenhouse gas inventory report and inventory table of the Global Tek Group, we hereby declare that the results of this greenhouse gas inventory report are valid and fully comply with relevant regulations. The greenhouse gas information has been disclosed appropriately and accurately.

1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

The Global Tek Group, considering climate-related risks and opportunities, has established short, medium, and long-term strategic actions and goals based on the benchmark year of 2022. The aim is to collectively mitigate global warming through these actions, while simultaneously fostering economic growth. In terms of short to medium-term strategies, Global Tek has already completed the second greenhouse gas inventory and third-party verification for 2023 in 2024. Moving forward, this will be conducted on an annual basis. In terms of long-term strategy, this includes promoting greenhouse gas reduction, ISO 14067 product carbon footprint, ISO 50001 energy management systems, and the management of water resources and waste. We are also adhering to the carbon reduction pathway announced by the Executive Yuan at the end of 2022, setting a goal to reduce carbon emissions by 10% by 2025, and further reduce by 15% by 2030, achieving a cumulative carbon reduction target of 25%. This is our contribution to the planet. Please refer to item 6 for the specific action plan for Global Tek's greenhouse gas reduction.

(VIII) Implementation Status of Ethical Corporate Management and Differences, along with Reasons for these Differences, from the Ethical Corporate Management Best Practice Principles for Listed Companies.

Assessment items	Operating conditions			Differences and Reasons Pertaining to the Ethical Corporate Management Best Practice Principles of Listed Companies
	Yes	No	Summary explanation	
I. Establishment of Integrity Management Policy and Plan				
(I) Has the Company established a policy of ethical business practices that has been approved by the Board of Directors, and is this policy clearly stated in its regulations and external documents? Is there a commitment from the Board of Directors and senior management to actively implement these business policies?	✓		Global Tek Company has developed the 'Code of Conduct' along with the 'Ethical Management and Guidelines for Conduct'. Once approved by the Board of Directors and presented at the shareholders' meeting, the guidelines are followed accordingly.	No significant differences observed
(II) Does the Company establish a mechanism to assess the risk of dishonest behavior, regularly analyze and evaluate business activities with a higher risk of dishonest behavior within the scope of operations, and formulate preventive measures based on such analysis? Does it also include preventive measures for the behaviors specified in Article 7, Section 2 of the Code of Conduct for Integrity in the Operation of Listed and OTC Companies?	✓		On November 8, 2022, Shi Shuo Company established the 'Sustainable Development and Risk Management Committee' under the Board of Directors. The committee comprises the 'Risk Management Promotion Committee', with the Group General Manager as the convener. It is divided into five groups: Operational Risk Group, Financial Risk Group, Compliance Risk Group, Environment and Climate Change Group, and Human Resources (including Human Rights) Risk Group. In accordance with the 'Ethical Management and Guidelines for Conduct', we have implemented robust accounting and internal control systems for high-risk business activities prone to dishonest behavior. We consistently evaluate and enhance these systems to ensure their effectiveness, and we provide regular reports to the Board of Directors. The Board of Directors' report was filed on December 28, 2023.	No significant differences observed

<table>
<tr><th rowspan="2">Assessment items</th><th colspan="3">Operating conditions</th><th rowspan="2">Differences and Reasons Pertaining to the Ethical Corporate Management Best Practice Principles of Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary explanation</th></tr>
<tr><td>(III) Does the Company clearly define operational procedures, behavioral guidelines, penalties for violations, and an appeal system within its anti-dishonesty measures? Furthermore, does it effectively implement and periodically review and revise these measures?</td><td>✓</td><td></td><td>Global Tek Company has established its integrity operation policy based on the 'Ethical Management and Guidelines for Conduct' and has been actively promoting its implementation across the entire group of companies.
On November 7, 2023, the Taiwanese factory organized a physical training course and invited a professional lawyer to deliver a lecture. A test was administered after the course. The results are as follows:
<table>
<tr><th>Factory Code</th><th>Number of employees</th><th>Passed the test Number of individuals</th><th>Passing rate</th></tr>
<tr><td>Taiwan</td><td>379</td><td>373</td><td>98%</td></tr>
</table>
Note: The personnel who did not pass the test are those who are on unpaid leave and those who are on overseas business trips and did not actually participate in the test.</td><td>No significant differences observed</td></tr>
<tr><td>II. Implementing Honest Business Practices</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Has the Company assessed the integrity records of its business partners and incorporated provisions for ethical conduct into the contracts signed with them?</td><td>✓</td><td></td><td>According to the provisions of the Code of Conduct, Global Tek Company must promptly terminate business dealings with any business partners or collaborators found to engage in dishonest behavior and classify them as non-cooperative entities. This is to uphold the Company's commitment to integrity in its business operations.</td><td>No significant differences observed</td></tr>
<tr><td>(II) Does the Company have a dedicated unit under the Board of Directors to promote business integrity? Do they regularly report their integrity management policy, measures to prevent dishonest behavior, and the implementation and supervision to the Board of Directors at least once a year?</td><td>✓</td><td></td><td>The management unit formulates the 'Ethical Corporate Management Best Practice Principles' and the 'Ethical Management and Guidelines for Conduct'. Any amendments or abolition of these documents must be approved by the Board of Directors. The Board of Directors of our Company fulfills its duty of care and supervises the Company to prevent dishonest behavior, ensuring the implementation of our integrity policy.
The execution status of operating with integrity in 2023 is as follows:</td><td>No significant differences observed</td></tr>
</table>

Assessment items	Operating conditions			Differences and Reasons Pertaining to the Ethical Corporate Management Best Practice Principles of Listed Companies
	Yes	No	Summary explanation	
			1. Statement of Signing: (1) The newly appointed internal manager has signed the 'Declaration of Integrity in Business Operations Policy'. (2) New employees are required to sign the 'Confirmation of Management Regulations Review' in order to incorporate the Code of Conduct and Behavioral Guidelines mentioned above into the management regulations. 2. Education and Training: The Human Resources Center is responsible for education, training, and promotion. In 2023 local employees participated in physical training courses on integrity management, anti-corruption, ethical behavior, workplace harassment, human rights, employee policies, and reporting illegal, unethical, or dishonest behavior. On the other hand, foreign employees received education through translated materials in their native languages, totaling 1,653 hours. 3. Compliance Promotion: On September 12, 2023, the Company's meeting unit discussed the topic of preventing insider trading. The meeting covered important regulations for handling internal confidential information. Various levels of management, especially internal executives, were informed about the matters they should pay attention to through videos and case studies. 4. Annual Test: In 2023, local employees underwent an online training system assessment, while foreign employees participated	

Assessment items	Operating conditions			Differences and Reasons Pertaining to the Ethical Corporate Management Best Practice Principles of Listed Companies
	Yes	No	Summary explanation	
			in an educational exam organized by Google. The exams encompassed the aforementioned training areas. 5. Regular Check: The Company conducts annual evaluations and implementations of internal controls to achieve effective management and implementation. The internal audit unit conducts independent audits to ensure the overall operation of the mechanism, jointly managing and preventing the occurrence of dishonest behavior. In 2023, there were no incidents of corruption or violations of insider trading. 6. Whistleblower System and Whistleblower Protection: The Company has implemented specific 'Procedures for Reporting Illegal, Unethical, or Dishonest Behavior' to encourage both internal and external personnel to report any instances of dishonest or inappropriate behavior. The Chairman's Office, Audit Department, and Human Resources Center have been assigned as the designated units to receive these reports. Whistleblowers have the option to make reports through four different channels: email, a dedicated hotline, letter, or in-person reporting. The Company's website also includes a comprehensive corporate governance section that outlines detailed procedures for both internal and external stakeholders. The identity and content of the whistleblower will be kept confidential to ensure that they are not subjected to any improper treatment as a result of the report.	

Assessment items	Operating conditions			Differences and Reasons Pertaining to the Ethical Corporate Management Best Practice Principles of Listed Companies
	Yes	No	Summary explanation	
			In 2023, we received three complaints via our reporting mailbox. Upon verification, these were found to pertain to stakeholder communication, vendor marketing, and research institution surveys. There were no incidents of employees violating ethical integrity or labor rights being infringed upon reported.	
(III) Does the Company have a policy in place to prevent conflicts of interest, provide appropriate disclosure channels, and ensure its implementation?	✓		The Company has implemented a policy to prevent conflicts of interest in its regulations. Any violations can be reported to the Audit Committee, Internal Audit Manager, and executives. Our Company has established a "Procedure for Reporting Illegal, Unethical, or Dishonest Behavior," which provides an appropriate channel for reporting such incidents. This procedure is rigorously enforced. The implementation status in 2023 is consistent with the aforementioned point (II).	No significant differences observed
(IV) Has the Company established effective accounting and internal control systems to implement honest business practices? Does the internal audit unit formulate related audit plans based on the assessment results of dishonest behavior risks, and check the compliance of the dishonest behavior prevention plan accordingly? Or does it delegate the auditing task to an accountant?	✓		The Company has implemented efficient accounting and internal control systems. The internal audit unit establishes internal audit plans based on the results of risk assessments and carries out various audit operations in accordance with these plans. In case of special circumstances, separate project audits will be arranged. Audit Report for the Year 2023, Reference No.: 11238.	No significant differences observed

Assessment items	Operating conditions			Differences and Reasons Pertaining to the Ethical Corporate Management Best Practice Principles of Listed Companies
	Yes	No	Summary explanation	
(V) Does the Company regularly provide education and training on integrity management for both internal and external stakeholders?	✓		Our Company promotes the principles of integrity in business operations and emphasizes their implementation by employees in various meetings and daily business activities. The training situation: see 1, (3)	No significant differences observed
III. Operation of the Company's Whistleblowing System				
(I) Has the Company established specific reporting and reward systems, as well as convenient reporting channels, and assigned appropriate personnel responsible for handling the reported targets?	✓		The Company has established procedures for reporting "illegal, unethical, or dishonest behavior". Whistleblowers can use four channels to report: email, hotline, physical mail, and in-person reporting. Specific personnel have been assigned to handle and respond to these reports.	No significant differences observed
(II) Does the Company have established standard operating procedures for handling reported matters, procedures to be followed after completing an investigation, and relevant confidentiality mechanisms?	✓		The Company has established a procedure for reporting "illegal, unethical, or dishonest behavior". All related documents and information are considered confidential. All personnel involved in the process are fully responsible for maintaining the confidentiality of the proceedings.	No significant differences observed
(III) Has the Company implemented measures to protect whistleblowers from improper treatment as a result of their disclosures?	✓		The Company is dedicated to upholding the confidentiality and safeguarding of the whistleblower.	No significant differences observed
IV. Enhance Information Disclosure				
(I) Has the Company disclosed the content and effectiveness of its Code of Conduct on its website and the Market Observation Post System?	✓		The Company has a website for disclosing Company-related information and announces it on the Market Observation Post System in compliance with regulations.	No significant differences observed
V. If the Company has established its own code of 'ethical conduct' in accordance with the "Ethical Corporate Management Best Practice Principles", please describe any differences between its operation and the established code: No significant differences.				
VI. Important information that aids in understanding the Company's operation with integrity: None.				

(IX) If the Company has established corporate governance rules and related regulations, the methods for accessing them should be disclosed. Please refer to the Market Observation Post System (http://mops.twse.com.tw) and our Company website (http://www.globaltek.com.tw).

(X) Other important information that can enhance understanding of the Company's governance operations may also be disclosed.

Our Company has established an internal control system in accordance with the "Guidelines for the Establishment of Internal Control Systems in Publicly Listed Companies". This system has been communicated to all employees, managers, and directors to prevent any violations of the regulations. Additionally, the Market Observation Post System provides a platform for inquiries, accessible at http://mops.twse.com.tw.

(XI) Execution Status of Internal Control System

1. Statement of Internal Control

Global Tek Fabrication Co., Ltd.
Statement of Internal Control Systems

Date: March 14, 2024

The internal control system of our Company for the year 2023, based on our self-assessment, is hereby declared as follows:

I. Our Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of our Board of Directors and management. We have already established such a system. The objective is to provide reasonable assurance regarding the effectiveness and efficiency of operations, including profitability, performance, and asset protection. This also encompasses the reliability, timeliness, and transparency of reports, as well as compliance with relevant regulations and legal requirements.

II. Internal control systems have inherent limitations. Despite being well-designed, they can only offer reasonable assurance in achieving the three objectives mentioned above. Additionally, the effectiveness of internal control systems may vary due to changes in the environment and circumstances. Our Company has established an internal control system with a self-monitoring mechanism. Once a deficiency is identified, the Company immediately takes corrective action.

III. Our Company has evaluated the effectiveness of our internal control system based on the criteria set forth in the "Guidelines for Establishing Internal Control Systems in Publicly-held Companies" (hereinafter referred to as "the Guidelines"). We have assessed whether the design and implementation of our internal control system are effective. The Guidelines adopt an internal control system assessment item, which is divided into five constituent elements based on the process of management control: 1. Managing the Environment, 2. Risk Assessment, 3. Operations Control, 4. Information and Communication, and 5. Supervisory operation. Each constituent element comprises several items. Please consult the 'Processing Guidelines' for the mentioned items.

IV. Our Company has already adopted the aforementioned internal control system assessment items, evaluating the effectiveness of the design and implementation of the internal control system.

V. Based on the results of the preceding assessment, our Company believes that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, is effective. This includes understanding the degree of achievement of operational effectiveness and efficiency goals, ensuring reliable, timely, transparent reporting, and compliance with relevant regulations and legal provisions. The design and implementation of these internal control systems can reasonably ensure the achievement of the aforementioned goals.

VI. This statement will serve as a key component of our Company's annual report and prospectus, and will be made publicly available. The content disclosed above, if found to be false or concealed, will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act. Please maintain honesty and transparency to avoid any legal complications.

VII. This statement was approved by our Company's Board of Directors on March 14, 2024. Out of the seven directors present, none opposed the content of this statement. The remaining directors were in agreement with the content of the statement, which is hereby declared.

Global Tek Fabrication Co., Ltd.

Chairman: Liu, Tsu-Ying Signature

President: Huang, Ya-Hsing Signature

2. If an accountant is engaged to conduct an audit of the internal control system, the accountant's report on the audit should be disclosed: None.

(XII) Recently, during the current fiscal year and up until the date of printing of the annual report, the Company and its internal personnel have been penalized in accordance with the law, or the Company has imposed penalties on its internal personnel for violations of internal control system regulations. If the penalty results may have a significant impact on shareholder equity or securities prices, the penalty details, major deficiencies, and improvement status should be disclosed: None.

(XIII) Important Resolutions of Shareholders' Meeting and Board of Directors in the Recent Fiscal Year and up to the Date of Printing of the Annual Report

1. Shareholders' Meeting

Date	Nature	Important Resolutions	Execution Status
2023/6/30	Regular Shareholders' Meeting	1. Passed the approval of the 2022 Annual Operating Report and Financial Statements 2. Approval of the 2022 Earnings Distribution Proposal	1. Upon approval, the announcement will be completed and made public on the Market Observation Post System by June 30, 2023. 2. Upon approval, the announcement will be completed and made public on the Market Observation Post System by June 30, 2023.

2. Board of Directors

Time	Session	Important Resolutions
2023/3/23	The fifth meeting of the sixth session	Item I: The Company's operating report for fiscal year 2022, as well as individual financial statements and consolidated financial statements. Item II: The Company's overseas investment company did not repatriate profits for fiscal year 2022. Item III: 2022 Earnings Distribution Proposal. Item IV: The Company is planning to establish a general policy for 'pre-approval of non-assurance services.' Item V: Changing the appointment of the signing accountant for the 2023 fiscal year in this Company and evaluating the independence and suitability of the signing accountant with reference to audit quality indicators. Item VI: The Company's domestic unsecured convertible corporate bonds were converted into common stock for the first and second time in the fourth quarter of fiscal year 2022 to issue new shares. Item VII: The Company's 'Statement of Internal Control Systems' for the period from January 1, 2022 to December 31, 2022. Item VIII: Bank Credit Financing Case. Item IX: Revise the "Corporate Governance Best Practice Principles" document for our Company. Item X: The Company will hold its 2023 annual shareholders' meeting. Item XI: The Company's employee compensation and director remuneration allocation proposal for fiscal year 2022.

Time	Session	Important Resolutions
		Item XII: The Company's performance-based bonus issuance for managers in the second half of fiscal year 2022. Item XIII: Issuance of special bonuses for senior executives and managers in fiscal year 2022 for the Company.
2023/5/11	The sixth meeting of the sixth session	Item I: The Company's consolidated financial report for the first quarter of fiscal year 2023. Item II: The Company's first and second domestic unsecured convertible corporate bonds were converted into common stock in the first quarter of fiscal year 2023 to issue new shares. Item III: The Company plans to issue the third domestic unsecured convertible corporate bonds for the purpose of repaying bank loans and enhancing operational funds. Item IV: Revision of the Company's "Internal Control System". Item V: Bank Credit Financing Case. Item VI: Change of the Company's audit supervisor. Item VII: The Company establishes up a corporate governance supervisor.
2023/8/10	The seventh meeting of the sixth session	Item I: The Company's consolidated financial report for the second quarter of fiscal year 2023. Item II: The Company's second domestic unsecured convertible corporate bonds were converted into common stock in the second quarter of fiscal year 2023 to issue new shares. Item III: The subsidiary intends to apply for an extension of the short-term comprehensive credit line from Shanghai Commercial and Savings Bank, with the Company providing an endorsement guarantee. Item IV: Bank Credit Financing Case. Item V: Revise sections of our Company's "Standard Operating Procedures for Handling Requests Submitted by Directors". Item VI: Revise the articles of the "Corporate Governance Best Practice Principles" of our Company. Item VII: Allocation of Employee Compensation for Managers for Fiscal Year 2022. Item VIII: Allocation of Directors' Remuneration for Fiscal Year 2022. Item IX: The issuance of performance bonuses for executives for the first half of fiscal year 2023.
2023/11/9	The eighth meeting of the sixth session	Item I: The Company's consolidated financial report for the third quarter of fiscal year 2023. Item II: The Company's first and second domestic unsecured convertible corporate bonds were converted into common stock in the third quarter of fiscal year 2023 to issue new shares. Item III: The subsidiary intends to apply for an extension of the short-term comprehensive credit line from Taishin International Bank, with the Company providing an endorsement guarantee. Item IV: Bank Credit Financing Case. Item V: Appointment of the Chairman Case.
2023/12/28	The ninth meeting of the sixth session	Item I: Company Budget Proposal for Fiscal Year 2024. Item II: The overseas investment Company did not repatriate profits for 2023. Item III: To handle the cash capital increase case for subsidiary Global Tek GmbH.

Time	Session	Important Resolutions
		Item IV: The establishment of joint venture Global Tek Co., Ltd. Item V: The Company's acquisition of shares in AvioCast Inc. Item VI: The internal audit plan for the fiscal year 2024. Item VII: The subsidiary intends to apply for a short-term comprehensive credit line from Cathay United Bank (China) Co., Ltd., Shanghai Branch, with an endorsement guarantee from our Company. Item VIII: The adjustment of the salary for the Chairman of the Company Board. Item IX: The change in management for our Company. Item X: The salary adjustment case for our Company's management.
2024/3/14	The tenth meeting of the sixth session	Item I: The Company's acquisition of further shares in AvioCast Inc. Item II: In response to market conditions and the global supply chain, our Company is planning to invest in establishing a factory and acquiring land in Thailand. Item III: The Company's operating report for 2023, as well as individual financial statements and consolidated financial statements Item IV: The Company's overseas investment Company did not repatriate profits for the fiscal year 2023. Item V: 2023 Earnings Distribution Proposal. Item VI: The Company established a general policy for 'pre-approval of non-assurance services.' Item VII: Revise the Company's "Management Measures for Transactions with Related Parties, Specific Companies, and Group Enterprises". Item VIII: Changing the appointment of the signing accountant for 2024 in this Company and evaluating the independence and suitability of the signing accountant with reference to audit quality indicators. Item IX: The Company's domestic unsecured convertible corporate bonds were converted into common stock for the first and second time in the fourth quarter of fiscal year 2023 to issue new shares. Item X: The Company's 'Statement of Internal Control Systems' for the period from January 1, 2023 to December 31, 2023. Item XI: Revise the "Audit Committee Charter" of our Company. Item XII: Revise the Company's "Board of Directors Meeting Procedure Rules". Item XIII: The Company will hold its 2024 annual shareholders' meeting. Item XIV: The Company's employee compensation and director remuneration allocation proposal for the fiscal year 2023. Item XV: The Company's performance-based bonus issuance for managers in the second half of fiscal year 2023.
2024/4/3	The sixth meeting of the eleventh session	Item I: In response to the requirements of Thai investment regulations and operational needs, our Company plans to adjust its investment structure in Thailand.

(XIV) For the recent fiscal year and up until the date of the annual report's publication, there were no recorded instances or written statements of directors or supervisors expressing dissenting opinions on significant resolutions passed by the Board of Directors.

(XV) Summary of Resignations of Key Company Personnel in the Recent Fiscal Year and Up to the Date of the Annual Report Publication: This includes the Chairman of the Board, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, Corporate Governance Supervisor, and Research and Development Supervisor.

Title	Name	Appointment Date	Termination Date	Reasons for Resignation or Termination
Internal Audit Supervisor	Kao, Tung-Ling	2021/12/1	2023/6/30	Resignation, Personal Career Planning
Chairman	Huang, Ya-Hsing	2009/12/1	2023/11/9	Resignation, Group Operational Structure

V. Information on CPA Professional Fees

Currency Unit: NT$1,000

Name of Accounting Firm	Accountant's name	Accountant's Audit Period	Audit of Public Funds	Non-Audited Public Funds	Total	Remarks
Ernst & Young	Cheng, Ching-Piao, CPA	2023.1.1~ 2023.12.31	4,620	1,697	6,317	Note
	Fuh, Wen-Fun CPA					

Note: The content under Non-audit Public Expenses - Others includes tax certification fees of 450,000 units, transfer pricing report fees of 450,000 units, travel and transportation costs of 221,000 units, typing, printing and distribution costs of 188,000 units, convertible corporate bonds of 100,000 units, direct offset law application fees of 100,000 units, and other miscellaneous expenses of 188,000 units.

(I) In the event of a change in accounting firms and a subsequent decrease in the audit fees paid annually compared to the previous fiscal year, the amounts of audit fees before and after the change, as well as the reasons for the change, should be disclosed: This situation did not occur.

(II) In instances where the audit fees have decreased by more than 10% compared to the previous fiscal year, the amount, percentage, and reasons for the decrease in audit fees should be disclosed: For fiscal year 2023, this situation did not occur.

VI. Information on Replacement of CPAs:

(I) Regarding the Former Accountant:

Date of Change	The Board of Directors of our Company approved this on March 23, 2023.		
Reasons and Explanation for Replacement	The original certified accountants were Hong Mao-Yi and Cheng, Ching-Piao, from Ernst & Young Accounting Firm. Due to the internal transfer within the accounting firm, starting from the first quarter of 2023, the certified public accountants for our Company's financial statements were changed to Cheng, Ching-Piao and Fuh, Wen-Fun from Ernst & Young.		
Explain the termination or non-acceptance of an appointment by the appointer or accountant.	Situation of the Involved Party	Accountant	Appointee
	Voluntary Termination of Appointment	V	_
	No longer accepting appointments	_	_
Opinions and Reasons for Audit Reports Issued with Reservations in the Last Two Years	None.		
Disagreements with the Issuer	Yes	-	Accounting Principles or Practices
		-	Disclosure of Financial Reports
		-	Scope or Steps of Verification
		-	Other
	None	V	
	Description	Not applicable.	
Other disclosure matters (as stipulated in items 4 through 7, paragraph 6, Article 10 of these standards)	None.		

(II) Regarding the Continuing Accountant:

Office Name	Ernst & Young
Accountant's name	Accountants Cheng, Ching-Piao and Fuh, Wen-Fun
Appointment Date	The Board of Directors of our Company approved this on March 23, 2023.
Before appointment, consult on the accounting treatment methods or accounting principles for specific transactions, and the potential opinions that may be issued on financial reports, along with the results of these consultations.	None.
Written Opinion of the Successor Accountant on Matters of Disagreement with the Predecessor Accountant	None.

(III) The former accountant's response to the three issues under Item 1 and Item 2 of Article 10, Section 6 of the "Guidelines for Matters to be Recorded in the Annual Report of Publicly Issued Companies": None.

VII. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm: None.

VIII. Any Transfer of Equity Interests and Pledge of or Change in Equity Interests During the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10%

(I) Changes in the Transfer and Pledge of Equity Rights of Directors, Supervisors, Managers, and Major Shareholders

Unit: share

Title	Name	2023		As of April 29, 2024	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in the Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in the Number of Pledged Shares
Chairperson and General Manager	Huang, Ya-Hsing	0	0	0	0
Director and Major Shareholder (Note 1)	Hsingying Investment Co., Ltd.	0	0	0	0
Corporate Representative Director and Chairman of the Board	Liu, Tsu-Ying	0	0	0	0
Director and Major Shareholder	Ting, Ling-Chuan	(7,000)	(10,000)	0	0
Independent Director	Huang, Ming-Zhan	0	0	0	0
Independent Director	Tsai, Jung-Teng	0	0	0	0
Independent Director	Chang, Shih-Chia	0	0	0	0
Independent Director	Chen, Hsiang-Ju	0	0	0	0
Major Shareholder (Note 1)	Haochi Investment Co., Ltd.	0	0	N/A	N/A
General Manager of the Taiwan and Xi'an Factories	Lo, Chun-Hao	0	0	0	0
Wuxi Factory General Manager	Liu, Kuang-Hung	0	0	0	0
General Manager of the Taiwan Factories	Chan, Chien-Wei	0	0	0	0
Director of Automotive Division	Chang, Yang-Chin	(65,000)	0	(90,000)	0
Director of Manufacturing Division	Chang, Chien-Chung	(9,000)	0	0	0
Director of the Supply Chain Management Department	Yeh, Chao-Lin	0	0	0	0

Title	Name	2023		As of April 29, 2024	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in the Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in the Number of Pledged Shares
Director of the Chairman's Office	Lian, Rong-Yi	0	0	0	0
Chief Financial Officer and Financial Manager	Gau, Cheng-Hsing	0	0	0	0
Accounting Manager	Liu, Hsueh-Wei	0	0	0	0
Audit Processing (Note 2)	Kao, Tung-Ling	0	0	N/A	N/A
Corporate Governance Supervisor (Note 3)	Chien, Rong-Yao	0	0	0	0
Audit Processing (Note 4)	Kuo, Ming-Pi	0	0	0	0
Director of Advanced Industrial Products Division (Note 5)	Lin, Yuan-Ming	N/A	N/A	0	0

Note 1: In March of 2023, due to a shareholding ratio falling below 10%, the status of major shareholder was revoked.
Note 2: Tenure until June 30, 2023.
Note 3: On May 11, 2023, a corporate governance supervisor was established.
Note 4: Assumed office on July 1, 2023.
Note 5: Assumed office on January 1, 2024.

(II) In cases where the counterparty to a stock transfer is a related party, the name of the related party, their relationship with the Company, directors, supervisors, managers, and shareholders holding more than ten percent of the shares should be disclosed, along with the number of shares acquired: None.

(III) In cases where the counterparty to a stock transfer is a related party, the name of the related party, their relationship with the Company, directors, supervisors, managers, and shareholders holding more than ten percent of the shares should be disclosed, along with the number of shares acquired: None.

IX. Relationship Information, if among the Company's Ten Largest Shareholders Any One Is a Related Party, Spouse, or a Relative within the Second Degree of Kinship of Another

April 29, 2024; Unit: Shares/%

Name	Personally Holds Shares in the Company		Spouses and Minor Children Holding Shares		Collectively Holding Shares on Behalf of Others		The Top Ten Shareholders Have Relationships with Each Other, Either as Related Parties or as Spouses, or as Relatives within The Second Degree of Kinship. Their Names or Surnames and Relationships are Provided.		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or name)	Relationship	
Ting, Ling-Chuan	11,523,000	12.62%	8,000	0.01%	0	0	-	-	-
Haochi Investment Co., Ltd. Representative: Huang Chi	8,128,000	8.90%	0	0	0	0	Huang, Ya-Hsing	Director	-
							Liu, Tsu-Ying	Supervisor	
							Huang Hao	Director	
							Huang Chi	Chairman	
	2,658,618	2.91%	0	0	0	0	Huang, Ya-Hsing	Father and Daughter	-
							Liu, Tsu-Ying	Mother and Daughter	
							Huang Hao	Sisters	
Hsingying Investment Co., Ltd. Representative: Huang Hao	7,854,000	8.60%	0	0	0	0	Huang, Ya-Hsing	Director	-
							Liu, Tsu-Ying	Supervisor	
							Huang Hao	Chairman	
							Huang Chi	Director	
	3,241,000	3.55%	0	0	0	0	Huang, Ya-Hsing	Father and Daughter	-
							Liu, Tsu-Ying	Mother and Daughter	
							Huang Chi	Sisters	
Huang, Ya-Hsing	6,226,695	6.82%	3,226,665	3.53%	0	0	Liu, Tsu-Ying	Spouse	
							Huang Hao	Father and Daughter	
							Huang Chi	Father and Daughter	
Huang Hao	3,241,000	3.55%	0	0	0	0	Huang, Ya-Hsing	Father and Daughter	-
							Liu, Tsu-Ying	Mother and Daughter	
							Huang Chi	Sisters	
Liu, Tsu-Ying	3,226,665	3.53%	6,226,695	6.82%	0	0	Huang, Ya-Hsing	Spouse	-
							Huang Hao	Mother and Daughter	
							Huang Chi	Mother and Daughter	
Huang Chi	2,658,618	2.91%	0	0	0	0	Huang, Ya-Hsing	Father and Daughter	-
							Liu, Tsu-Ying	Mother and Daughter	
							Huang Hao	Sisters	
Gains Investment Corporation Representative: Wu, Chun-Hui	2,431,620	2.66%	0	0	0	0	Eminence Investment Corporation	Subsidiary	-
	0	0	0	0	0	0	Eminence Investment Corporation	Representative	-

Name	Personally Holds Shares in the Company		Spouses and Minor Children Holding Shares		Collectively Holding Shares on Behalf of Others		The Top Ten Shareholders Have Relationships with Each Other, Either as Related Parties or as Spouses, or as Relatives within The Second Degree of Kinship. Their Names or Surnames and Relationships are Provided.		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or name)	Relationship	
Liu, Kuang-Hung	2,054,000	2.25%	42,000	0.05%	0	0	-	-	-
Eminence Investment Corporation Representative: Wu, Chun-Hui	1,720,943	1.88%	0	0	0	0	Gains Investment Corporation	Parent Company	-
	0	0	0	0	0	0	Gains Investment Corporation	Representative	-

X. Total Number of Shares and Total Equity Stake Held in Any Single Investee Company by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company:

December 31, 2023 (Unit: thousands of shares; %)

Reinvestment Business Operations	Our Company has made investments		Directors, supervisors, managers, and those who directly or indirectly control the business investments.		Comprehensive Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
GLOBAL TEK CO., LTD.	20,000	100	0	0	20,000	100
Global TEK FABRICATION CO., LTD. (Samoa)	Note 1	100	0	0	Note 1	100
GLOBAL TEK GmbH	Note 1	100	0	0	Note 1	100
GP TECH, INC.(US)	0	0	Note 1	100	Note 1	100
Global TEK CO., LTD. (Samoa)	0	0	Note 1	100	Note 1	100
Global TEK FABRICATION CO., LTD. (Hong Kong)	0	0	Note 1	100	Note 1	100
GLOBAL TEK(XI'AN) CO., LTD.	0	0	Note 1	100	Note 1	100
GLOBAL TEK(WU'XI) CO., LTD.	0	0	Note 1	100	Note 1	100
Globaltek Xi’an Machinery Manufacturing Co., Ltd	0	0	Note 1	100	Note 1	100
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	0	0	Note 1	100	Note 1	100
TOPYES (Suzhou) Precision Metal Products CO., Ltd	0	0	Note 1	4.11	Note 1	4.11
AvioCast Inc.	9,842	36.72	0	0	9,842	36.72

Note 1: Limited liability Company.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Sources of Share Capital

April 29, 2024 Unit: Thousand shares; NT$1,000

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Those who offset the share capital with assets other than cash	Other
2008.11	10	10,000	100,000	1,000	10,000	Establishing Share Capital	-	Note 1
2009.08	10	10,000	100,000	10,000	100,000	Cash Capital Increase	-	Note 2
2011.11	15	60,000	600,000	20,300	203,000	Cash Capital Increase	Yes	Note 3
2012.01	10	60,000	600,000	30,300	303,000	Cash Capital Increase	-	Note 4
2012.07	23.09	60,000	600,000	36,484	364,840	Cash Capital Increase	-	Note 5
2013.04	15	60,000	600,000	44,100	441,000	Cash Capital Increase	-	Note 6
2015.02	33	60,000	600,000	55,100	551,000	Cash Capital Increase	-	Note 7
2017.04	68	60,000	600,000	60,000	600,000	Cash Capital Increase	-	Note 8
2018.03	60	100,000	1,000,000	66,000	660,000	Cash Capital Increase	-	Note 9
2019.05	23.2	100,000	1,000,000	66,656	666,080	Conversion of Employee Stock Options into Common Stock	-	Note 10
2019.08	23.2	100,000	1,000,000	66,656	666,560	Conversion of Employee Stock Options into Common Stock	-	Note 11
2019.11	23.2& 22.1	100,000	1,000,000	66,781.5	667,815	Conversion of Employee Stock Options into Common Stock	-	Note 12
2020.01	22.1	100,000	1,000,000	66,817	668,170	Conversion of Employee Stock Options into Common Stock	-	Note 13
2020.05	22.1	100,000	1,000,000	67,252	672,520	Conversion of Employee Stock Options into Common Stock	-	Note 14
2020.08	22.1	100,000	1,000,000	67,305	673,050	Conversion of Employee Stock	-	Note 15

April 29, 2024 Unit: Thousand shares; NT$1,000

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Those who offset the share capital with assets other than cash	Other
						Options into Common Stock		
2020.12	22.1& 21.2	100,000	1,000,000	67,428	674,280	Conversion of Employee Stock Options into Common Stock	-	Note 16
2021.04	21.2	100,000	1,000,000	67,533	675,330	Conversion of Employee Stock Options into Common Stock	-	Note 17
2021.06	21.2	100,000	1,000,000	67,616	676,165	Conversion of Employee Stock Options into Common Stock	-	Note 18
	47.90			71,516	715,162	Conversion of Corporate Bonds into Common Stocks		
2021.09	21.2	150,000	1,500,000	71,548	715,482	Conversion of Employee Stock Options into Common Stock	-	Note 19
	47.90			71,823	718,238	Conversion of Corporate Bonds into Common Stocks		
2021.11	21.2& 20.7	150,000	1,500,000	71,876	718,763	Conversion of Employee Stock Options into Common Stock	-	Note 20
2022.02	20.7	150,000	1,500,000	71,895	718,953	Conversion of Employee Stock Options into Common Stock	-	Note 21
	42.72			71,648	716,483	Cancellation of Treasury Stock		
2022.04	20.7	150,000	1,500,000	71,744	717,443	Conversion of Employee Stock Options into Common Stock	-	Note 22
2022.11	45.6& 45.8	150,000	1,500,000	76,515	765,151	Conversion of Corporate Bonds into Common Stocks	-	Note 23

April 29, 2024 Unit: Thousand shares; NT$1,000

Year and Month	Issue Price (NT$)	Authorized Share Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Share Capital	Those who offset the share capital with assets other than cash	Other
2023.04	45.6& 45.8	150,000	1,500,000	81,006	810,063	Conversion of Corporate Bonds into Common Stocks	-	Note 24
2023.05	45.6& 45.8	150,000	1,500,000	82,389	823,893	Conversion of Corporate Bonds into Common Stocks	-	Note 25
2023.09	45.8	150,000	1,500,000	82,396	823,958	Conversion of Corporate Bonds into Common Stocks	-	Note 26
2023.12	43.9& 44.1	150,000	1,500,000	90,801	908,007	Conversion of Corporate Bonds into Common Stocks	-	Note 27
2024.04	43.9& 44.1	150,000	1,500,000	91,041	910,414	Conversion of Corporate Bonds into Common Stocks	-	Note 28

Note 1: Officially approved and recorded under letter Jing-Shou-Zhong-Zi No. 09733397340 by the Central Office of the Ministry of Economic Affairs.

Note 2: The proposal for a cash capital increase of NT$90,000 thousand officially approved and recorded under letter Jing-Shou-Zhong-Zi No. 09832840150 by the Central Office of the Ministry of Economic Affairs.

Note 3: The proposal to increase capital by NT$103,000 thousand through property offset payment of share capital has been approved, as per the official document number 1005074950 from the New Taipei City Government.

Note 4: The proposal for a cash capital increase of NT$100,000 thousand has been approved as per New Taipei City Government letter number 1015003103.

Note 5: The proposal for a cash capital increase of NT$61,840 thousand has been approved as per New Taipei City Government letter number 1015044257.

Note 6: The proposal for a cash capital increase of NT$76,160 thousand has been approved as per New Taipei City Government letter number 1025023943.

Note 7: The proposal for a cash capital increase of NT$110,000 thousand has been officially approved as per Jing-Shou-Shang-Zi No. 10401011980.

Note 8: The proposal for a cash capital increase of NT$49,000 thousand has been officially approved as per Jing-Shou-Shang-Zi No. 10601059290.

Note 9: The proposal for a cash capital increase of NT$60,000 thousand has been officially approved as per Jing-Shou-Shang-Zi No. 10701016660.

Note 10: The employee stock options have been converted into 608,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10801058400.

Note 11: The employee stock options have been converted into 48,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10801097860.

Note 12: The employee stock options have been converted into 125,500 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10801164200.

Note 13: The employee stock options have been converted into 35,500 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10901011860.

Note 14: The employee stock options have been converted into 435,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10901082900.

Note 15: The employee stock options have been converted into 53,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10901158820.

Note 16: The employee stock options have been converted into 123,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 10901222500.

Note 17: The employee stock options have been converted into 105,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 11001057470.

Note 18: The employees' stock rights and the first unsecured convertible corporate bonds domestically have been converted into 3,983,233 common shares. This has been officially approved and recorded under Jing-Shou-Shang-Zi No. 11001091390.

Note 19: The employees' stock rights and the first unsecured convertible corporate bonds domestically have been converted into 307,571 common shares. This has been officially approved and recorded under Jing-Shou-Shang-Zi No. 11001147240.

Note 20: The employee stock options have been converted into 52,500 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 11001212000.

Note 21: The conversion of employee stock options into 19,000 common shares and the cancellation of 247,000 treasury shares have been approved and recorded under Jing-Shou-Shang-Zi No. 11101016570.

Note 22: The employee stock options have been converted into 96,000 common shares, which have been officially approved and recorded under Jing-Shou-Shang-Zi No. 11101055850.

Note 23: The Company has converted its corporate bonds into 4,770,825 common shares, which has been officially approved under Jing-Shou-Shang-Zi No. 11101218740.

Note 24: The Company has converted its corporate bonds into 4,491,143 common shares, which has been officially approved under Jing-Shou-Shang-Zi No. 11230056530.

Note 25: The Company has converted its corporate bonds into 1,383,024 common shares, which has been officially approved under Jing-Shou-Shang-Zi No. 11230086000.

Note 26: The Company has converted its corporate bonds into 6,550 common shares, which has been officially approved under Jing-Shou-Shang-Zi No. 11230167270.

Note 27: The Company has converted its corporate bonds into 8,404,917 common shares, which has been officially approved under Jing-Shou-Shang-Zi No. 11230226030.

Note 28: The Company has converted its corporate bonds into 240,637 common shares, which has been officially approved under Jing-Shou-Shang-Zi No. 11330048080.

April 29, 2024; Unit: Shares

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Stock	91,307,429 (note)	58,692,571	150,000,000	Publicly Traded Stocks

Note: There are still 266,029 shares that have not yet undergone the necessary change of registration.

(II) Shareholder Structure

April 29, 2024

Shareholder Structure / Quantity	Government Agency	Financial Institution	Other Legal Entity	Individual	Foreign Institutions and Non-Nationals	Total
Number of individuals	0	1	38	8,544	27	8,610
Number of Shares Held	0	282,000	23,196,962	67,006,695	821,772	91,307,429
Shareholding Ratio (%)	0	0.31	25.40	73.39	0.90	100

(III) Equity Distribution Status

April 29, 2024

Shareholding Classification		Number of Shareholders	Shares Held	Shareholding Ratio (%)
1 to	999	824	118,140	0.13
1,000 to	5,000	6,439	12,527,110	13.72
5,001 to	10,000	725	5,884,237	6.44
10,001 to	15,000	186	2,400,428	2.63
15,001 to	20,000	135	2,499,458	2.74
20,001 to	30,000	111	2,891,699	3.17
30,001 to	40,000	57	2,048,360	2.24
40,001 to	50,000	28	1,314,023	1.44
50,001 to	100,000	63	4,802,803	5.26
100,001 to	200,000	14	1,905,683	2.09
200,001 to	400,000	16	4,016,947	4.40
400,001 to	600,000	1	434,000	0.48
600,001 to	800,000	0	0	0
800,001 to	1,000,000	0	0	0
1,000,001 (inclusive) or above		11	50,464,541	55.26
Total		8,610	91,307,429	100.00

(IV) List of Principal Shareholders

The names, shareholding amounts, and percentages of shareholders who hold more than 5% of the equity, or who are among the top ten shareholders in terms of equity percentage.

April 29, 2024

Shares Primary Shareholder Name	Number of Shares Held	Shareholding Ratio (%)
Ting, Ling-Chuan	11,523,000	12.62
Haochi Investment Co., Ltd.	8,128,000	8.90
Hsingying Investment Co., Ltd.	7,854,000	8.60
Huang, Ya-Hsing	6,226,695	6.82
Huang Hao	3,241,000	3.55
Liu, Tsu-Ying	3,226,665	3.53
Huang Chi	2,658,618	2.91
Gains Investment Corporation	2,431,620	2.66
Liu, Kuang-Hung	2,054,000	2.25
Eminence Investment Corporation	1,720,943	1.88

(V) Recent Two-Year Data on Share Price, Net Value , Earnings, Dividends, and Related Information

Unit: NT$

Item / Year			2022	2023
Market Price Per Share	Max		63.50	73.90
	Min		40.00	49.65
	Average		49.02	55.11
Book Value per Share	Before Allocation		41.32	43.17
	After Allocation		39.19	41.73
Earnings Per Share	Weighted Average Number of Shares (in thousands)		73,724	86,302
	Earnings Per Share		5.74	3.04
Dividend Per Share	Cash Dividend		2.09962041	1.43471349 (Note 1)
	Free Stock Distribution	Profit Distribution through Stock Dividends	0	0
		Capital Reserve Stock Distribution	0	0
	Accumulated Unpaid Dividends		0	0
Investment Return Analysis	Price-Earnings Ratio		8.54	18.13
	Interest rate		23.35	38.41
	Cash Dividend Yield Rate		4.28%	2.60%

Note 1: The total cash dividend distributed to shareholders is NT$131,000,000. Based on the dividend distribution date, each share held by shareholders will receive NT$1.43471349. This was approved by the Board of Directors on March 14, 2024, with the dividend distribution date set for May 3, 2024, and the payment date scheduled for May 17, 2024.

(VI) Status and Implementation of the Company's Dividend Policy

1. Company Bylaws Shareholder Policy:

If there is any surplus in the Company's annual accounts, the Company shall pay tax and make up for the accumulated deficit, and then set aside 10% as the legal reserve, provided that if the reserve has reached the Company's paid-in capital, no further provision shall be made, and the remainder shall be set aside or reversed to a special reserve as required by law. If there is still any unappropriated earnings, the Board of Directors shall prepare a proposal for distribution of earnings and submit it to the shareholders' meeting for resolution.

Where any surplus, legal reserve and additional paid-in capital specified in the preceding Paragraph shall be distributed in cash, the Company may authorize to distribute after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.Where any surplus, legal reserve and additional paid-in capital specified in the preceding Paragraph shall be distributed in cash, TUC may authorize to distribute after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The Company's corporate life cycle is at a stage of maturity and development. The dividend policy is based on factors such as the Company's financial structure, operating conditions and capital budget, taking into account the interests of shareholders, and allocating no less than 10% of the dividends to shareholders every year. However, if the cumulative profit available for distribution is less than 1% of the paid-in capital, the dividends will not be distributed. The dividends may be distributed in the form of shares or cash, where the cash dividend is no less than 10% of the total dividend, but may be adjusted according to the actual situation of the Company.

2. Proposed Dividend Distribution Scenario for the Current Shareholders' Meeting:

   According to the Articles of Incorporation, the distribution of profits in cash is authorized by a resolution passed by more than two-thirds of the directors present at a board meeting, and this decision is reported to the shareholders' meeting. On March 14, 2024, our Company's Board of Directors approved the 2023 profit distribution plan. The total cash dividend amount is 131,000,000 units. The ex-dividend date is set for May 3, 2024, and the cash dividend payment date is May 17, 2024. This will be reported at the 2024 annual shareholders' meeting.

(VII) The proposed impact of the gratuitous stock distribution on the Company's business performance and earnings per share, as discussed in this shareholders' meeting:

The Board of Directors passed a resolution on March 14, 2024 to distribute cash dividends instead of issuing bonus shares. This decision will not have any impact on the Company's business performance or earnings per share.

(VIII) Employee, Director, and Supervisor Compensation

1. The percentage or range of compensation for employees, directors, and supervisors, as specified in the Company's Articles of Incorporation:

   In the event that our Company realizes a profit for the year (defined as pre-tax earnings before the deduction of employee and director remuneration), it is required to allocate between 1% and 10% for employee compensation. The distribution of this compensation, either in the form of stock or cash, is to be determined by the Board of Directors. Furthermore, the Company may decide to allocate up to 2% of the aforementioned profit for director remuneration, a decision also made by the Board of Directors. The distribution proposal of employee and director compensation shall be submitted to the Shareholder's Meeting. However, if the Company still has accumulated losses, it shall reserve the amount to make up for the losses first, then allocate employee and director compensation in proportion to the preceding paragraph. The Company's employee treasury stocks, employee stock options, new shares subscription by employees, new restricted employee shares, and employee compensation, etc., may include qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements.

2. The accounting treatment for the discrepancy between the estimated basis for providing compensation to employees, directors, and supervisors, the basis for calculating the number of shares for employee compensation in the form of stock distribution, and the actual distribution amount, if it differs from the estimated amount, during this period is as follows:

After the fiscal year ends, any significant changes in the approved distribution amount by the Board of Directors prior to the release of this consolidated financial report will be adjusted in the originally recorded annual expenses. If there are further changes in the amount after the release of this report, the adjustment will be made in the following fiscal year using accounting estimates.

3. The Board of Directors has approved the allocation of remuneration:

(1) The distribution of employee remuneration and remuneration for directors and supervisors, whether in the form of cash or stock:

The Board of Directors approved the proposal for the allocation of director remuneration and employee compensation for the fiscal year 2023 of our Company on March 14, 2024. A total of NT$5,689,752 will be allocated for director remuneration and NT$2,844,876 for employee compensation, which aligns with the estimated figures on the books.

(2) The ratio of employee compensation distributed as stock dividends to the total net profit after tax and total employee compensation in the current period or individual financial reports:

The Board of Directors of our Company, on March 14, 2024, approved the employee compensation distribution plan for the 2023 fiscal year. It was determined that employee compensation would not be distributed in the form of stocks, making it inapplicable.

4. The distribution of employee, director, and supervisor remuneration in the previous year, including the number of shares distributed, the amount, and the stock price, should be disclosed. Any discrepancies between this distribution and the recognition of employee, director, and supervisor remuneration should also be explained, including the difference amount, reasons, and how it was handled.

The Company's distribution of remuneration for employees and directors for the fiscal year 2022 was reported at the annual shareholders' meeting on June 30, 2023. The directors' remuneration amounted to 4,882,46 dollars, and the employees' remuneration totaled 9,764,092 dollars. There was no discrepancy between the reported and recognized remuneration for employees and directors.

(IX) The Company's Repurchase of Its Own Shares:

1. Executed:

Buyback Time	First time of 2018
Purpose of Purchase	Transfer of Shares to Employees
Buyback Period	November 15, 2018 to January 9, 2019
Purchase Interval Price	41.50~46.35
Types and quantities of repurchased shares	Common Stock 247,000 shares
Amount of repurchased shares	NT$10,551,056

Buyback Time	First time of 2018
Percentage of repurchased quantity compared to the planned repurchase quantity (%)	12.35%
Number of shares disposed of and transferred.	247,000 shares
Accumulated number of shares held by the Company.	0 shares
Percentage of the total number of issued shares represented by cumulative holdings in our Company (%)	0%

2. There are currently no ongoing tasks.

II. Issuance of Corporate Bonds:

(I) Issuance of Corporate Bonds

Type of Corporate Bonds	First domestic unsecured convertible corporate bond
Date of Issue	August 27, 2019
Denomination	NT$100,000
Location of Issuance and Trading	Domestic Issuance and OTC Trading Center Listing
Issue Price	Issued at 101% of the face value.
Total	NT$600 million
Interest rate	Interest rate: 0%
Deadline	Term: 5 years, Maturity Date: August 27, 2024
Guarantee Institution	None
The contractor	Taiwan Land Bank Co., Ltd.
Underwriting institution	KGI Securities Co., Ltd.
Visa Lawyer	Handsome Attorneys-at-Law Peng, Yi-Cheng, Esq.
CPA	Deloitte Taiwan Chen, Hui-Ming, CPA, and Li, Li-Huang, CPA
Repayment Method	Except for bondholders who convert their bonds to common stock of the Company in accordance with Article 10 of these regulations, exercise their right of repurchase in accordance with Article 19 of these regulations, or redeem their bonds in advance in accordance with Article 18 of these regulations, or those that are repurchased and canceled by the Company through securities dealerships, the Company shall repay the convertible corporate bonds held by bondholders in cash at the maturity of the bonds, along with interest compensation based on the face value of the bonds.
Unpaid principal	NT$71,200,000
Redemption or Early Repayment Clause	Please refer to our Company's first domestic unsecured convertible bond issuance and conversion method.
Restrictions Clause	None
Name of Credit Rating Agency, Rating Date, Corporate Bond Rating Result	None

Other Rights	The number of common stocks, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the date of printing of the annual report	None
	Issuance and Conversion (exchange or subscription of shares) Measures	Please refer to our Company's first domestic unsecured convertible bond issuance and conversion method.
Issuance and conversion, exchange, or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholder rights		Before bondholders exercise their conversion rights, the conversion of corporate bonds does not dilute equity. During the convertible period, bondholders can choose the most opportune time to convert, which leads to a gradual and distributed dilution of equity. When the conversion occurs into common stock, it not only reduces debt but also boosts shareholders' equity, thereby improving the net value per share. As of April 29, 2024, the convertible corporate bonds with a face value of NT$528,800,000 have been converted, resulting in 11,557,444 common shares. The total outstanding convertible corporate bonds not yet converted amount to NT$71,200,000, with a conversion price of NT$43.90. If all of them are converted into common shares of the Company, it will result in 1,621,867 shares.
Name of the custodian responsible for the exchange target		None

Type of Corporate Bonds	Second domestic unsecured convertible bond
Date of Issue	January 3, 2022
Denomination	NT$100,000
Location of Issuance and Trading	Domestic Issuance and OTC Trading Center Listing
Issue Price	Issued at 111.8% of the face value
Total	NT$630,000,000
Interest rate	Interest rate: 0%
Deadline	Three-year term, Maturity Date: January 3, 2025
Guarantee Institution	None
The contractor	Taiwan Land Bank Co., Ltd.
Underwriting institution	KGI Securities Co., Ltd.
Visa Lawyer	Handsome Attorneys-at-Law Peng, Yi-Cheng, Esq.
CPA	Deloitte Taiwan Li, Li-Huang, CPA, and Chih, Jui-Chuan, CPA
Repayment Method	Except for the holders of this convertible corporate bond who convert it into common stock of the Company in accordance with Article 10 of this method, or the Company redeems it in advance in accordance with Article 18 of this method, or the Company buys it

Type of Corporate Bonds		Second domestic unsecured convertible bond
		back from a securities dealer and cancels it, the Company should repay the bond in cash at its face value within five business days after the maturity date of this convertible corporate bond.
Unpaid principal		NT$79,500,000
Redemption or Early Repayment Clause		Please refer to our Company's second domestic unsecured convertible bond issuance and conversion method
Restrictions Clause		None
Name of Credit Rating Agency, Rating Date, Corporate Bond Rating Result		None
Other Rights	The number of common stocks, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the date of printing of the annual report	None
	Issuance and Conversion (exchange or subscription of shares) Measures	Please refer to our Company's second domestic unsecured convertible bond issuance and conversion method
Issuance and conversion, exchange, or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholder rights		Before bondholders exercise their conversion rights, the conversion of corporate bonds does not dilute equity. During the convertible period, bondholders can choose the most opportune time to convert, which leads to a gradual and distributed dilution of equity. When the conversion occurs into common stock, it not only reduces debt but also boosts shareholders' equity, thereby improving the net value per share. As of April 29, 2024, the convertible corporate bonds with a face value of NT$550,500 thousand have been converted, resulting in 12,179,062 common shares. The total outstanding convertible corporate bonds not yet converted amount to NT$79,500 thousand, with a conversion price of NT$44.10. If all of them are converted into common shares of the Company, it will result in 1,802,721 shares.
Name of the custodian responsible for the exchange target		None

Type of Corporate Bonds	Third domestic unsecured convertible bond
Date of Issue	November 27, 2023
Denomination	NT$100,000
Location of Issuance and Trading	Domestic Issuance and OTC Trading Center Listing
Issue Price	Issued at 106.15% of the face value

Total		NT$800,000,000
Interest rate		Interest rate: 0%
Deadline		Term: Three years, Maturity Date: November 27, 2026
Guarantee Institution		None
The contractor		Taiwan Land Bank Co., Ltd.
Underwriting institution		KGI Securities Co., Ltd.
Visa Lawyer		Handsome Attorneys-at-Law Peng, Yi-Cheng, Esq.
CPA		Ernst & Young Accountants Cheng, Ching-Piao and Fuh, Wen-Fun
Repayment Method		Except for the holders of this convertible corporate bond who convert it into common stock of the Company in accordance with Article 10 of this method, or the Company redeems it in advance in accordance with Article 18 of this method, or the Company buys it back from a securities dealer and cancels it, the Company should repay the bond in cash at its face value within ten business days after the maturity date of this convertible corporate bond.
Unpaid principal		NT$799,900,000
Redemption or Early Repayment Clause		Please refer to our Company's third domestic unsecured convertible bond issuance and conversion method
Restrictions Clause		None
Name of Credit Rating Agency, Rating Date, Corporate Bond Rating Result		None
Other Rights	The number of common stocks, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the date of printing of the annual report	None
	Issuance and Conversion (Exchange) Method of Subscription (or Stock Subscription)	Please refer to our Company's third domestic unsecured convertible bond issuance and conversion method
The issuance, conversion, exchange, or stock subscription methods, the conditions of issuance, the potential dilution of equity, and the impact on the rights of existing shareholders.		Before bondholders exercise their conversion rights, the conversion of corporate bonds does not dilute equity. During the convertible period, bondholders can choose the most opportune time to convert, which leads to a gradual and distributed dilution of equity. When the conversion occurs into common stock, it not only reduces debt but also boosts shareholders' equity, thereby improving the net value per share. As of April 29, 2024, the convertible corporate bonds with a face value of NT$100 thousand have been converted, resulting in 1,923 common shares. The total outstanding convertible corporate bonds not yet converted amount to NT$799,900 thousand, with a

	conversion price of NT$52.00. If all of them are converted into common shares of the Company, it will result in 15,382,692 shares.
Name of the custodian responsible for the exchange target	None

(II) Conversion of Corporate Bond Data

Type of Corporate Bonds		First domestic unsecured convertible corporate bond	
Item / Year		2023	As of March 31, 2024
Conversion of Corporate Bond Market Price	Max	167.00	124.60
	Min	112.00	116.80
	Average	134.81	119.72
Conversion Price		45.60 and 43.90 (note)	43.90 (note)
Issue Date and Conversion Price at the Time of Issue		Date of Issue: August 27, 2019 Conversion Price at Issuance: 50 Dollars	
Method for Fulfilling Conversion Obligations		New shares are issued for delivery.	

Note: The conversion price will be adjusted as follows: from NT$50.00 to NT$47.90 starting from August 5, 2020; from NT$47.90 to NT$46.80 starting from August 5, 2021; from NT$46.80 to NT$45.60 starting from August 5, 2022; from NT$45.60 to NT$43.90 starting from May 6, 2023; and from NT$43.90 to NT$42.70 starting from May 3, 2024.

Type of Corporate Bonds		Second domestic unsecured convertible bond	
Item / Year		2023	As of March 31, 2024
Conversion of Corporate Bond Market Price	Max	167.00	124.50
	Min	113.00	115.50
	Average	134.20	119.81
Conversion Price		45.80 and 44.10 (note)	44.10 (note)
Issue Date and Conversion Price at the Time of Issue		Issue Date: January 3, 2022 Conversion Price at Issuance: NT$47	
Method for Fulfilling Conversion Obligations		New shares are issued for delivery.	

Note: As of August 5, 2022, the conversion price has been adjusted from NT$47.00 to NT$45.80; starting from May 6, 2023, from NT$45.80 to NT$44.10; starting from May 3, 2024, NT$44.10 to NT$42.90.

Type of Corporate Bonds		Third domestic unsecured convertible bond	
Year Item		2023	As of March 31, 2024
Conversion of Corporate Bond Market Price	Max	111.50	113.50
	Min	106.00	106.30
	Average	108.91	109.15
Conversion Price		52	52.00 (Note)
Issue Date and Conversion Price at the Time of Issue		Issue Date: November 27, 2023 Conversion Price at Issuance: NT$52	
Method for Fulfilling Conversion Obligations		New shares are issued for delivery.	

Note: Since May 3, 2024, the conversion price has been adjusted from NT$52.00 to NT$50.60.

III. **Issuance of Preference Shares:** None.

IV. **Global Depository Receipts:** None.

V. **Employee Stock Options:** None.

VI. **Restrictions on Employee Rights in the New Stock Handling Situation:** None.

VII. **Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies:** None.

VIII. **Implementation of Capital Allocation Plans:**

For previous issuances or private placements of securities that have not been completed or were completed within the past three years without apparent benefits, the following analysis provides project details, execution status, and efficiency.

(I) Issuance of Third Domestic Unsecured Convertible Company Bonds

1. Project Content:

(1) Approval Date and Reference Number of the Supervisory Authority: Letter No. 20230351069, issued by the Financial Supervisory Commission on August 23, 2023, and Letter No. 20230359238, issued by the Financial Supervisory Commission on October 27, 2023, approving the application and granting permission for record keeping.

(2) Total funding required for the project: NT$849,209 thousand.

(3) Source of funds: The Company plans to raise funds through the issuance of 8,000 unsecured convertible corporate bonds domestically. Each bond has a face value of NT$100 thousand and a maturity period of three years. The total issuance amount is NT$800,000 thousand, and the public underwriting will be conducted through competitive bidding. The bonds will be issued at 106.15% of the face value, resulting in a total actual amount of NT$849,209 thousand.

(4) Project Funding Utilization Progress:

Unit: NT$1,000

Project	Estimated Completion Time	Total Funding Required	Projected Progress in Capital Utilization
			Fourth quarter of 2023
Repayment of bank loans	Fourth quarter of 2023	849,209	849,209
Total		849,209	849,209

(5) Expected Benefits: The required capital of NT$849,209 thousand for this fundraising plan will be utilized to repay bank loans. Based on our Company's loan interest rate calculation, it is estimated that the interest expenses can be reduced by NT$1,216 thousand in fiscal year 2023. From fiscal year 2024 onwards, the interest expenses can be reduced by NT$14,322 thousand annually. This will alleviate the financial burden, improve debt repayment capability, strengthen the financial structure, and contribute to overall business development. The Company's proposed repayment plan for bank loans is as follows:

Unit: NT$1,000

Lending Institution	Interest Rate (%)	Contract Period	Purpose of the Original Loan	Original Loan Amount (NT$)	Proposed Repayment Amount (NT$)	Reduce Interest Expenses (NT$)	
						2023	2024 fiscal year (and subsequent fiscal years)
Taishin Bank	1.750%	2023/3/13-2024/3/13	Operating Capital Turnover	150,000	150,000	223	2,625
Bank of Taiwan	1.700%	2022/8/12-2023/8/12		250,000	249,209	360	4,237
Bank SinoPac	1.650%	2023/5/30-2024/5/31		200,000	200,000	280	3,300
Cathay Bank	1.700%	2022/12/3-2023/12/3		50,000	50,000	72	850
Mega Bank	1.655%	2023/3/27-2025/3/26		200,000	200,000	281	3,310
Total				850,000	849,209	1,216	14,322

2. Execution Status:

Unit: NT$1,000; %

Project Plan	Execution Status		Total Funding Required	As of Q4 2023
Repayment of Bank Loans	Amount of Expenditure	Scheduled	849,209	849,209
		Actual		849,209
	Execution Progress	Scheduled		100%
		Actual		100%

The Company successfully raised NT$849,209 thousand on November 24, 2023. By the end of the fourth quarter of the same year, the bank loan of NT$849,209 thousand has been fully repaid. This has resulted in a reduction in interest costs, alleviating the financial burden and improving the ability to repay debts. Additionally, it has strengthened the financial structure and contributed to overall operational development. As a result, the actual achievement aligns closely with the expected benefits.

3. The content, source, and utilization of funds, reasons for the change, benefits before and after the change, and the date of submission of the change plan to the shareholders' meeting should be modified. Additionally, the date of publication on the designated information declaration website of the Securities and Futures Bureau should be included: No planned changes.

Chapter 5. Operational Highlights

I. Business Activities

(I) Scope of Business

1. The main content of the Company's business:

The Company's registered businesses are as follows:

(1)	C805050	Plastic Products Manufacturing Industry
(2)	CA01030	Iron and Steel Foundry Industry
(3)	CA01050	Steel secondary processing
(4)	CA01090	Aluminum casting
(5)	CA01100	Aluminum rolling, drawing and extruding
(6)	CA01120	Copper casting
(7)	CA01990	Other non-ferrous metal basic industries
(8)	CA02010	Metal Structure and Construction Component Manufacturing
(9)	CA02030	Manufacturing of screws, nuts, screws, nails and other products
(10)	CA02040	Spring Manufacturing
(11)	CA02050	Valve Manufacturing
(12)	CA02070	Lock industry
(13)	CA02080	Metal forging
(14)	CC01010	Power generation, transmission and distribution machinery manufacturing
(15)	CC01020	Wire and cable manufacturing
(16)	CC01030	Electrical Appliances and Audiovisual Electronics Manufacturing
(17)	CC01040	Manufacturing of Lighting equipment
(18)	CC01060	Wired Communication Equipment and Apparatus Manufacturing
(19)	CC01070	Telecommunication Equipment and Apparatus Manufacturing
(20)	CC01080	Manufacturing of Electronic Component
(21)	CC01090	Manufacturing of Batteries
(22)	CC01110	Manufacturing of Computers and its Peripherals
(23)	CC01120	Data Storage Media Manufacturing and Duplicating
(24)	CD01020	Manufacturing of Tramway Cars and Components
(25)	CD01030	Automobiles and Parts Manufacturing
(26)	CE01010	General Instrument Manufacturing
(27)	CP01010	Hand Tool Manufacturing
(28)	CQ01010	Mold Manufacturing
(29)	CR01010	Gas Equipment and Parts Manufacturing
(30)	F106010	Wholesale of Ironware
(31)	F106020	Wholesale of daily necessities
(32)	F106030	Mold wholesale

(33)	F107200	Chemical raw materials wholesale
(34)	F113010	Wholesale of Machinery
(35)	F113020	Electrical Appliance Wholesale Industry
(36)	F113030	Wholesale of Precision Instruments
(37)	F113050	Wholesale of Computing and Business Machinery Equipment
(38)	F113070	Wholesale of Telecommunications Equipment
(39)	F113110	Wholesale of Batteries
(40)	F114030	Wholesale of Motor Vehicle Parts and Supplies
(41)	F114080	Wholesale of Tramway Cars and Parts
(42)	F115020	Wholesale Ore Industry
(43)	F117010	Wholesale of Fire Safety Equipment
(44)	F118010	Wholesale of Computer Software
(45)	F119010	Wholesale of Electronic Materials
(46)	F206010	Retail Sale of Ironware
(47)	F206020	Retail Sale of Articles for Daily Use
(48)	F206030	Retail Sale of Molds
(49)	F207200	Retail Sale of Chemical Raw Materials
(50)	F213010	Retail Sale of Household Appliance
(51)	F213030	Retail sale of Computing and Business Machinery Equipment
(52)	F213040	Retail Sale of Precision Instruments
(53)	F213060	Retail of Telecommunications Equipment
(54)	F213110	Retail Sale of Batteries
(55)	F214030	Retail Sale of Motor Vehicle Parts and Supplies
(56)	F214080	Retail Sale of Tramway Cars and Parts
(57)	F215020	Mineral Retail Industry
(58)	F217010	Fire Safety Equipment Retail
(59)	F218010	Retail Sale of Computer Software
(60)	F219010	Retail of Electronic Materials
(61)	F401010	International Trade Industry
(62)	ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business Proportion:

Unit: NT$1,000

Year	2022		2023	
Department	Amount of money	%	Amount of money	%
Automotive Components	2,348,421	47.10%	2,180,894	51.82%
Industrial Applications	2,430,132	48.74%	1,795,802	42.67%
Aerospace Components	207,813	4.16%	231,763	5.51%
Total	4,986,366	100.00%	4,208,459	100.00%

3. Current Products and Services Offered by the Company:

The Company primarily specializes in the production of automotive components, such as safety system and transmission system components. Additionally, they manufacture industrial instruments, petrochemical industry components, semiconductor equipment components, bicycle components, and other precision metal components for various industrial applications. They also produce aerospace components, including aircraft and engine components, along with other products.

4. New Product and Service Development Project

(1) Short-term Plan: Collaborate with the Client Development Center to develop automotive, industrial, aerospace, and bicycle components. Additionally, improve the integration of high-value processes such as stamping, forging, casting, and multi-axis composite machining.

(2) Mid-term Plan: Our goal is to provide comprehensive processing services, covering a wide range of areas such as front-end steel materials, stamping, forging, casting, machining, milling, multi-axis composite processing, and back-end surface treatment and assembly.

(3) Long-term Plan: Our goal is to integrate upstream and downstream suppliers and continuously improve machine performance. We aim to develop a wider range of processing and assembly capabilities in order to offer our customers more sophisticated and high-value-added products.

(II) Industry Overview

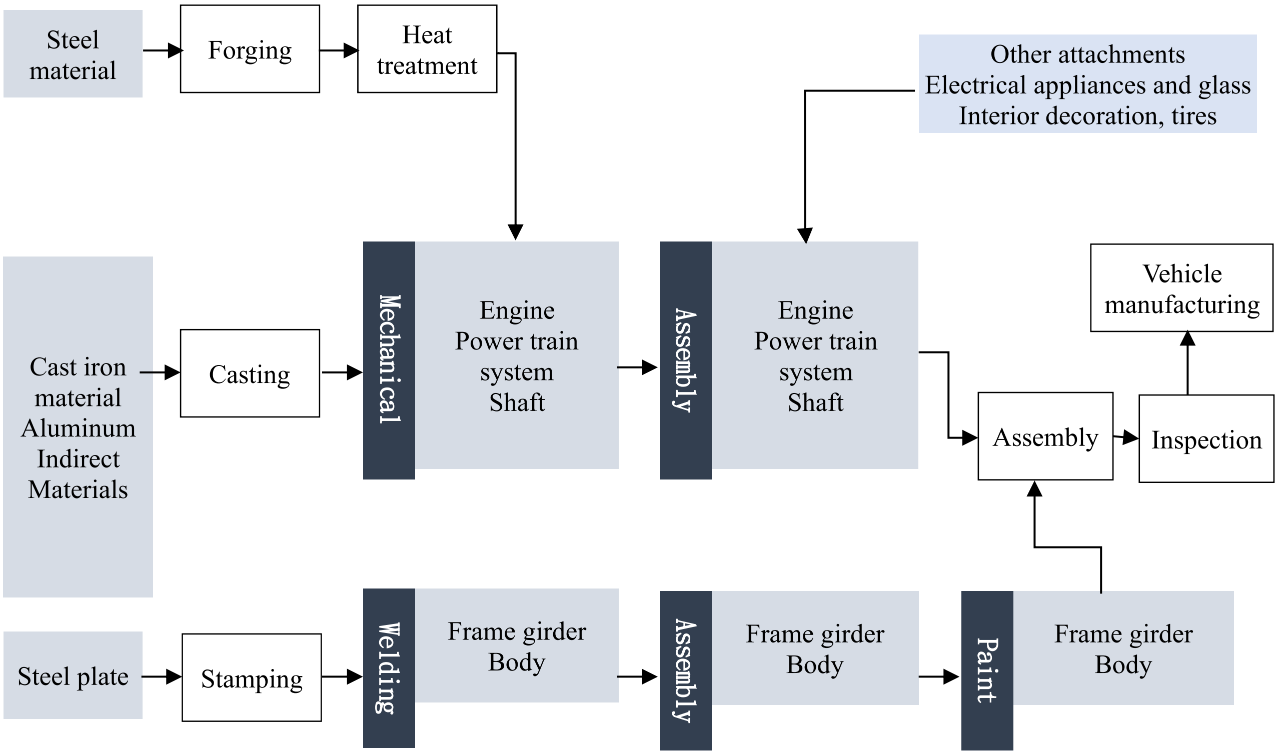
1. Industry Status and Development:

The Company and its subsidiaries (hereinafter referred to as the Group) are primarily involved in the development, manufacturing, and sales of precision machined metal products for automotive safety systems, transmission systems, chassis systems (including braking mechanisms and steering mechanisms), industrial application components, and aerospace applications. The following provides an overview of the current situation and development in the automotive industry, industrial application industry, and aerospace industry:

(1) Automobile Industry

The automotive industry is the largest manufacturing industry chain in the world today. It is a comprehensive industry with high precision and technicality, involving complex production and manufacturing processes that span across various industries. As a result, the production of vehicles can serve as an industry technology indicator, while the sales or manufacturing quantity can be considered as an economic indicator. The main production process is divided into the following stages: forging, casting, stamping, engine assembly, transmission system and shaft, assembly and painting, chassis beam and body, final assembly, and inspection and vehicle delivery. The primary product category of our group necessitates the utilization of high-precision forging technology. This involves altering the shape of metal by applying pressure and employing heat treatment. Additionally, we utilize the casting method to liquefy the metal and inject it into molds to form the desired shape. Once cooled, the molded metal is extracted and transformed into various components such as airbag inflators, engines, and transmission systems.

Automobiles and Parts Manufacturing Process



Source: Automotive Industry Survey Report compiled by KGI Securities, Industrial Technology Research Institute (ITRI) IEK.

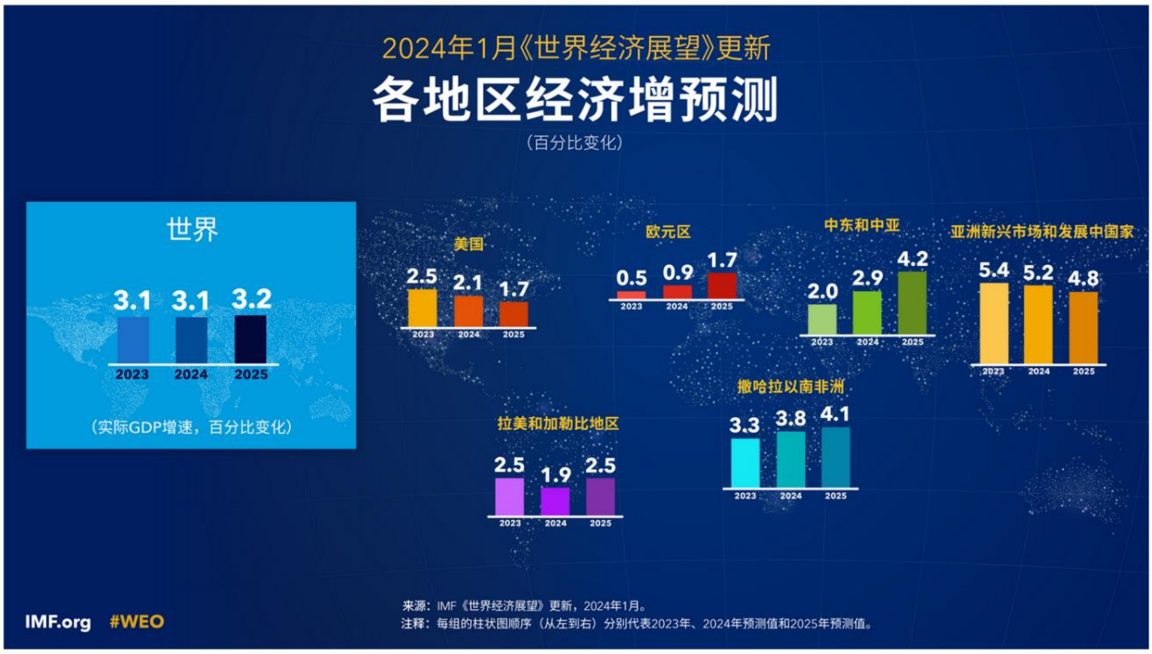
When it comes to the distribution channels for automobile component sales, there are two main markets: OEM and ODM for supplying automobile manufacturers, and AM and OES for supplying post-sales maintenance. Taiwanese manufacturers face challenges in entering the international supply chain of major manufacturers due to the strict quality requirements and control of OEM parts. As a result, they primarily target the AM market for collision parts. Our Group manufactures OEM Tier 1 customer automotive passive safety components as well as engine and transmission system components. The majority of our exports are to China, Europe, and North America.

A. Global Automotive Market

The International Monetary Fund (IMF) published the World Economic Outlook report on January 30, 2024. According to the report, global economic growth is projected to be approximately 3.1% in 2023 and is expected to remain unchanged at 3.1% in 2024, with a slight increase to 3.2% in 2025. The economic growth rate of developed economies is expected to decrease slightly in 2024 and then rise in 2025. The Eurozone will recover from its low growth in 2023, while the United States' economic growth rate will slow down. In 2024 and 2025, it is anticipated that emerging markets and developing economies will experience steady growth. However, there are regional disparities.

The report indicates that the projected global trade growth rate for 2024 is 3.3% and for 2025 is 3.6%. These rates are lower than the historical average growth rate of 4.9%. It is expected that the intensification of trade distortions and geopolitical economic fragmentation will continue to negatively impact global trade levels. According to data from "Global Trade Alert," countries implemented around 3,200 new trade restriction measures in 2022 and approximately 3,000 measures in 2023, which is higher than the approximately 1,100 measures implemented in 2019.

Overall, it is expected that the average annual general inflation rate and core inflation rate of approximately 80% of the global economies will decrease in 2024. In an economy with an inflation target, it is expected that by the fourth quarter of 2024, the overall inflation rate of the median economy will be 0.6 percentage points higher than the target level, which is lower than the estimated 1.7 percentage points at the end of 2023. By 2025, it is expected that the majority of these economies will achieve their targets, or at least reach the midpoint of their target range. The decrease in inflation expectations in certain major economies, along with a slight increase in economic activity, indicates a more gentle economic slowdown than initially expected.



2024 年 1 月《世界經濟展望》更新	Update of the World Economic Outlook in January 2024
各地區經濟增預測	Economic Growth Forecasts by Region
(百分比變化)	(Percentage Change)
世界	World
(實際 GDP 增速，百分比變化)	(Actual GDP Growth Rate, Percentage Change)
美國	United States
歐元區	Eurozone
中東和中亞	Middle East and Central Asia
亞洲新興市場和發展中國家	Emerging and Developing Asian Markets
拉美和加勒比地區	Latin America and the Caribbean
撒哈拉以南非洲	Sub-Saharan Africa
來源:IMF《世界經濟展望》更新，2024 年 1 月。	Source: IMF Update of the World Economic Outlook in January 2024.
注釋:每組的柱狀圖順序(從左到右)分別代表 2023 年、2024 年預測值和 2025 年預測值。	Note: The bar charts in each group are ordered from left to right to represent the forecasted values for 2023, 2024, and 2025.

In 2023, as the restrictions on component supply eased, manufacturers' production gradually returned to normal. The global automotive industry experienced consistent improvement, demonstrating strong momentum since mid-year. Ultimately, the global light vehicle market performed impressively, with a total of 90 million vehicles, representing an 11% year-on-year growth. Based on sales data compiled by Gasgoo in 20 countries, car sales in all automotive markets, except for Thailand, Indonesia, and Vietnam, have increased in 2023 compared to the previous year.

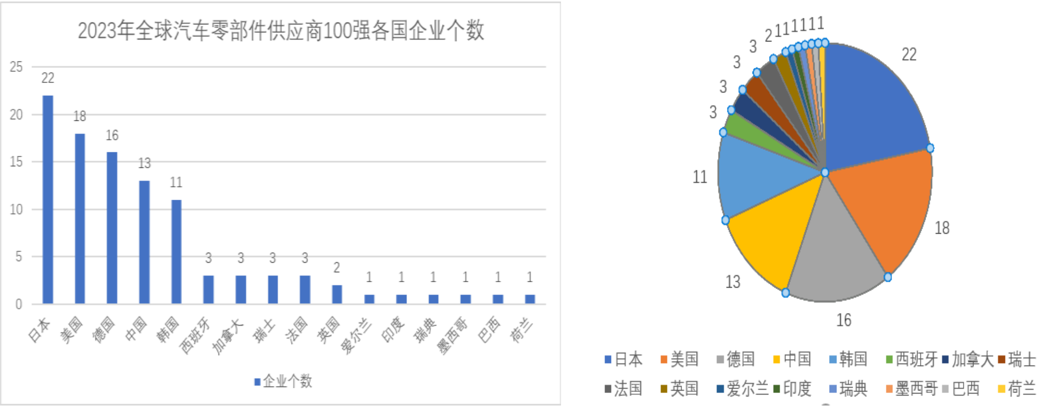
From the perspective of the world's major automobile markets, China has achieved a new historical high in automobile production and sales, while the US car market rebounded from its lowest sales performance in over 10 years in 2022. Similarly, the European car market has experienced a year-on-year growth in 2022, with 16 consecutive months of increased sales.

In 2023, China's automotive market, the largest in the world, achieved a significant milestone by surpassing 30 million vehicles in both production and sales for the first time. China's annual automobile production and sales reached 30.161 million vehicles and 30.094 million vehicles, respectively, reflecting a year-on-year growth of 11.6% and 12%. It is worth mentioning that, due to the widespread presence of 'Made in China' brands worldwide, the Chinese automobile market achieved three global milestones in 2023. Firstly, China has maintained its position as the top producer and seller of automobiles for 15 consecutive years. Secondly, China has been the leading producer and seller of new energy automobiles for 9 consecutive years. Lastly, China has the highest automobile export volume in the world.

The annual sales volume of the US car market in 2023 reached 15.6 million vehicles, marking a 13% year-on-year increase and setting a new record for annual sales since the onset of the COVID-19 pandemic. In December alone, the sales volume of automobiles in the United States increased by 16% compared to the same period last year, reaching 1.49 million vehicles, which greatly exceeded expectations. GlobalData believes that the sales performance of the US car market is influenced by two factors. Firstly, increased car inventory and favorable measures, such as year-end promotions, are attracting more consumers from across the United States. Secondly, car manufacturers are offering larger discounts and, in some cases, redirecting more sales towards fleet sales.

B. Global Automotive Component Industry

a. The global automotive parts industry is currently dominated by traditional automotive powerhouses such as Japan, the United States, Germany, and China. According to the ranking of global OEM market component suppliers for 2023, as released by AutomotiveNews, Japanese, American, and German suppliers dominate the top 50. Among them, 22 Japanese companies were shortlisted, along with 16 German companies and 18 American companies. In the end, there were 13 Chinese companies that made the shortlist. In addition, there are 11 Korean companies, 3 French companies, and 2 British companies on the list, along with a total of 15 companies from other countries.



2023 年全球汽車零部件供應商 100 強各國企業個數

Number of Companies from Each Country in the Top 100 Global Automotive Parts Suppliers in 2023

日本	Japan
美國	United States
德國	Germany
中國	China
韓國	South Korea
西班牙	Spain
加拿大	Canada
瑞士	Switzerland
法國	France
英國	United Kingdom
愛爾蘭	Ireland
印度	India
瑞典	Sweden
墨西哥	Mexico
巴西	Brazil
荷蘭	Netherlands

Source: Automotive News

2023年全球汽车零部件百强榜TOP20

排名	公司名称	2022年营收（亿美元）	2021年营收（亿美元）	国家
1	博世	504.56	491.44	德国
2	电装	479.00	435.69	日本
3	采埃孚	421.06	393.00	德国
4	麦格纳国际	378.40	362.00	加拿大
5	宁德时代	335.00	/	中国
6	现代摩比斯	321.92	290.73	韩国
7	爱信精机	312.28	334.76	日本
8	佛瑞亚	268.35	258.80	法国
9	大陆	254.01	241.97	德国
10	巴斯夫	194.65	213.53	德国
11	李尔	192.63	192.63	美国
12	法雷奥	167.73	167.73	法国
13	天纳克	166.32	150.44	美国
14	住友电工	161.39	143.33	日本
15	延锋	149.97	137.57	中国
16	博格华纳	145.26	139.85	美国
17	松下汽车系统	142.28	137.10	日本
18	日立安斯泰莫	142.22	137.50	日本
19	马勒	131.04	129.40	德国
20	矢崎	129.10	148.98	日本

2023 年全球汽車零部件百強榜 TOP20	2023 Global Top 20 Automotive Components Ranking
排名	Ranking
公司名稱	Name of Company
2022 年營收(億美元)	2022 Revenue (in billions of US dollars)
2021 年營收(億美元)	2021 Revenue (in billions of US dollars)
國家	Country
博世	Bosch
電裝	Electrical Installation
采埃孚	ZF Friedrichshafen AG
麥格納國際	McGann International
寧德時代	Contemporary Amperex Technology Co. Limited
現代摩比斯	Modern Mobius
愛信精機	Aixin Precision Machinery

佛瑞亞	Freya
大陸	Mainland China
巴斯夫	BASF
李爾	Lear Corporation
法雷奧	Ferrero
天納克	Tenneco Inc.
住友電工	Sumitomo Electric Industries
延鋒	Yanfeng
博格華納	Warner Bros.
松下汽車系統	Panasonic Automotive Systems
日立安斯泰莫	Hitachi Astemo, Ltd.
馬勒	Mahler
矢崎	Yazaki Corporation
德國	Germany
日本	Japan
德國	Germany
加拿大	Canada
中國	China
韓國	South Korea
日本	Japan
法國	France
德國	Germany
德國	Germany
美國	United States
法國	France
美國	United States
日本	Japan
中國	China
美國	United States
日本	Japan
日本	Japan
德國	Germany
日本	Japan

b. The automotive parts industry is gradually shifting towards emerging markets to achieve global procurement.

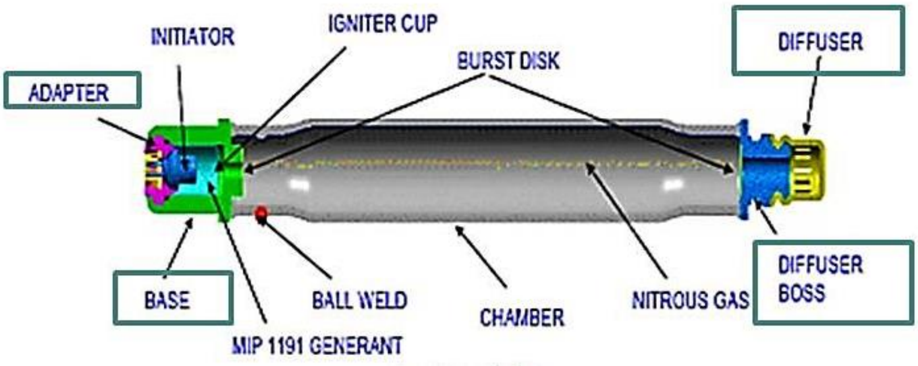
The automotive consumer markets in developed countries and regions, such as the United States, Europe, and Japan, are gradually reaching saturation. On the other hand, the automotive markets in emerging countries like China and India have emerged as the most promising consumer markets in the world. Moreover, these countries possess abundant labor resources and cost advantages. With the intensifying competition in the automotive manufacturing industry, automotive and component companies are increasingly transferring their operations to countries and regions like China, India, and Southeast Asia to effectively reduce production costs and tap into emerging markets.

With the increasing globalization of the automotive parts industry, car manufacturers and tier-one suppliers now have the ability to select and purchase parts from around the world. Their decisions are based on factors such as product quality, price, delivery time, and other conditions. They are no longer limited to purchasing parts domestically. Likewise, parts companies are no longer confined to supplying domestic enterprises, but are now able to sell their products globally.

C. Automobile Safety System

The automotive safety system is divided into two types based on whether it is preventive in nature: active safety (including assistance and warning systems, loss of control prevention) and passive safety (including airbags and pre-tensioned seat belts). Global Tek is the primary supplier of automotive airbag inflator components. Our product range includes the adapter, base, diffuser, and diffuser boss, vital components of airbag modules.

Structure of Airbag Inflator



The automotive safety airbag industry is highly concentrated, with a high barrier to entry, resulting in an oligopolistic market. The global manufacturers of safety airbags, such as Autoliv, Joyson, TRW, and Toyota Gosei, are well-known. These four companies collectively hold a market share of over 80%. Both Autoliv and Joyson are significant long-term customers of the group.

According to Precedence Research, the global market size of automotive airbags is projected to grow from approximately $22.56 billion in 2021 to around $42.16 billion in 2030. The compound annual growth rate from 2021 to 2030 is expected to be 7.2%. The rise in traffic accident mortality rates has led to an increased demand for safety equipment, particularly car airbags, in the market. The global automotive airbag market has benefited from the implementation of government safety standards and the anticipated increase in average life expectancy. Additionally, the rise in disposable income has led to increased consumer spending on automotive safety equipment, thereby driving the demand for automotive airbags. The growing consumer awareness of technological advancements in automotive safety systems is a key driver for the growth of the automotive safety airbag market.

(2) Industrial application

The Group primarily manufactures industrial application products such as industrial instruments, semiconductor factory equipment, high-end bicycle suspension systems, and electric bicycle transmission systems. These products are predominantly constructed using materials such as stainless steel, carbon steel, aluminum alloy, copper, and even Teflon. The Group employs processes like wax casting or forging, stamping, and extrusion, along with precision machining, to ensure the production of high-quality products at competitive prices for its large global customer base.

Industrial instrumentation and fluid control are crucial elements of gas and liquid delivery systems. Their purpose is to monitor and regulate the direction, pressure, temperature, and flow rate of fluids in accordance with the pipeline's design and configuration requirements. The downstream application industry is vast, with varying levels of requirements for corrosion resistance or cleanliness depending on the purpose. The primary target customers of our group are global manufacturers involved in oil and gas exploration, pressure control instruments, new energy development, and semiconductor equipment manufacturing. As a result, market demand is closely tied to the growth of the oil and gas and semiconductor industries.

In recent years, there has been an increase in environmental awareness and personal health consciousness. High-end bicycles, including mountain bikes with custom adjustable suspension systems or electric assist devices, have emerged as a popular recreational and leisure option in Europe, America, and other developed countries. Additionally, following the COVID-19 pandemic, they have also become a safe means of transportation for commuting to work. The requirements for dimensional tolerance and appearance quality of related components are especially crucial for high-end electronic products, in contrast to general machining products. Prominent brands in the industry allocate substantial resources to lightweight design, aesthetic appeal, and fashion. By understanding the needs of end-users, Global Tek has emerged as a key partner for global leading brands.

A. Oil and Gas Industry

Generally, the demand for fluid measurement control and instrumentation equipment is generally correlated with the prices of oil and natural gas, upstream capital expenditures, the number of active drilling rigs, and the number of drilling platforms. However, it is negatively correlated with energy inventories. As there is an increasing concern for energy conservation and carbon reduction, research and development of new energy sources like gray hydrogen and green hydrogen is ongoing. The production, conversion, storage, and monitoring of these new energy sources will continue to heavily rely on various types of fluid measurement control and instrumentation equipment.

According to statistics published by BP, a major British petroleum company, the world's confirmed oil reserves were approximately 1.7324 trillion barrels at the end of 2020. With the discovery of new oil fields and advancements in extraction technology, it is anticipated that oil can be extracted for another 30 to 50 years or even longer. Notably, the development of shale oil extraction technology in North America has expanded the global extractable reserves and prolonged the extraction period.

After experiencing the global oil demand freeze caused by the COVID-19 pandemic in 2020 and its subsequent recovery in 2021, as well as the Russia-Ukraine conflict in 2022, the rapid growth of new energy vehicles in 2023, and the increasing focus on ESG issues, human dependence on crude oil continues to rise unaffected by various restrictions.

The International Energy Agency (IEA) predicts that the global oil market will remain stable into 2024, thanks to the availability of new supplies and controlled prices. Although daily oil consumption is expected to increase by 1.2 to 1.3 million barrels, the demand for oil, coal, and natural gas is projected to peak before 2030. This is primarily due to the growing adoption of clean energy technologies such as wind energy, solar energy, heat pumps, and electric vehicles. Currently, fossil fuels account for approximately 80% of the global energy supply, but this is expected to decrease slightly to 73% by 2030. Additionally, carbon dioxide emissions from energy sources are expected to reach their peak in 2025.

According to a report released by the Economic and Technological Research Institute of China Petroleum Group in February 2024, international oil prices underwent significant fluctuations and declined in 2023, exhibiting a pattern of initial lows followed by highs. The global oil demand is currently in a phase of recovery, but economic sanctions and disruptions in shipping channels have accelerated the adjustment and reshaping of the global oil market and trade patterns. The projected demand for petroleum in China in 2024 is expected to reach 764 million tons, which represents a 1.0% increase compared to 2023. This growth is primarily driven by kerosene and petrochemical oils. As the scale of alternative energy sources expands, China's petroleum demand is projected to peak at around 780-800 million tons by 2030. The projected global demand for 2024 is estimated to be 102.7 million barrels per day, which represents an increase of 950,000 barrels per day compared to the previous year.

Goldman Sachs believes that the crisis in the Red Sea route will result in shipping congestion, hindering the smooth transportation of oil and accelerating the consumption of crude oil on land. As a result, Goldman

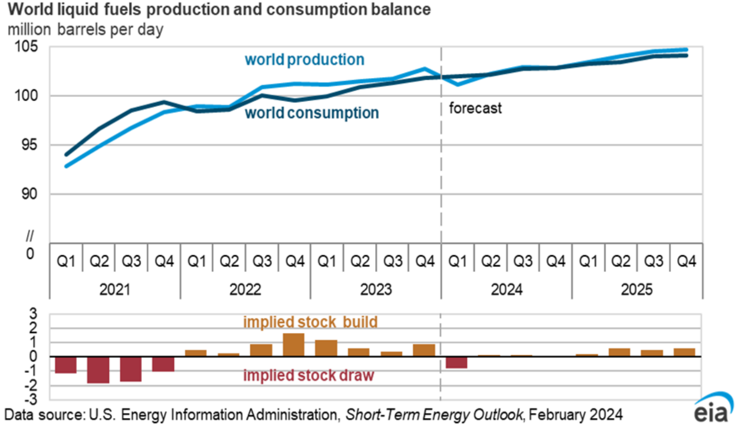
Sachs has revised its forecast for the price of Brent crude oil, projecting it to reach a peak of US$87 in the summer of 2024. The February monthly report from OPEC maintains the same forecast as the previous report for global oil demand growth in 2024, with an annual increase of 2.2 million barrels per day. The forecast for US oil demand has also been slightly revised upward, which will have a positive impact on global oil demand. According to the Organization for Economic Cooperation and Development (OECD), oil demand is expected to increase by approximately 300,000 barrels per day, while non-OECD countries are projected to see a growth of around 2 million barrels per day. The OPEC monthly report also predicts that non-OPEC oil production will increase by 1.2 million barrels per day in 2024. The main contributors to the growth in oil supply are expected to be the United States, Canada, Guyana, Brazil, and Norway. The non-OPEC oil supply is expected to grow by 1.3 million barrels per day in 2025, driven mainly by oil production from countries such as the United States, Brazil, Canada, Norway, Kazakhstan, and Guyana.

The U.S. Energy Information Administration (EIA) anticipates that the average price of crude oil in 2024 and 2025 will stay close to the 2023 level. This is because global oil supply and demand are expected to be relatively balanced in the coming two years. According to the Energy Information Administration (EIA), the projected average price of Brent crude oil is expected to reach US$82 per barrel in 2024, US$79 per barrel in 2025, and US$82 per barrel in 2023. The EIA anticipates a slight decrease in the price of West Texas crude oil, while maintaining the overall trend. According to the EIA, crude oil prices are projected to increase in the first quarter of 2024. This is due to the anticipated decrease in production by OPEC+, which will result in a daily reduction of global crude oil inventories by 810,000 barrels. Consequently, the price of Brent crude oil is expected to rise from US$78 per barrel in December 2023 to US$85 per barrel in March 2024. The EIA anticipates a gradual decline in crude oil prices after April 2024, as global production surpasses consumption. According to the forecast by the EIA, crude oil inventories are projected to rise by 110,000 barrels per day from the second quarter of 2024 to the fourth quarter of 2024, and by 280,000 barrels per day by 2025.

The EIA attributes the relatively small changes in oil prices to the ongoing reduction in OPEC+ production. The EIA predicts that OPEC+'s crude oil production will decrease from 37.1 million barrels per day in 2023 to 36.4 million barrels per day in 2024. It is expected that by 2025, OPEC+'s crude oil production will increase to an average of 37.2 million barrels per day. In non-OPEC+ countries, the projected average production for 2024 is 53 million barrels per day (bpd), compared to an estimated production of 52 million bpd in 2023. By 2025, the average production in non-OPEC+ countries is expected to increase to 53.9 million bpd. According to the EIA, it is projected that production in the United States will increase by 400,000 barrels per day in 2024 and 2025, thereby driving the production growth of non-OPEC+ countries.

According to the EIA, the increase in global oil consumption in the last two years has been fueled by economic growth and the recovery of travel. It is projected that global oil consumption will rise by 1.4 million barrels per day in 2024 and by 1.2 million barrels per day in 2025, which is slightly lower than the average level of the pre-COVID-19 decade (2010-2019).

Estimating Global Petroleum Inventory, Production, and Consumption Changes



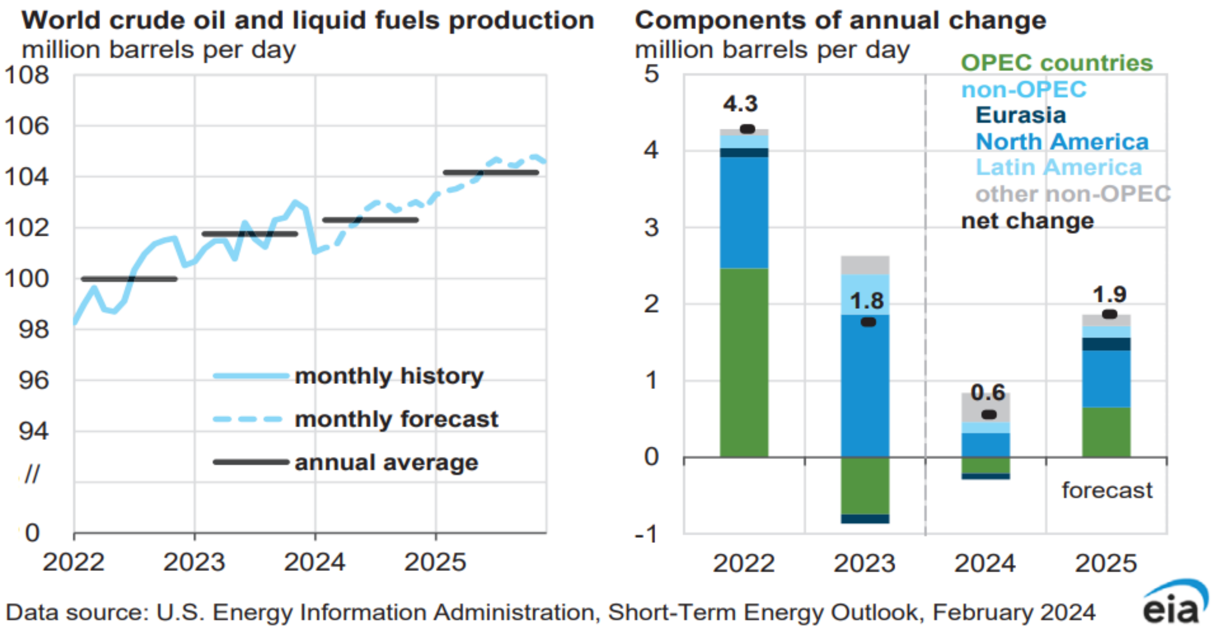
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, February 2024

Source: U.S. Energy Information Administration (EIA)

According to a report by Baker Hughes Inc., the third-largest oilfield services company in the world, the number of oil and gas exploration wells in the United States has increased by 3 to a total of 629 as of March 1, 2024, reaching the highest level in the past four months. The number of horizontal exploration wells, primarily used for shale oil and gas extraction, increased by 1 to 561 compared to the previous week. In terms of shale gas, the estimated daily production is projected to decrease by 0.25 billion cubic feet to 1.00425 billion cubic feet, compared to the previous month's production of 100.45 billion cubic feet. Among the three major production areas, the Marcellus shale in the Appalachian region is expected to decrease by 0.76 billion cubic feet to 36.4 billion cubic feet, while the Permian Basin shale is expected to increase by 1.34 billion cubic feet to 24.76 billion cubic feet. The Haynesville shale is expected to decrease by 0.9 billion cubic feet to 16.5 billion cubic feet compared to the previous month. The increase or decrease in exploration activities is indicative of future oil production, usually with a delay of 3-6 months. The exploration wells reported by Baker Hughes represent the number of drilling rigs deployed for the development and exploration of new oil and gas reserves.

Global Tek is a member of the petrochemical and new energy industry supply chain. We have been exclusively supplying major components such as specialized pressure gauges, flow meters, fluid control valves, and pipeline connectors to global leading brands for over two decades. Even in the era of energy conservation and carbon reduction, the global industrial instrumentation application is expected to gradually shift from traditional petrochemical industries to various new energy solutions. However, the overall demand will continue to grow steadily.

Comparison of Global Oil Production and Demand



World crude oil and liquid fuels production

Components of annual change

Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, February 2024

Source: U.S. Energy Information Administration (EIA)

B. Semiconductor Equipment Industry

After experiencing significant growth in 2021 and 2022, the semiconductor industry successfully overcame the challenges of 2023, which included inventory reduction, delayed investments, and layoffs. The semiconductor market has always exhibited the characteristic of business cycles, primarily due to the fact that it often takes more than 2 years for semiconductor factories to invest in new production. There is frequently a discrepancy between the demand assessment at the time of investment decision and the actual demand situation in the future. Factors such as the emergence of new applications, imbalances in the chip supply chain, economic fluctuations, and geopolitical issues have further contributed to unpredictable changes in supply and demand. However, over the past 20 years, the global semiconductor market has experienced growth for 14 years and decline for 6 years. The long-term trend is still projected to be stable growth.

According to a report by Digitimes, the semiconductor market as a whole was projected to experience a 9% decline in 2023. The decline is primarily driven by a 35% decrease in the memory product market. However, there are several areas that are still experiencing growth, including AI-related server GPUs and cloud network data processing chips, as well as power semiconductors for electric vehicles, such as SIC silicon carbide components and silicon-based IGBTs.

In contrast to the modest capacity expansion and sluggish market demand in 2023, along with the semiconductor industry entering a phase of inventory adjustment, 2024 has witnessed a notable surge in the expansion of advanced process and wafer foundry capacity. This growth has been driven by the increasing applications of generative AI and high-performance computing (HPC), as well as the recovery of chip demand in various end markets. The latest quarterly forecast report from Semiconductor Equipment and Materials International (SEMI) indicates that the global semiconductor industry is projected to have 82 new facilities in operation during the forecast period of 2022 to 2024. Out of these, 11 facilities are expected to commence production in 2023, while 42 facilities are anticipated to start production in 2024. These facilities will encompass production lines for wafer sizes ranging from 4 inches (100mm) to 12 inches (300mm). Research firm IDC has revised its global semiconductor market outlook, projecting a 20% growth by 2024.

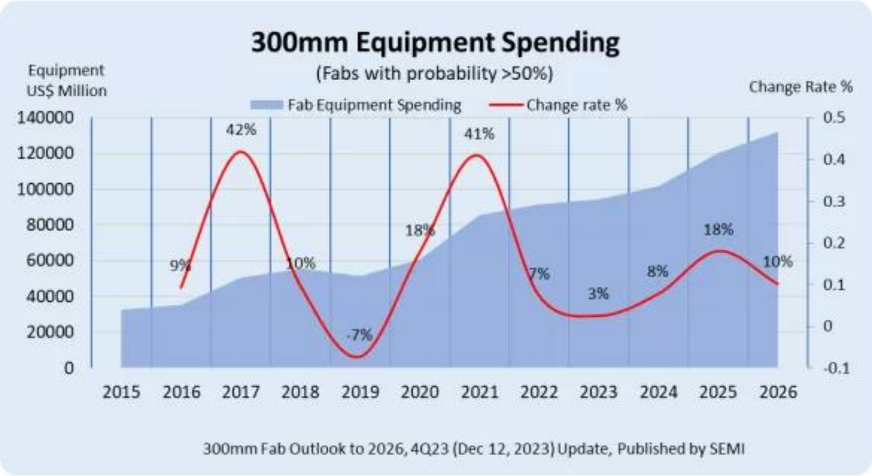
According to the latest quarterly World Fab Forecast (WFF) released by SEMI in January 2024, the global semiconductor production capacity is projected to grow by 5.5% to 29.6 million wafers per month (wpm) in 2023. It is expected to continue increasing by 6.4% in 2024, surpassing the milestone of 30 million wafers.

In the global semiconductor equipment market, driven by advanced processes, the market size of front-end wafer fab equipment has expanded from $30 billion in the first half of the 2010s to US$60 billion in the later period. According to SEMI's Year-end Total Semiconductor Equipment Forecast - OEM Perspective, announced in December 2023, the estimated total annual sales of global semiconductor manufacturing equipment in 2023 will reach US$100 billion, a decrease of 6.1% compared to the total of US$107.4 billion in 2022. With the advancement of front-end and back-end processes, semiconductor manufacturing equipment sales are expected to rebound in 2024 and reach a new high of US$124 billion in 2025. For more than twenty years, Global Tek has been supplying essential components for high-purity fluid control and semiconductor equipment in wafer fabs. The continuous investments in new fab construction and equipment expansion will guarantee Global Tek's consistent and robust growth in the semiconductor application field.

Estimated Worldwide Investments in New Semiconductor Wafer Fabs from 2022 to 2024

Source: SEMI

Estimation of the Global Trend in the Number of 12-inch Wafer Fabrication Plants and Equipment Investment from 2015 to 2026



Source: SEMI

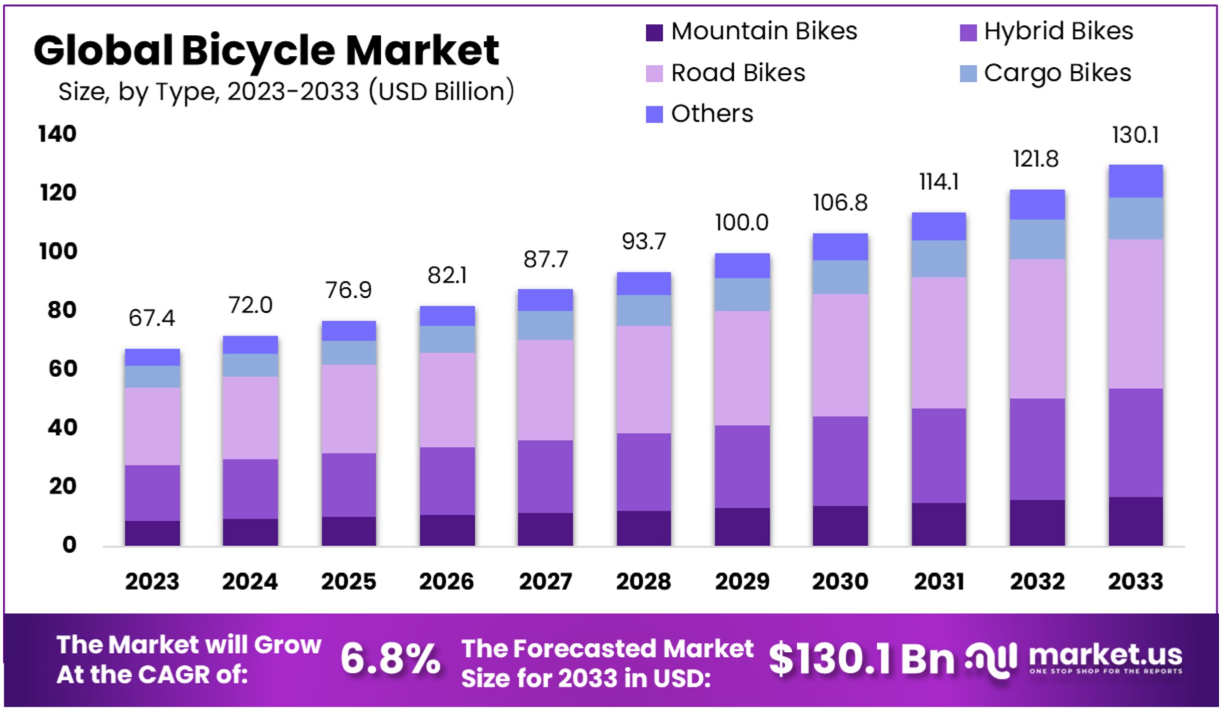
C. Bicycle Industry

Bicycles are a sustainable mode of transportation, whether conventional or electric. With people hesitant to use public transportation due to the increased risk of infection during the COVID-19 pandemic, cycling has emerged as the most economical and versatile choice. In addition to commuting needs, many countries still allow outdoor activities during city lockdowns. Cities like Milan, Paris, and London have capitalized on the pandemic to transform their urban landscapes by expanding bicycle lanes and implementing car-free initiatives. In the United States, several states have gradually enacted legislation to classify electric bicycles as electric-assist bikes rather than electric motorcycles, resulting in more favorable tax rates. There are also no restrictions on entering and exiting national parks and recreational areas. These favorable factors have contributed to the bicycle industry breaking free from its traditional image as a conventional industry and emerging as a rising star after 2020. The strong demand has put pressure on all levels of component and bicycle brands, leading to a shortage in supply. However, the high growth dividends brought about by the COVID-19 pandemic have rapidly reversed and corrected in the second half of 2022.

Compared to the peak of the epidemic, major well-known brands and component suppliers have generally performed poorly in 2023. Shimano, the largest transmission manufacturer, experienced a decline of 26% in performance, while Fox, the leading shock absorber brand, saw a decline of 42.8%. Giant Machinery decreased by 16.4% and Merida decreased by 26.4%. The most prominent keywords in the market throughout 2023 were undoubtedly “bankruptcy restructuring” and “inventory”. The former includes several companies, including VanMoof, which is known as the “Tesla of the bicycle industry” in the Netherlands, CAKE, a Swedish electric bicycle Company, Signa, a German e-commerce giant in the bicycle industry, and Veemo, a Canadian startup. It is generally believed that the completion of the inventory of finished vehicles or components, originally expected to be achieved in the second half of 2023, can only be restored to a healthy level in the second half of 2024. Furthermore, the current inventory of components mostly consists of designs from 2022 and 2023, and as such, the issue of "old wine in new bottles" is a challenge in terms of the design and marketing capabilities of major brands which the upcoming 2025 models will be confronted with.

Based on various research data, the global bicycle market is projected to be approximately between US$800 billion and US$1.1 trillion in 2022, in the aftermath of the COVID-19 pandemic. Building upon this foundation and assuming an annual compound growth rate of 6% to 11%, it is anticipated that the global bicycle market will expand to nearly $150 billion by 2030. The growth rate of traditional bicycles is roughly positively correlated with global population growth. However, electric bicycles are still an emerging market. Traditional bicycle-consuming countries, such as various European countries, as well as the Greater China region with its rising trend of high-end consumer populations, are driving the market. Despite headwinds in the global automotive market in 2023, many research reports still predict high double-digit growth for the next decade.

Estimated Growth of the Global Bicycle Market, 2023-2033



Source: Market.us

According to statistics from the Department of Statistics, Ministry of Economic Affairs, the bicycle industry in Taiwan has experienced various trends over the past 10 years. In 2013, winter storms in Europe and America caused a decline in sales. In 2016 and 2017, the popularity of shared bicycles led to a boost in the industry. However, in 2020, the global COVID-19 pandemic and subsequent lockdown measures resulted in a delay in high-end bicycle sales, leading to negative growth. Despite these challenges, the industry has shown positive growth in the remaining years. In 2021, with the pandemic stabilizing and the global economy recovering, there has been a rapid increase in demand for electric bicycles and bicycle components in Europe and America. This has resulted in a surge in production value to NT$176.8 billion, representing a year-on-year growth rate of 34.5%. In 2022, the annual output value of bicycles and components in Taiwan surpassed NT$200 billion, with the output value of bicycle parts alone exceeding NT$120 billion.

Looking ahead to 2024, international leading brands have a cautious outlook. However, most anticipate a resumption of pre-pandemic growth once inventory levels stabilize in the second half of the year. Shimano's financial report, released in February, predicts another 10.8% decline in revenue for its bicycle components in 2024. The inventory in Europe needs to be cleared. Although the demand for bicycles in the North American market remains stable, it is also affected by inventory factors. The overall retail performance of complete bicycles is weak. While bicycles are highly popular in Asia, Oceania, and Central and South America, consumer confidence is impacted by inflation and economic variables, leading to low bicycle sales and high inventory levels. However, the Chinese market has strong sales, and outdoor cycling remains very popular, with the market inventory at an appropriate level.

Since 2016, Global Tek has been involved in the bicycle component supply chain. It has gained recognition from internationally renowned brand customers for key components such as high-end bicycles, electric bicycles, mountain bikes, and racing bikes, including the suspension system and drive system. The recent development of new customers and new components will further contribute to the Company's growth and performance.

(3) Aerospace Industry

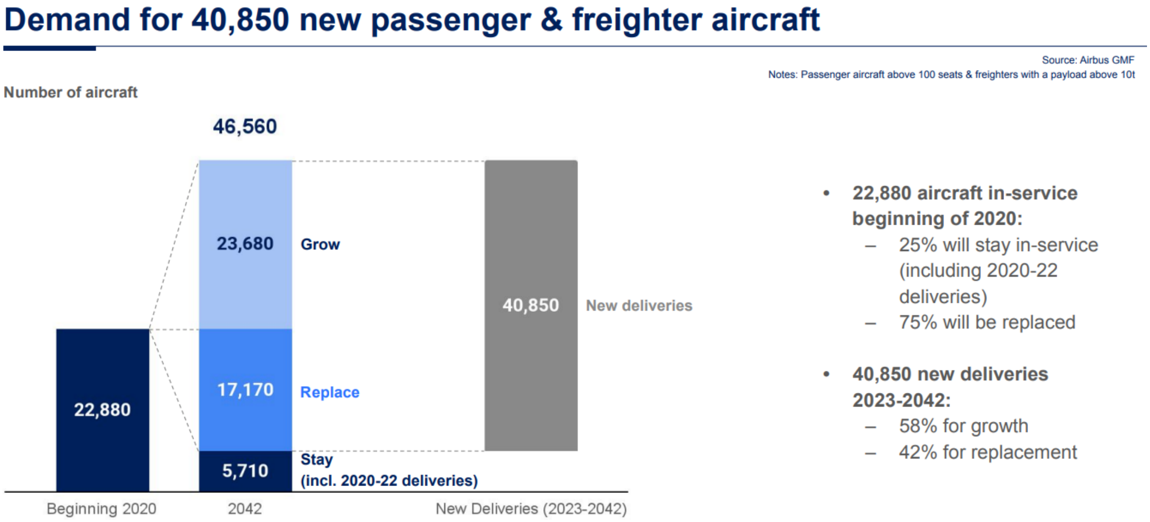
Major aircraft and engine manufacturers in Europe and America have implemented a global division of labor and established component supply chain systems. Taking Boeing and Airbus as examples, these manufacturers can be categorized into four tiers. Our group primarily supplies Tier 1 international giants in the industry value chain. Our products include precision machined parts such as primary/secondary flight control system actuators used in A380, A320, B787, A220, and A350 aircraft, as well as heat exchangers for LEAP engines (B737 max, A320 neo, C919), proximity sensors, and pilot seats. The international transportation volume has gradually returned to pre-pandemic levels. However, there have been delays in the delivery of certain materials due to the Ukraine-Russia and Israel-Palestine conflicts. Furthermore, the assembly expansion plans for Boeing and Airbus have been postponed due to quality issues with the B737 max.

The quality issues of the B787 have been resolved, and a total of 73 aircraft were delivered in 2023, with the monthly assembly rate increased to 5 aircraft. Due to ongoing quality issues, the FAA issued an order in January 2024 stating that the production capacity of the 737 max should not be increased until Boeing's quality system and processes are revalidated. At present, the monthly production capacity stands at 38 aircraft, with a total of 387 aircraft delivered in 2023.

Airbus planned to deliver 720 aircraft in 2023, however, the actual number of deliveries was 735. In 2023, a total of 571 A320 series aircraft were delivered. Production capacity is planned to increase to 65 aircraft per month in 2024 and 75 aircraft per month in 2026. As a result of quality issues with the B737 max, several airlines have canceled their orders and switched to purchasing the A320 from Airbus. Seven A220s are expected to be assembled per month, with a current production capacity of 5 aircraft per month and a projected increase to 14 per month by 2025. As for the A350, the current production capacity is 6 aircraft per month, with plans to increase it to 9 aircraft per month by 2026. As of the end of 2023, Boeing still has around 6,216 pending orders, while Airbus has approximately 8,598 pending orders.

By 2042, Airbus estimates that the demand for new aircraft will reach 40,850 units, while Boeing estimates it to be 42,600 units. Both companies indicate that around 75% of the new aircraft orders will come from single-aisle passenger planes, emphasizing the increasing demand for high-performance, next-generation medium-sized aircraft in the aviation industry.

2023-2042 Market Forecast:

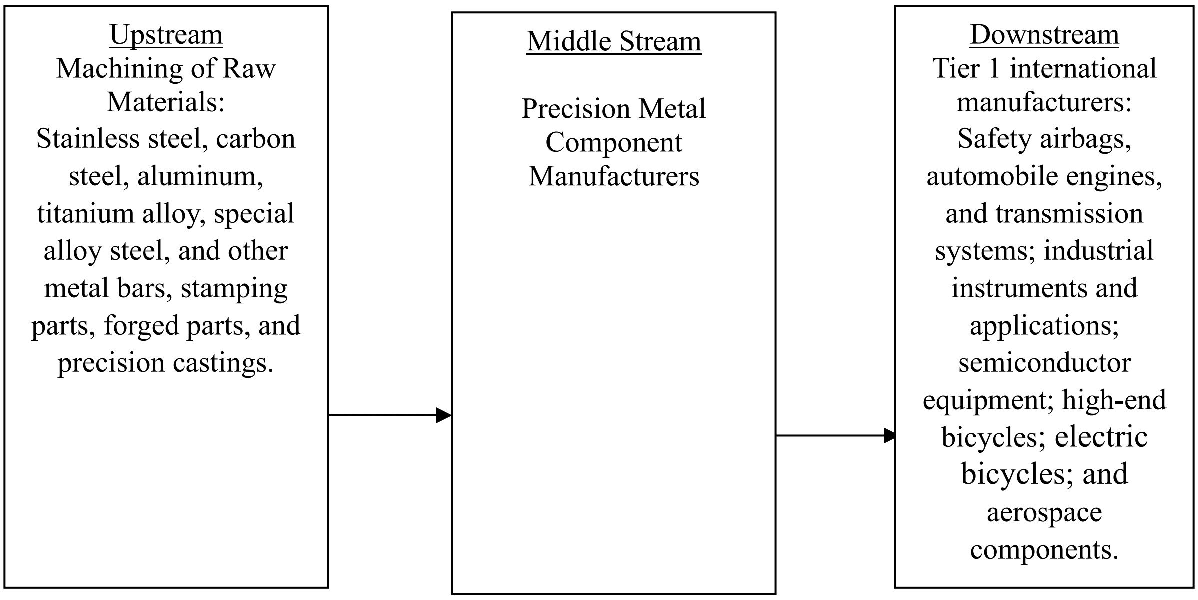


- **22,880 aircraft in-service beginning of 2020:**
  - 25% will stay in-service (including 2020-22 deliveries)
  - 75% will be replaced
- **40,850 new deliveries 2023-2042:**
  - 58% for growth
  - 42% for replacement

Source: Airbus website

2. Interrelationship of Industries: Upstream, Midstream, and Downstream

The Group is a Tier 1 supplier of precision components for the automotive, industrial, and aerospace sectors. The upstream of the industry supply chain consists of machine-cut raw materials and the associated production equipment. Procurement involves various types of metal bars, including stainless steel, carbon steel, aluminum, titanium alloy, special alloy steel, and other metal bars, as well as stamping parts, forging parts, and precision casting parts. The Company's product portfolio includes automotive safety components, transmission system components, braking system components, industrial instruments, semiconductors, high-end bicycles, electric bicycle components, and aerospace components. These products are part of the middle stream of the industry supply chain. The Company's customer base consists of international Tier 1 giants in various industries, who offer a diverse range of products. The correlation between the upstream, midstream, and downstream of the industry supply chain is as follows:



Upstream
Machining of Raw Materials:
Stainless steel, carbon steel, aluminum, titanium alloy, special alloy steel, and other metal bars, stamping parts, forged parts, and precision castings.

Middle Stream
Precision Metal Component Manufacturers

Downstream
Tier 1 international manufacturers:
Safety airbags, automobile engines, and transmission systems; industrial instruments and applications; semiconductor equipment; high-end bicycles; electric bicycles; and aerospace components.

3. Various trends and the competitive situation of products:

(1) Various trends of products:

A. Global Automotive Market

Overall, the global demand for light vehicles is recovering more strongly than anticipated and is expected to continue growing through 2024. Due to sustained suppressed consumer demand, supply chains and demand are continuing to recover, and the production of light vehicles is driving inventory replenishment in many regions. Relevant institutions predict that global light vehicle sales will reach 92.4 million units in 2024, representing a year-on-year increase of 2%.

However, the recovery of the global automotive market is fraught with uncertainty. This includes factors such as rising interest rates, supply chain improvements, affordability constraints, increasing new car prices, fluctuating consumer confidence, energy price and supply concerns, risks associated with car loans, and the challenges of transitioning to electrification.

Furthermore, Bloomberg New Energy Finance (BloombergNEF) has reported that the current global growth rate of electric vehicle sales has surpassed the expectations of the majority and even exceeded analysts' predictions. However, although China and several European countries are at the forefront of the electrification transformation, the adoption rate of electric vehicles in most global markets remains unsatisfactory. Among them, in more than half of the global automobile market, the adoption rate of electric vehicles remains below 10%, even in countries like the United States and Japan. However, in over 30% of the global automotive market, the penetration rate of electric vehicles is still below 5%.

The China Association of Automobile Manufacturers (CAAM) predicts that the annual sales volume of new energy vehicles in China will reach 11.5 million units in 2024, entering the market scale of tens of millions of vehicles. In the context of the European electric vehicle market, 2024 is expected to experience another year of sluggish growth, particularly due to the ongoing recovery phase of the German electric vehicle market following the discontinuation of subsidies. However, it is anticipated that the market share of electric vehicles in Europe will experience a substantial increase by 2025, surpassing the 33% threshold.

It is anticipated that by 2024, the sales volume of pure electric vehicles in the United States will reach a significant milestone of 1.5 to 2 million vehicles. However, Tesla, the leading player in the US electric vehicle market, is experiencing sluggish growth due to weak demand for electric vehicles. General Motors has expressed its intention to introduce hybrid models, and Ford witnessed a significant increase of 42.7% in US hybrid vehicle sales in January, while electric vehicle sales decreased by approximately 11%. The US pure electric vehicle market is also under considerable pressure to surpass the milestone of 1.5 million vehicles.

B. Global Automotive Component Industry

The global automotive industry has experienced a lengthy period of growth and development. Although automobiles were first invented in Europe, the establishment of the automotive industry, known for its mass production, occurred in the United States and later expanded to Europe, Japan, and eventually the rest of the world. Currently, China has emerged as the primary manufacturing hub in the automotive components industry.

According to information released by Bosch Group, a leading global automotive parts manufacturer, all major automotive parts manufacturers are currently actively implementing smart car and vehicle-to-vehicle communication technology solutions. The new technologies of smart automobile components include computers, modern sensors, information integration, communication, artificial intelligence, and automatic control. Intelligent automobile components refer to the various parts of a car that are controlled by information technology and intelligent control technology in a network environment. These components form a comprehensive system that combines functions such as environmental perception, planning and decision-making, and multi-level assisted driving. They make use of advanced technologies such as computers, modern sensors, information fusion, communication, artificial intelligence, and automatic control, making them a prime example of high-tech integration.

Due to a global chip shortage, the global automotive market experienced a cumulative production reduction of approximately 10.2 million vehicles in 2021. The total global automotive production for the year was 67.42 million vehicles. AFS predicts that global automobile production will decrease by 3 million vehicles in 2022. From an industry development perspective, the decline in automotive industry production volume from 2020 to 2022 can be attributed primarily to the shortage of core components such as battery cells and chips. However, as production capacity gradually recovers and pressure on the supply of automotive components eases, the global automotive industry and aftermarket are expected to experience gradual improvement in 2023.

With the intensification of global competition, the automotive industry in developed countries has undergone significant changes. These changes have also affected the automotive parts industry, which has witnessed the emergence of new characteristics such as organizational grouping, technological innovation, systematized supply, and globalized operations. According to a survey conducted by GIR (GlobalInfoResearch), the projected global revenue for automotive components in 2024 is expected to reach US$15.5 trillion, based on the business revenue of global automotive components.

With the ongoing improvement of the global pandemic situation, the production capacity of upstream raw materials will gradually recover. The automotive components market in various countries will start to stabilize. It is anticipated that the global automotive components industry will continue to grow from 2022 to 2028, driven by the further expansion of the new energy vehicle market, and is projected to surpass 2 trillion US dollars by 2028.

圖表 5: 2022-2028 年全球汽車零部件行業市場前景預測(單位:萬億美元)

資料來源:前瞻產業研究院

Table 5: Forecast of the Global Automotive Components Industry Market Outlook from 2022 to 2028 (Unit: US$ trillion)

Source: Forward-looking Industry Research Institute

C. Automobile Safety System Market

The Asia-Pacific region is the largest market for automotive safety airbags. India, China, Japan, and other countries in the Asia-Pacific region are implementing stringent regulations to ensure passenger safety. The increasing demand for vehicles with enhanced safety features has also driven the market demand for automotive safety airbags. The North American region is experiencing the fastest growth in the automotive safety airbag market. Due to technological advancements, the United States is the largest consumer of automotive safety airbags. In the Asia-Pacific automotive safety airbag market, the sales of electric vehicles have been steadily rising, leading to an increased demand for automotive safety airbags.

D. Industrial applications in the oil and gas industry

The energy market has been volatile due to various factors, including the recovery of demand after COVID-19, concerns about inflation, ESG issues, the resumption of oil supply from Iran, and tensions between Ukraine and Russia. According to most research reports, crude oil demand and prices in 2024 are expected to be similar to those in 2023. The U.S. Energy Information Administration (EIA) anticipates that the average price of crude oil in 2024 and 2025 will remain similar to the 2023 level. This is because global oil supply and demand are expected to be relatively balanced in the coming two years. According to the EIA, the projected average price of Brent crude oil is expected to reach US$82 per barrel in 2024, US$79 per barrel in 2025. The International Energy Agency (IEA) stated that due to new supplies meeting demand and price control, the global oil market should remain "comfortable" in 2024, with global oil consumption increasing by 1.2 to 1.3 million barrels per day, slightly lower than the increase in 2023.

E. Industrial Applications - Semiconductor Equipment and Factory Construction Market

The global semiconductor market is undergoing a shift in the first half of 2022 due to the implementation of artificial intelligence (AI), data centers, and high-performance computing (HPC). SEMI predicts a 6.1% decline in global equipment investment for the year, but a 5.5% rise in global wafer capacity. In 2024, due to the timely depletion of inventory and sustained high terminal demand, global wafer production is projected to increase by 6.4% for the entire year, surpassing the significant milestone of 30 million wafers per month. Additionally, 29 new wafer fabs will be constructed throughout the year, matching the number from 2023. The demand for new fabs and equipment is expected to exceed that of 2023.

F. Industrial Applications - Bicycle Industry

In 2024, the bicycle market continues to be impacted by high inventory levels, leading to a cautious outlook within the industry. However, leading brands such as Giant and Merida stated during the March bicycle expo that inventory clearance is expected to be completed by April or May, with the slowest progress anticipated by the third quarter, indicating a potential overall market inventory adjustment. In the second half of the year, there will be a gradual resumption of the mild upward trend that existed before the pandemic. Additionally, new customers and new products will be introduced and enter mass production, providing a boost to performance.

G. Aerospace Components Industry

The future development of the aerospace industry is primarily driven by changes in the global total revenue passenger kilometers (RPK) of air transport. It is projected that the global RPK will reach US$16.5 trillion by 2036. The forecast for new aircraft demand primarily comes from orders for single-aisle passenger planes, indicating that high-performance new-generation small and medium-sized aircraft will become a trend in the aviation passenger transportation industry. CFM, a global engine manufacturer, is currently undergoing a transition in engine generation, replacing the current CFM56 with the LEAP engine. This upgrade will enhance fuel efficiency by 15% and reduce engine weight by 25%. In the future, the LEAP engine will become the preferred option for single-aisle aircraft, resulting in a simultaneous increase in demand for related components.

(2) Product Competition:

A. Airbag components

For international automotive airbag inflator manufacturers, the primary considerations are supplier product stability, reliability, and delivery efficiency. High-standard safety international manufacturers place great emphasis on stable machining raw material quality, which is a key factor. Global Tek, in collaboration with domestic raw material suppliers, has developed strategically certified steel. Unlike competitors who import steel from abroad, Global Tek enjoys a cost advantage and has control over the delivery time of raw materials. Furthermore, the group enhances supply chain management by integrating with the procurement and delivery systems of key customers, enabling them to promptly track customer deliveries. This enables the group to swiftly adapt to changes in customer demands and foster customer loyalty. After KSS acquired the Takata airbag explosion incident, the industry as a whole has become more consolidated. This has led to a more conservative approach in the development of new technologies and materials, resulting in increased barriers for potential competitors to enter.

B. Transmission Components

Based on vehicle safety considerations, original equipment manufacturer (OEM) components for automobiles must undergo rigorous safety standard certification. This process involves qualification review, verification, and sample submission, which can be time-consuming and expensive. As a result, only suppliers with exceptional precision machining and quality control capabilities are likely to be acknowledged by Tier 1 manufacturers. The overall supply chain has a close relationship between the upstream and downstream. Only a few suppliers provide the same components, so if Tier 1 manufacturers want to change suppliers, they not only need to convince the original car manufacturer but also spend a significant amount of time certifying the new supplier. Due to cost-effectiveness considerations, the threshold for competitors to enter is higher.

C. Industrial application components

The main industrial application products include industrial instruments, semiconductor process equipment, high-purity electronic gas transport pressure flow control units, and key components of high-end bicycles and electric bicycles. The work piece surface requires high cleanliness, corrosion resistance, and surface smoothness, and the product has a long life cycle. The challenge lies in meeting customers' demands for short development lead times and immediate mass production, while also achieving precise dimensional tolerance control and flexible production line capacity allocation. Furthermore, there's a need to modify machining processes or product dimensions according to customer design changes at any time. Quality and production stability requirements are relatively strict as well. Industrial application components frequently utilize raw materials that are produced through wax casting, die casting, or forging, or they directly employ metal bar stock. These materials undergo several stages of precision machining to manufacture the final parts. The key features of these components include customization, a wide range of materials, and intricate processes. As a result, a thorough understanding of material properties and process control is essential for efficient mass production. Global Tek is one of the few companies in Taiwan that has a precision investment casting production line and combines it with advanced precision machining technology. They have successfully developed the ring-shaped wave pattern process for Emerson Group, establishing themselves as the preferred supplier of precision investment castings in the Asian region. The Group is also the exclusive supplier for globally renowned leading brands in the semiconductor and electric bicycle industries. It has comprehensive processing and integration capabilities. Due to the high initial investment amount and the need for years of accumulated processes, there are entry barriers. Therefore, the Group holds a crucial position in the supply chains of various related industries.

D. Aerospace Components

Due to the highly complex nature of engine manufacturing and zero-component supply, it requires high precision technology and strict testing and certification from international major manufacturers. The products manufactured by Global Tek are indispensable components in engines, all of which are customized products. Customers, based on the requirement for zero defects in quality, rely on qualified suppliers with whom they have long-term partnerships. Our group has long-term supply relationships with major international Tier 1 manufacturers. This is because our quality, technology, and professional services have been highly recognized, making us more competitive than other related industry players. Therefore, the likelihood of substitution in our supply chain is relatively low.

(III) Technical and research & development overview

1. Technical Level, R&D of the Business

(1) Technical Level

Global Tek is a manufacturer specializing in precision metal parts processing, offering integrated services to its customers. The Company utilizes various cutting-edge technologies such as precision computer-controlled lathes, milling machines, lathe-milling compound machines, multi-axis machining lathes, grinding machines, and surface treatment for precision process development. In addition to continuously advancing its core precision machining technology, Global Tek actively pursues production intelligence and equipment automation to contribute to large-scale development projects in the automotive industry. The Company aims to consider process requirements during the early stages of product design, providing customers with cost optimization, stable quality, and a wide range of product options. Furthermore, the group has strengthened and integrated production automation to enhance efficiency, accelerate new product development, and improve overall market competitiveness.

(2) R&D

In order to meet the industry's need for prompt customer response, our research and development efforts are focused on enhancing feasibility assessment, production and delivery efficiency, creating product differentiation, and improving market competitiveness in terms of safety and reliability. We give priority to advanced production management technology and the development of high-value-added products.

A. Promoting intelligent manufacturing management

Siemens UG CNC Simulation and machining process operations are fully implemented in conjunction with MES to develop various application software, such as production management, intelligent monitoring, and tool management, to optimize the processing efficiency of CNC machine tools. The information from various machines on the production line is aggregated to the cloud platform, enabling engineers to instantly grasp equipment status, collect production data for in-depth analysis, and thereby reduce development time, improve trial efficiency, accelerate quotation speed, and enhance work piece machining accuracy. Additionally, a strategic supplier is closely integrated with the group's supply chain to provide customers with rapid service.

B. Providing one-stop service to aerospace component customers

Integrate crucial processes for aerospace components, such as front-end material forming, precision machining, and NADCAP surface treatment special processes, including hard anodizing and other processing procedures, as well as surface treatment and post-grinding. Additionally, incorporate assembly and functional testing to minimize external failure costs and enhance product reliability and profitability.

C. Enhancing process technology to increase the added value of products

a. We continuously introduce a comprehensive range of cleanliness testing equipment to meet the requirements of various industries, including oil and gas, petrochemicals, liquefied and gaseous substances, food, medical, semiconductor, optoelectronics, and solar energy. Our goal is to enhance the added value of our products.

b. Automated inspection of the pulley of the power generator coupling damping device.

c. Implementing automated inspection for the rear cover of the camshaft.

d. Continuously introduce semi-finished products into the in-house micro-assembly line.

2. Research and development personnel and their academic and professional experience

December 31, 2023; Unit: people

Education	Number of individuals	Percentage (%)
Master's degree or higher	1	1.52
University	34	51.51
Associate's degree	27	40.91
High (vocational) school	4	6.06
Total	66	100

3. The research and development expenses incurred during the most recent fiscal year and up to the date of printing of the annual report.

Unit: NT$1,000

Items	2023
Research and Development	145,230
Net operating revenue	4,208,458
Proportion of net revenue	3.45%

4. Recently developed successful technologies or products up to the date of the annual report's printing

Year	Projects or achievements
2023	1. Develop specialized industrial fluid control valves and pipeline fittings. 2. Develop key components of the infrastructure system. 3. Developing cylinder internal braking components for commercial vehicle engines. 4. Developing air suspension system components. 5. Develop new components for motor cooling systems in the energy sector. 6. Developing new hybrid transmission components for energy efficiency. 7. Developer of commercial vehicle steering wheel steering mechanism parts. 8. Developing components for automotive pre-tensioner seat belts. 9. Developing key components for high-flow solenoid valves. 10. Develop optical measurement targeting products. 11. Developing a new manufacturing process and new products for high-end bicycle flywheels. 12. Improved the process of developing semiconductor packaging and testing slots. 13. Completed the patent application for the manufacturing process of key components for high-end bicycle forks.

Year	Projects or achievements
	14. Completed the patent application for the manufacturing process of front and rear pulleys for e-bikes.
January to February 2024	1. Developing chassis system components (including steering, braking, suspension, and other subsystems). 2. Developing components for new energy vehicle charging systems. 3. Developing components for electric drive systems in new energy vehicles. 4. Developing components for the pressure-reducing braking system inside the engine cylinder of commercial vehicles. 5. Developing components for electronic water/oil pumps used for cooling purposes. 6. Developing new hybrid transmission parts for energy efficiency. 7. Developing gas generators for seat belt pretensioner.

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

1. Short-term development plan

   (1) Expanding opportunities in the automotive airbag system sector

      A. Increase the penetration rate of airbag inflator products outside the US market, and deepen cooperation with procurement departments of key customers in regions other than the US.

      B. Entering the supply chain of international automotive giants for the development of active safety systems, such as Automatic Emergency Braking (AEB) and hydraulic control system components.

   (2) Developing high-value-added products through early involvement in customer material and process research and development work.

      A. Developing key components for EPS (Electric Power Steering) systems, such as input shafts, intermediate shafts, and other related products.

      B. Developing key components for braking and air suspension systems

      C. Develop deep drawing cans for stamping products.

      D. Developing hydraulic control system components for engine-assisted braking systems.

      E. Continuing to develop key components such as damping belt tensioner shafts for traditional and hybrid powertrain systems, OAD (Overrunning Alternator Decoupler) shafts for generator coupling damping devices, and other critical components for crankshaft damping shafts.

      F. Continuing to develop precision stainless steel gear processing techniques and introducing components for patented bicycle belt drive systems to existing customers.

      G. Developing key components for pressure and flow sensors in the new energy industry.

   (3) Developing precision machined metal components applicable to new energy vehicles and autonomous driving technology.

(4) Develop key components for car pressure sensors.

(5) Developing key components for medical equipment.

(6) Developing key components for optical products.

2. Long-term development plan

(1) Reduce the proportion of low-value-added metal components, increase high-value-added products in automotive, bicycle, industrial applications, semiconductor equipment, aerospace, and high-tech products.

(2) Integrate internal resources within the Company to automate processes and inspections, replacing labor-intensive tasks.

(3) Vertical integration of key processes, strengthening capabilities and equipment investment in front-end materials and back-end surface treatment, reducing external failure cost risks to improve profitability.

(4) Talent development combined with colleagues' identification with Company culture, in the future, will continue to focus on consolidating employee cohesion, enhancing employees' sense of identification with Company culture and future development, as well as cultivating a value of mutual prosperity. Leveraging the strengths of each colleague, this will make the Company's decision-making and output more efficient.

(5) Improve transparency, enhance external oversight measures, solidify internal governance, and through the disclosure of information and financial statements, allow the market and investors to understand the Company's management philosophy, operational direction, and financial health. This enables feedback from the market and investors, increases external oversight measures, strengthens the Company's foundation, and promotes healthy financial and business development.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis

1. The main product sales regions:

Unit: NT$1,000; %

Sales regions		2022		2023	
		Amount	Proportion	Amount	Proportion
Taiwan		304,406	6.10%	142,199	3.38%
Foreign Sales	Asia	1,933,249	38.77%	1,873,146	44.51%
	America	2,105,965	42.23%	1,584,568	37.65%
	Europe	642,746	12.90%	608,545	14.46%
	Other	0	0.00%	0	0.00%
	Subtotal	4,681,960	93.90%	4,066,259	96.62%
Total		4,986,366	100.00%	4,208,458	100.00%

2. Market share:

The Group is a professional precision metal parts processing manufacturer. The automotive components, industrial applications, and aerospace components produced by the group are all customized products with small quantities and diverse varieties, making it difficult to separately calculate market share for these three types of products. Since its establishment, the Group has always adhered to the customer service concept and continuously collaborated with leading international brands in the industry to develop and grow together. As a result, the revenue has shown a year-on-year growth trend. Given the continuous growth in niche product demands such as automotive components, bicycle components, and aerospace components, the Group still has significant room for revenue growth in the future.

3. Future supply and demand conditions and growth prospects of the market

(1) Automobile Industry

A. Demand side

Overall, in the coming period, the transformation of the automotive industry will be more important than sales growth. By 2027, electric vehicle (EV) sales are expected to account for one-third of global new car sales. As more and more people abandon traditional fuel vehicles, automobile manufacturers will introduce more EV models and transform their production facilities. During this period, government incentive policies will also undergo significant changes in various markets. Governments will shift their focus from supporting EV sales to helping expand EV charging networks and battery manufacturing. Although the current commercial environment appears challenging and investment in other technologies like autonomous driving may decrease, automobile manufacturers will increasingly engage in semiconductor production and develop key resources in the upstream and midstream of the supply chain.

B. Supply side

In the past few years, the global automotive industry has faced a series of challenges and changes, including the US-China trade war, the pandemic, chip shortages, supply chain disruptions, Russia's invasion of Ukraine, and energy crises. These factors have led to soaring inflation in many European and American markets, prompting central banks to raise interest rates and indirectly reduce consumer spending. The global production of automobiles and parts grew by only 4.7% in 2022. Due to decreasing demand, Oxford Economics estimates that production will further decrease to 3.3% in 2023. At the same time, estimates from the EIU indicate that new car sales in the 60 countries it tracks only grew slightly by 1.6% in 2022, and it is expected to maintain a similarly sluggish growth rate of 1.7% in 2023. Due to supply chain disruptions that began in 2021, the entire automotive market remains more supply-driven. However, as production gradually resumes, automotive manufacturers are also rebuilding their depleted inventory levels and clearing backlogged orders. The trend of the market shifting from supply-driven to demand-driven has become evident, especially in the United States and Europe, where the impact of supply chain disruptions has been most severe.

(2) Industrial application

A. Demand side

Industrial instrumentation applications include stainless steel industrial instruments, as well as industrial pipeline accessories such as pipe fittings. They have a wide range of applications, including petroleum refining and production, oil and gas transportation, chemical industry, water treatment, power generation, commercial buildings, food, and medical industries. Due to similar processes, these applications are also used in the semiconductor and optoelectronics industries. Currently, the major demand comes from the oil and gas industry and the semiconductor equipment industry. For parts suppliers in this industry, the level of capital expenditure by upstream manufacturers will impact the future demand for related equipment. In 2020, the demand declined due to the impact of the COVID-19 pandemic but returned to an upward trend in the second half of the year. Additionally, in the field of new energy development and application, various industrial instrument management and monitoring systems are still relied upon. It is expected that the moderate upward trend of 2023 will continue in 2024. Capital expenditure by semiconductor equipment manufacturers experienced significant growth in 2017, followed by fluctuations in 2018 due to China's National Fund support for the semiconductor industry and the US-China trade war in 2019. In 2020, amid the COVID-19 pandemic, there was a strong rebound driven by remote work and home demand, as well as new applications such as AI autonomous transportation. This trend continued into the first half of 2023. After inventory adjustments in the second half of 2023, demand for new semiconductor fabs and equipment investments has significantly increased, and the overall demand for the year is expected to surpass that of 2023. Regarding the high-end bicycle and electric bicycle industry that the Group has recently entered, the actual delivery demand will still be influenced by market inventory clearance in the first half of 2024. However, it is anticipated that in the second half of the year, as global vehicle inventory is cleared and new products enter mass production, the industry will experience a positive growth trajectory. Global Tek has successfully become part of the supply chain for leading brands, and as the customer market share expands in the end market, Global Tek's share of customer supply will also increase year by year, ensuring continued strong market growth.

B. Supply side

Generally, industrial instruments and semiconductor products have a lifespan of over ten years. High-end bicycles and electric bicycles prioritize high performance and added value, requiring precision and reliability. This leads to increased challenges in material selection, design, and processing, as well as more complex procedures. Therefore, in the future, only manufacturers with comprehensive processing capabilities and significant investments will be able to meet these requirements. Our group plans to reduce the proportion of investment in self-owned equipment by adopting a cooperative operating model with suppliers. Instead, we will allocate resources to material selection and process development, enabling us to provide industrial instrument customers with competitive integrated services.

(3) Aerospace Industry

A. Demand side

The future development of the aerospace industry is primarily driven by changes in the global revenue passenger kilometers (RPK) of the aviation industry. It is projected that the global RPK will reach $16.5 trillion by 2040, driven mainly by the increasing number of passengers from emerging economies. By 2040, 83% of passengers will originate from this region, with China's average number of flights per capita expected to rise to 3.2 and the United States at 1.6. In 2021, the number of aircraft grew by 18% compared to 2020. Post-pandemic, it is estimated that the number will increase to between 39,000 and 44,000 by 2040. Driven by the growth of low-cost airlines and emerging markets, about 70% of orders for new aircraft come from single-aisle planes. This reflects the ongoing market trend of shifting demand from large aircraft to high-performance new-generation medium-sized and small aircraft.

B. Supply side

Enhancing engine fuel efficiency, reducing emissions, and other environmental considerations are the main focus of Tier 1 engine manufacturers. Approximately 72% of single-aisle aircraft are equipped with CFM's Leap engines. Approximately 10,300 orders were not delivered in 2021, and it is estimated that the production capacity of Leap engines will increase to 2,000 engines per year in 2023, which is double the capacity of 2021. This increase in capacity will contribute to revenue growth for suppliers. In terms of Taiwan's aerospace policy, domestic aerospace industry leaders are promoting Taiwan's aerospace industry A-Team 4.0 with assistance from the Chung-Shan Institute of Science and Technology (CSIST). The initiative focuses on four major sectors: raw materials, machine tools, engine components, and logistics, aiming to attract manufacturers to participate. With support and guidance from leading aerospace companies, manufacturers can obtain the necessary aerospace certifications based on their own strengths, enter the international aerospace industry chain, and create an industrial cluster effect.

4. Competitive Niche:

(1) High proficiency in key machining materials

The raw materials for the airbag gas generator components of this Group are mainly clean steel jointly developed with China Steel, and they have passed customer certification for sales. Compared to other competitors whose supply sources are primarily from Europe, the United States, or Japan, our group has a greater level of control over the delivery time, quantity, cost, and inventory management of key raw materials. This allows us to promptly meet the evolving demands of our customers and maintain a consistent gross profit.

(2) Leading quality

Due to long-term engagement with top-tier Tier 1 automotive and aerospace customers worldwide, this group has developed capabilities in self-developed automated inspection and specialized production process equipment. It holds dozens of patents for specialized equipment and has successively obtained international automotive quality certifications such as IATF16949, BSI QS 9000, ISO14000, aerospace industry NADCAP, and international aerospace AS9100, among others. These certifications ensure compliance with high-precision specifications and special quality assurance requirements for products. The group has also acquired stringent quality certifications from major system manufacturers. This comprehensive quality system serves as a competitive advantage for the group in expanding its market.

(3) Stable and reliable supply chain system

The Group has adopted the model of international giants and built a comprehensive supply chain. It has also introduced mature products and outsourced their production to trusted suppliers to enhance production efficiency. Additionally, the Group concentrates its resources on developing high-value niche products, including key components for automobile engines, aerospace engine components, and patented bicycle belt drive system parts. This strategy aims to engage in major development projects with international giants and become part of the value chain system of world-class leading manufacturers.

(4) Introducing intelligent production management, shortening development time frames, and improving production efficiency

In order to promote the systematization and standardization of all operations, Siemens UG CNC Simulation and programming operations have been fully implemented. This has led to a reduction in CNC programming and testing time, as well as more accurate quotations. The Group has independently developed and implemented a Manufacturing Execution System (MES) for production management, which allows real-time monitoring of production-related data. This enables the ERP system to integrate with Product Lifecycle Management (PLM) software, utilize Computer-Aided eXperience (CAX) tools, and integrate Statistical Process Control (SPC) systems for monitoring and managing quality parameters during the production process. This extends to strategic suppliers, significantly shortening product development cycles, improving yield rates, and enhancing production efficiency.

5. Advantages, disadvantages, and coping strategies for future development prospects:

Advantages

(1) The demand for automobiles and passive safety in emerging markets is continuing to grow

The emerging markets, led by China and India, have become the driving force of global growth, with their domestic markets playing a crucial role. Among these markets, China has demonstrated the most promising growth potential. With the rise in average income, price reductions, and promotions by car dealers, urbanization policies, stricter safety regulations for automotive safety systems, and a growing focus on life safety, it is anticipated that the demand in the automotive markets of China and India will continue to expand. The global automotive market is still experiencing moderate growth, which in turn fuels the demand for automotive components.

(2) The introduction of new types of safety airbags has resulted in an increase in the average number of airbags used per vehicle

Consumers' awareness of safety systems in cars is increasing. With intense competition among car manufacturers, front seat airbags have become standard equipment. Additionally, new applications such as side airbags, curtain airbags, head and chest airbags, and knee airbags are being introduced one after another. Other innovative solutions, such as insurance pole airbags, airbags for baby safety seats, rear impact airbag systems, and sensor-based airbags, have contributed to the growth of the airbag market. This expansion is advantageous for the future development of our Group.

(3) International car manufacturers will expedite the release of orders

In the future, brand car manufacturers will prioritize the development of new technologies and product design. This will lead to an increase in the outsourcing ratio of automobile manufacturers and a higher level of involvement from component suppliers in automobile manufacturing.

(4) Has a long-term strategic partnership with a Tier 1 manufacturer on an international scale

This Group has a high entry barrier in the industry, making it difficult for new competitors to enter. Its main customers include JSS, Autoliv, Litens, BorgWarner, Mahle, Magna, Emerson Group, and Collins Aerospace. Among them, the layout in the highly concentrated automotive airbag market is quite comprehensive. The top two manufacturers, Autoliv and JSS, are both significant customers of this group. Additionally, major automotive safety system manufacturers are actively developing active safety system devices. The strategic supplier position of this group will assist in pursuing entry into the supply chain of active safety components.

(5) The main customers are diversified across various industries, making them less susceptible to the impact of economic cycles

This Group's main customers are diversified across the automotive safety systems, automotive engine transmission systems, industrial instrumentation, semiconductor equipment, aerospace components industries, and recently developed high-end bicycle components. Due to the Group's capability to manufacture essential components needed by different industries, the product portfolio is quite diverse. This allows the Company to efficiently adapt to changes in specific industry or product cycles, leading to consistent revenue.

Disadvantages

(1) The rise of Chinese mainland's domestic automotive brands and new energy vehicles could be considered a disadvantage

The Chinese automotive industry has undergone decades of development and has established a mature industrial support system. During this development process, it has formed a cluster of automotive components primarily centered around vehicle manufacturers. However, high-value components such as automotive engine transmission systems are still predominantly controlled by foreign-funded and joint venture enterprises. China's strategy for automobile manufacturing is shifting towards the new energy vehicle sector, creating a favorable policy environment for the development of intelligent electric vehicles.

Response strategies:

The Group's current product offerings, including belt tension control systems, vibration control systems, smart pulleys/sprockets, and shock absorbers, are still compatible with hybrid car models. The Group collaborates with Tier 1 major customers to develop components for new energy vehicle braking systems. Additionally, the Group actively seeks opportunities for cooperation with international leading manufacturers in mainland China.

(2) The cost of labor in China has been rising year by year

With the gradual increase in basic wages in China, the proportion of labor costs to manufacturing costs has been rising. This could potentially impact the profitability of our Group.

Response strategies:

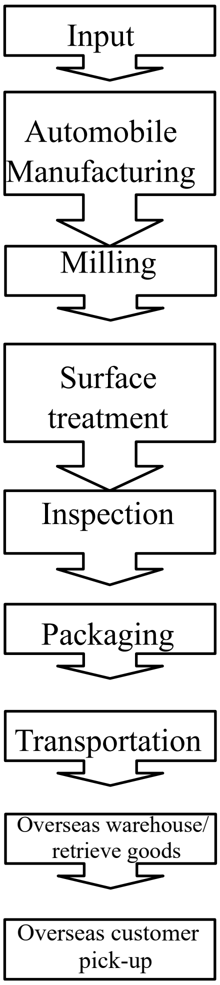
In addition to continuously improving production processes to enhance efficiency and quality, the Group has also streamlined manpower requirements to increase the efficiency of product production and alleviate the cost pressure caused by rising wages. On the other hand, the Group is actively improving the automation of production and inspection processes by introducing automated machinery. This helps to replace labor-intensive tasks and inspection work, resulting in enhanced quality stability and reduced labor costs.

(II) The important uses and production process of the main products

1. The important uses of the main products:

This Company mainly produces and assembles automotive safety systems, automotive fuel transmission systems, industrial instruments (temperature/pressure/flow control systems), semiconductor equipment control systems, high-end bicycles, aircraft control systems, aircraft engine control systems, other industrial and mechanical products, and precision metal components.

2. Production process of main products:



(III) Supply status of main raw materials

Main raw materials	Supply status
Steel	Good
Raw material	Good

(IV) Please provide the names of suppliers (customers) over the past two years that accounted for more than 10% of the total purchase (sales) amount in any single year, along with their purchase (sales) amount and proportion. Additionally, please provide an explanation for any changes in these figures.

1. Information about the main suppliers in the past two years.

Unit: NT$1,000

	2022				2023			
Items	Name	Amount of money	Percentage of Annual Net Purchase Amount (%)	Relationship with the Issuer	Name	Amount of money	Percentage of Annual Net Purchase Amount (%)	Relationship with the Issuer
1	Re Hong	416,430	15.00%	None	Rui-Hong	402,770	19.43%	None
2	Other	2,359,013	85.00%	None	Other	1,669,830	80.57%	None
	Total	2,775,443	100.00%		Total	2,072,600	100.00%	

Reason for changes:

(1) Re Hong: The Company primarily supplies semi-finished products and goods for our automotive components, as well as raw materials for our bicycle products. The quantities and proportions have remained relatively stable over the past two years, so further analysis is not necessary.

2. Information about the main sales customer in the past two years.

Unit: NT$1,000

	2022				2023			
Items	Name	Amount of money	Percentage of annual net sales (%)	Relationship with the Issuer	Name	Amount of money	Percentage of annual net sales (%)	Relationship with the Issuer
1	GATES	543,308	10.90%	None	Litens China	336,559	8.00%	None
2	Litens China	435,510	8.73%	None	Autoliv	255,742	6.08%	None
3	Other	4,007,548	80.37%	None	Other	3,616,157	85.92%	None
	Total	4,986,366	100.00%		Total	4,208,458	100.00%	

Reason for changes:

(1) GATES: Our Company mainly sells precision machined metal products related to bicycle carbon fiber rubber belt drive systems to our customers. Due to the slowdown in global demand for bicycles, our Company's sales revenue has decreased.

(2) Litens China: Our Company primarily sells automotive fuel transmission-related components to our customers. However, in the year 2023, the continuous growth in electric vehicle sales has led to a decrease in sales revenue for fuel transmission components.

(3) Autoliv: Our Company primarily sells automotive safety airbag-related components to our customers. In the year 2023, due to decreased sales from other customers, our ranking has risen, but there hasn't been a significant difference in sales revenue.

(V) Production volume for the past two years:

Unit: NT$1,000; thousand pieces (PCS)

Year Division	2022			2023		
	Production capacity	Output	Production value	Production capacity	Output	Production value
Automotive Parts	Note	20,071	898,831	Note	18,122	835,929
Industrial	Note	5,756	1,711,147	Note	3,200	1,209,817
Aerospace	Note	205	240,306	Note	97	210,612
Total	Note	26,032	2,850,284	Note	21,419	2,256,358

Note: Since all products are custom-made and not standard, we can only provide information on the quantity and value of products that we produce ourselves.

(VI) Sales volume in the last two years

Unit: NT$1,000; thousand pieces (PCS)

Year Division	2022				2023			
	Domestic Sales		Export		Domestic Sales		Export	
	Production	Value	Production	Value	Production	Value	Production	Value
Automotive Parts	312	17,770	144,004	2,330,651	168	7,945	178,794	2,172,949
Industrial Application	6,515	840,922	6,950	1,589,210	2,467	130,515	6,419	1,665,286
Aerospace Components	14	4,713	453	203,100	16	3,739	599	228,024
Total	6,841	863,405	151,407	4,122,961	2,651	142,199	185,812	4,066,259

III. The Number of Employed Employees, Average Length of Service, Average Age and Education Distribution Ratio in the Last Two Years and as of the Annual Report Publication Date

Unit: persons; age; year

Year		2022	2023	As of February 29, 2024
Number of employees	Direct employees	511	556	550
	Indirect employees	451	377	358
	Total	962	933	908
Average age		36.93	37.23	37.62
Average years of service		6.15	6.76	6.92
Eductional distribution ratio (%)	Master	3.64	4.07	4.19
	Bachelor	43.87	51.56	52.42
	High school	33.99	28.40	27.97
	Below high school	18.50	15.97	15.42
	Total	100.00	100.00	100.00

IV. Disbursements for Environmental Protection

For the most recent fiscal year and up until the date of printing of the annual report, losses incurred due to environmental pollution (including compensation and violations of environmental protection regulations as determined by environmental inspections), should be detailed. This includes specifying the date of the penalty, penalty number, violated regulations, the nature of the violation, and the penalty imposed. Additionally, disclose estimated current and future losses and corresponding measures. If unable to reasonably estimate, explain the reasons for the inability to estimate.

We continuously dedicate efforts to environmental governance work in various aspects such as water resource management, air quality control, and waste disposal. We also actively renew pollution control equipment and provide training for operational personnel. Regular site inspections are conducted, and adjustments are made to the content of operating permits for fixed pollution sources.

V. Labor Relations

(I) Employee welfare measures, training and education, retirement systems, and their implementation, as well as agreements between labor and management and the status of measures to protect employee rights, are disclosed.

1. Employee welfare measures:

In order to fully take care of employees and safeguard their living conditions, our Company provides or sponsors various welfare programs. We also establish an Employee Welfare Committee in accordance with the law, select welfare committee members to handle various welfare measures, and set annual welfare budgets and plans to reasonably and effectively utilize employee welfare funds. The current welfare benefits include birthday celebrations and gifts, various activities organized by the welfare committee (such as employee trips or gatherings), allowances for weddings, funerals, and festive occasions, regular health check-ups, group insurance for employees and travel insurance, year-end bonuses, performance/production bonuses, stock options for outstanding employees, and rewards for excellent employees. Profit-sharing and subsidies for external training are also provided. In terms of hardware facilities, the Company offers convenient amenities such as coffee machines, rice steamers, microwaves, refrigerators, washing machines, dryers, and parking spaces for cars and motorcycles. Additionally, the Company organizes sports and recreational competitions periodically.Apart from providing a safe and healthy work environment for employees, the Company has designated safety personnel and onsite medical staff to offer free consultations and health care advice. To create a female-friendly workplace, there are comfortable lactation rooms available for postpartum relaxation and breastfeeding. The Company also plans health programs such as weight management, smoking cessation, physical fitness courses, and health seminars to help employees achieve a balance between work and life. Furthermore, the Company has been awarded the "Health Promotion Label" certification by the Health Promotion Administration of the Ministry of Health and Welfare (valid from January 1, 2023 to December 31, 2025).

2. The Company's continuing education and training system:

The Company and its subsidiaries consider employees as valuable assets and prioritize talent development. We arrange professional on-the-job training courses and management courses according to various functional needs. This includes providing internal or external education and training, seminars, etc., tailored to different levels and specialties. We integrate internal and external resources to provide employees with comprehensive professional skill development and self-growth inspiration, systematically cultivating rich professional capabilities and nurturing talents capable of facing challenges.

In recent years, in response to the COVID-19 pandemic, we have introduced and effectively utilized e-learning platforms. We encourage employees to continue their learning without interruption due to the inconvenience of physical courses caused by the pandemic. We have arranged video courses to enhance the learning channels and effectiveness for our colleagues.

3. The retirement system and its implementation:

   (1) Due to our Company's investment in subsidiary companies, Global Tek Co., Ltd. was established in 2000. Therefore, employees who fall under the old retirement pension regulations as per the Labor Standards Act have 2% of their monthly salary deducted and deposited into a special account at a Taiwan Bank designated by the Labor Pension Fund Supervisory Committee.

   (2) According to the Labor Pension Fund regulations, employees have the option to continue applying the old retirement pension regulations under the Labor Standards Act or retain their work seniority before the Labor Pension Fund regulations were applied. The calculation of retirement benefits is based on the years of service and the average salary for the six months before the approved retirement date.

   (3) For employees who are eligible for the 'Labor Pension Fund' as stipulated, the Company contributes 6% of their salary monthly to the employee's individual retirement fund.

   (4) Regarding colleagues who are transferred to subsidiary companies by the Company, their seniority will continue to be counted, providing them with additional security and fulfilling the objective of talent circulation within the Group.

4. Labor and management agreements:

   The Company adheres to the principles of mutual trust between labor and management and profit-sharing. The management and employee benefit systems are still in good condition, and the labor-management relationship is harmonious. There have been no major labor disputes with employees resulting in losses.

5. Employee rights protection measures include:

   The Company and its subsidiaries have established various management systems, including work rules approved by the competent authorities, which clearly define employee rights, obligations, and benefits. These systems are regularly reviewed and revised to maintain and protect the rights and interests of all employees. Apart from convening labor-management meetings, departmental meetings, and annual all-staff meetings, we also provide diverse communication channels such as e-mail, suggestion boxes, and employee satisfaction surveys. This allows us to listen to employee feedback, facilitate constructive dialogue, and implement improvements, thus promoting harmonious labor relations. Additionally, through monthly newsletters, employees gain a clear understanding of the Company's operations and future developments. We complement this with monthly birthday celebrations, corporate culture seminars to shape our Company's culture. Furthermore, we regularly recognize outstanding and senior employees, serving to motivate them and enhance retention.

As of now, labor-management relations are harmonious with mutual trust and understanding, and there have been no issues requiring coordination due to labor disputes. The Company also has an Employee Welfare Committee, which is funded by the Company to implement various employee welfare measures and enhance employee benefits.

(II) Losses suffered due to labor disputes in the most recent year and up to the date of publication of the annual report (including violations of the Labor Standards Act as a result of labor inspections, the date of the punishment, the name of the punishment, the violation of legal provisions, the content of the violation, and the content of the punishment), and disclose the estimated amounts and response measures that may occur currently and in the future. If they cannot be reasonably estimated, the fact that they cannot be reasonably estimated should be explained:

Our Company's management systems and employee benefits are still in good condition, and labor-management relations are harmonious. As of the latest fiscal year and up until the date of printing this annual report, the Company has not experienced any significant labor disputes with employees resulting in losses. Under the principle of mutual trust between labor and management and profit-sharing, our Company anticipates a minimal likelihood of experiencing labor disputes resulting in losses in the future. Therefore, we have not estimated any related losses in the financial report.

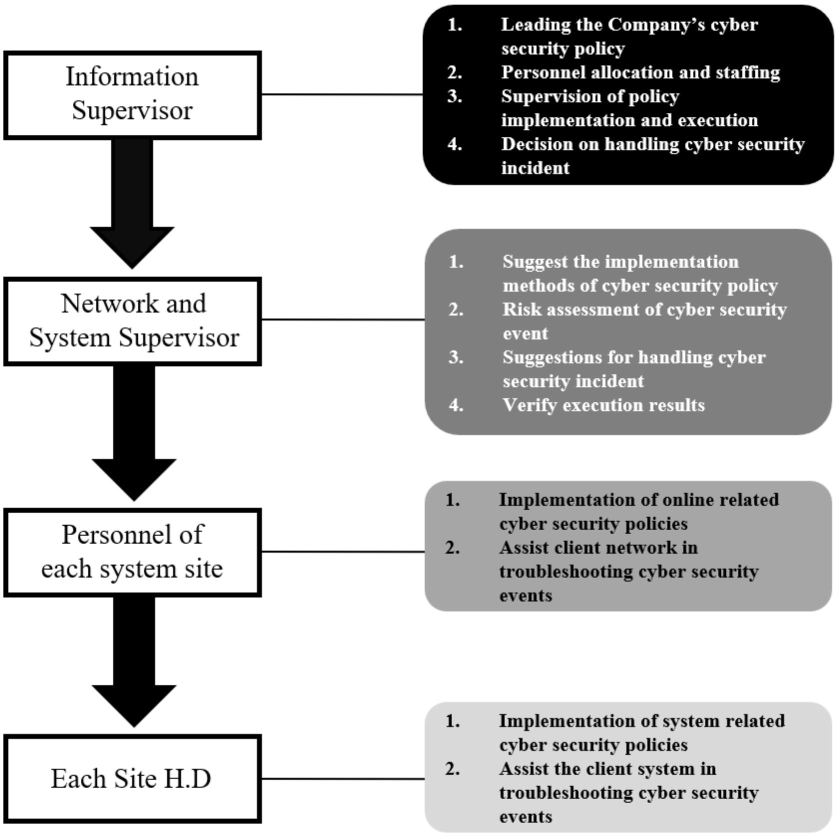
VI. Cyber Security Management

(I) Cyber decurity risk management framework, information security policy, specific management plans, and resources invested in information security management, etc.:

To ensure the sustainable operation of our Company and address future cyber security incidents, we have established a cyber security team and defined the Company's information security policy and specific management plans. The specific measures are as follows:

1. Cyber security risk management structure

The Information Department is an independent department that is not affiliated with user units. It is responsible for coordinating and implementing information security policies, promoting information security messages, enhancing employee awareness of cyber security, and collecting and improving technical, product, or procedural aspects that enhance the performance and effectiveness of the organization's information security management system. The auditor conducts annual information security audits on the internal control system to assess the effectiveness of the Company's internal control over information operations.



2. Cyber security policy

In order to ensure the seamless operation of the Company's related business and prevent any unauthorized access, use, control, disclosure, destruction, alteration, deletion, or other infringements of information or information systems, as well as to guarantee their confidentiality, integrity, and availability, this policy is being formulated for the entire Company to adhere to:

(1) Implementation of cyber security management system execution and verification by internal and external audit units.
(2) Effectively manage information assets, continuously conduct risk assessments, and implement appropriate protective measures.
(3) Protect information and information communication systems from unauthorized access to maintain the confidentiality of information and communication systems.
(4) Protect against unauthorized modifications to maintain the integrity of information and communication systems.
(5) Ensure authorized users can access information and communication systems when needed.
(6) Comply with national laws and regulatory requirements.
(7) Evaluate the impact of both man-made and natural disasters and develop a recovery plan for the core information and communication system to ensure uninterrupted business operations.
(8) Implement cyber security education and training, as well as cyber security orientation for new employees, to enhance employees' awareness of cyber security.

    (9) Manage resources such as access to the Company's network by external vendors and clients to ensure the security of information and communication services.
    (10) Implement audit execution and management review processes to achieve continuous improvement of the cyber security management system.
    (11) Strengthen collaboration on cyber security among different factory locations and promote sharing of information and cases related to information and communication security incidents.

3. Specific management plans
    (1) The system's reliability rate reaches over 99.99%. (Downtime hours / total operating hours ≤ 0.01%).
    (2) The ratio of timely reporting, response, and recovery operations after a cyber security incident occurs is 100%.
    (3) The email filtering for spam and phishing advertisements is effective with an efficiency rate of over 98% (Efficiency rate = Number of successfully filtered advertisement emails / Total advertisement emails that need filtering).
    (4) Disaster recovery engineering exercise plan and operations (once annually).
    (5) Cyber security education and real-time cyber security incident reporting and awareness (Cyber security education at least twice every six months / real-time Cyber security incident awareness at irregular intervals), totaling 36 instances of awareness in 2023.
    (6) There was a data breach incident in the Company's information technology system, occurring less than once per year.
    (7) Penetration testing and vulnerability scanning operations are conducted once annually.

4. Allocating resources to cyber security management

Staffing: Appointing one dedicated cyber security manager and one cyber security team member.

Incident:

(1) Daily routine hardware equipment inspections.
(2) Daily monitoring of antivirus reports and handling problematic computers.
(3) Daily monitoring of internet activity and firewall information.
(4) Daily system backup execution report checking.
(5) Daily checking and handling of user client software and hardware change reports.
(6) Deployment and monitoring of major Microsoft system updates on a monthly basis.
(7) Execute disaster recovery at least once every six months.
(8) Conduct major system personnel permission reviews annually in collaboration with audit units.
(9) Perform system vulnerability detection once a year.

Object:

(1) F-Secure antivirus software for client devices.
(2) WinMatrix is a client software and hardware asset management software.
(3) Establishing a high-reliability architecture for core systems (AP Mode).
(4) Establishing a high-reliability architecture for core network equipment (AA Mode).
(5) Establishing a remote backup mechanism.
(6) Establishing firewalls between each site.
(7) Isolation of the factory-side and office-side network segments.

(8) Establishing domain control policies.
(9) Establishing an anti-spam and anti-phishing system for the email system.
(10) Wireless network guest system.

(II) During the recent fiscal year and up until the printing of the annual report, any losses, potential impacts, and corresponding measures arising from significant cyber security incidents that cannot be reasonably estimated should be explained as such:

Our Company has had no significant cyber security incidents, and there has been no major impact on our financial and business operations.

VII. Important Contracts

Company category	Nature of contract	Parties involved	Contract start and end dates	Main content	Restrictions Clause
Global Tek	Long-term borrowing	Bank of Taiwan	2016.06.27-2024.06.27	Mortgage loan	None
Global Tek	Medium-term borrowing	Bank of Taiwan	2021.10.20-2026.10.20	Operating revolving credit	None
Global Tek	Short-term borrowing	Bank of Taiwan	2023.08.21-2024.08.21	Operating revolving credit	None
Global Tek	Medium-term borrowing	Bank of Taiwan	2023.02.15-2028.02.15	Operating revolving credit (1)	None
Global Tek	Medium-term borrowing	Bank of Taiwan	2023.02.15-2028.02.15	Operating revolving credit (2)	None
Global Tek	Medium-term borrowing	Land Bank of Taiwan	2023.08.18-2026.08.18	Operating revolving credit	None
Global Tek	Short-term borrowing	Land Bank of Taiwan	2023.08.18-2024.08.18	Operating revolving credit	None
Global Tek	Medium-term borrowing	Land Bank of Taiwan	2022.03.28-2027.03.28	Land Bank Financing	None
Global Tek	Short-term borrowing	Bank SinoPac	2023.05.30-2024.05.31	Operating revolving credit	None
Global Tek	Short-term borrowing	Cathay United Bank	2023.12.03-2024.12.03	Operating revolving credit	None
Global Tek	Short-term borrowing	Taishin International Bank	2023.03.13-2024.08.31	Operating revolving credit	None
Global Tek	Medium-term borrowing	Yuanta Commercial Bank	2023.03.27-2025.03.26	Operating revolving credit	None
Global Tek Technology	Short-term borrowing	Land Bank of Taiwan	2023.08.09-2024.08.09	Operating revolving credit	None
Global Tek Technology	Short-term borrowing	Taishin International Bank	2022.11.14-2024.08.31	Operating revolving credit	None
Global Tek Technology	Short-term borrowing	Bank SinoPac	2023.05.30-2024.05.31	Operating revolving credit	None
Global Tek Technology	Short-term borrowing	Bank of Taiwan	2024.01.25-2025.01.25	Operating revolving credit	None

Company category	Nature of contract	Parties involved	Contract start and end dates	Main content	Restrictions Clause
Global Tek (Wuxi)	Short-term borrowing	Bank of China	2022.12.09-2024.03.08	Operating revolving credit	None
Global Tek (Wuxi)	Short-term borrowing	Bank of Jiangsu	2022.08.24-2024.07.06	Operating revolving credit	None
Global Tek (Wuxi)	Short-term borrowing	Bank of Ningbo	2022.10.12-2023.11.09	Operating revolving credit	None
Global Tek (Wuxi)	Short-term borrowing	CTBC Bank	2022.10.28-2024.04.10	Operating revolving credit	None
Global Tek (Wuxi)	Short-term borrowing	Bank of Shanghai	2023.06.15-2024.06.14	Operating revolving credit	Global Tek Industrial Insurance
Global Tek (Xi'an)	Short-term borrowing	Bank of China	2023.03.08-2024.03.07	Operating revolving credit	None
Global Tek (Xi'an)	Short-term borrowing	Bank of Shanghai	2023.06.21-2024.06.20	Operating revolving credit	Global Tek Industrial Insurance
Wuxi Metal (On January 2, 2019, Global Tek (Wuxi) merged with Wuxi Metal Company)	Project Investment Agreement	Jiangsu Province Xishan Economic Development Zone Da Cheng Park Management Committee	2018.01.17	Acquisition of Land Use Rights	1. The commitment is to increase the registered capital of the enterprise to US$20 million and to complete the capital verification within five years after signing the contract for the transfer of the right to use state-owned construction land. 2. After obtaining the land use right for five fiscal years, the average tax payment per unit of land should be no less than RMB 400,000. Failure to meet this tax standard will result in a one-time payment of RMB 100,000 per unit of land for infrastructure supporting construction costs.

Company category	Nature of contract	Parties involved	Contract start and end dates	Main content	Restrictions Clause
					3. The commitment is to invest no less than RMB 4.5 million per mu (approximately 666.67 square meters), with a total investment amounting to RMB 200 million. (No deadline requested) 4. The commitment is to commence construction within 12 months from obtaining the land use right, complete construction within 24 months, and achieve the planned building plot ratio.

Chapter 6. Financial Information

I. Condensed Balance Sheets, Statements of Comprehensive Income, and Name of CPAs and Audit Opinions for the Past Five Fiscal Years

(I) Condensed balance sheet and comprehensive income statement

1. Condensed consolidated balance sheet (adopting international financial reporting standards)

Unit: NT$1,000

Year Items		Financial Analysis for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		3,383,152	3,567,330	4,116,492	4,368,525	4,553,160
Property, Plant, and Equipment		999,600	1,206,818	1,452,052	2,923,847	3,019,062
Intangible Assets		15,293	9,213	7,635	7,870	10,873
Other Assets		510,099	440,452	1,240,626	729,608	742,211
Total Assets		4,908,144	5,223,813	6,816,805	8,029,850	8,325,306
Current Liabilities	Before Allocation	1,705,360	1,672,099	2,903,425	2,822,107	1,891,575
	After Allocation	1,815,762	1,757,099	2,988,425	2,995,107	2,022,575 (Note)
Non-current Liabilities		1,025,719	1,359,884	1,431,474	1,860,453	2,503,313
Total Liabilities	Before Allocation	2,731,079	3,031,983	4,334,899	4,682,560	4,394,888
	After Allocation	2,841,481	3,116,983	4,419,899	4,855,560	4,525,888 (Note)
Equity attributable to owners of the parent		2,177,065	2,191,830	2,481,906	3,347,290	3,930,418
Capital Stock		668,170	675,330	718,953	810,063	910,414
Capital Surplus		1,109,940	1,118,900	1,272,704	1,683,612	2,109,225
Retained Earnings	Before Allocation	518,530	508,370	590,085	925,642	1,007,456
	After Allocation	408,128	423,370	505,085	752,642	876,456 (Note)
Other Equity		(109,024)	(100,219)	(89,285)	(72,027)	(96,677)
Treasury Stock		(10,551)	(10,551)	(10,551)	0	0
Non-controlling Interest		0	0	0	0	0
Total Equity	Before Allocation	2,177,065	2,191,830	2,481,906	3,347,290	3,930,418
	After Allocation	2,066,663	2,106,830	2,396,906	3,174,290	3,799,418 (Note)

Note: The Board of Directors approved the profit distribution plan for the fiscal year 2023 on March 14, 2024, with a total cash dividend of NT$131,000,000. The ex-dividend date is set for May 3, 2024, and the payment date is May 17, 2024. The report will be presented at the 2024 Annual General Meeting of Shareholders.

2. Condensed individual balance sheet (adopting international financial reporting standards)

Unit: NT$1,000

Year Items		Financial Analysis for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		1,391,122	1,489,570	2,084,161	2,066,762	2,170,497
Investments Accounted for Using the Equity Method		1,622,180	1,683,088	1,984,213	2,291,696	2,608,230
Property, Plant, and Equipment		399,034	430,979	419,109	1,768,852	1,776,289
Intangible Assets		15,293	9,123	7,635	7,870	10,873
Other Assets		218,911	235,964	903,526	351,550	294,903
Total Assets		3,646,540	3,848,724	5,398,644	6,486,730	6,860,792
Current Liabilities	Before Allocation	716,994	608,236	1,689,343	1,494,010	617,955
	After Allocation	827,396	693,236	1,774,343	1,667,010	748,955 (Note)
Non-current Liabilities		752,481	1,048,658	1,227,395	1,645,430	2,312,419
Total Liabilities	Before Allocation	1,469,475	1,656,894	2,916,738	3,139,440	2,930,374
	After Allocation	1,579,877	1,741,894	3,001,738	3,312,440	3,061,374 (Note)
Equity attributable to owners of the parent		2,177,065	2,191,830	2,481,906	3,347,290	3,930,418
Capital Stock		668,170	675,330	718,953	810,063	910,414
Capital Surplus		1,109,940	1,118,900	1,272,704	1,683,612	2,109,225
Retained Earnings	Before Allocation	518,530	508,370	590,085	925,642	1,007,456
	After Allocation	408,128	423,370	505,085	752,642	876,456 (Note)
Other Equity		(109,024)	(100,219)	(89,285)	(72,027)	(96,677)
Treasury Stock		(10,551)	(10,551)	(10,551)	0	0
Non-controlling Interest		0	0	0	0	0
Total Equity	Before Allocation	2,177,065	2,191,830	2,481,906	3,347,290	3,930,418
	After Allocation	2,066,663	2,106,830	2,396,906	3,174,290	3,799,418 (Note)

Note: The Board of Directors approved the profit distribution plan for fiscal year 2023 on March 14, 2024, with a total cash dividend of NT$131,000,000. The ex-dividend date is set for May 3, 2024, and the payment date is May 17, 2024. The report will be presented at the 2024 Annual General Meeting of Shareholders.

(II) Income Statement

1. Consolidated Comprehensive Income Statement (Under International Financial Reporting Standards)

Unit: NT$1,000

Year / Items	Financial Analysis for the Past Five Fiscal Years				
	2019	2020	2021	2022	2023
Operating Revenue	3,825,970	3,515,226	4,305,940	4,986,366	4,208,458
Gross profit	825,897	743,295	884,776	1,132,512	930,616
Operating Income or Loss	205,652	153,809	237,618	407,738	220,583
Non-operating Income and Expenses	78,455	(37,175)	(23,294)	131,919	84,841
Net Income Before Tax	284,107	116,634	214,324	539,657	305,424
Net Income for the Current Period from Continuing Operations	218,426	99,881	166,766	422,850	262,253
Loss from Discontinued Operations	0	0	0	0	0
Net income for this Period	218,426	99,881	166,766	422,850	262,253
Other Comprehensive Income for the Period (Net of Tax)	(40,783)	9,166	10,883	18,755	(32,089)
Total Comprehensive Income	177,643	109,047	177,649	441,605	230,164
Net Profit Attributable to Equity Shareholders of the Company	218,426	99,881	166,766	422,850	262,253
Net Profit Attributable to Non-controlling Interests	0	0	0	0	0
Comprehensive Income Attributable to Equity Shareholders of the Company	177,643	109,047	177,649	441,605	230,164
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0
Earnings Per Share	3.29	1.49	2.35	5.74	3.04

2. Comprehensive Income Statement - Individual (Adopting International Financial Reporting Standards)

Unit: NT$1,000

Year / Items	Financial Analysis for the Past Five Fiscal Years				
	2019	2020	2021	2022	2023
Operating Revenue	1,423,516	1,460,124	1,927,630	2,314,519	1,663,062
Gross profit	257,100	208,836	328,324	475,409	281,990
Operating Income or Loss	(24,637)	(48,735)	10,458	116,608	(30,489)
Non-operating Income and Expenses	248,429	136,658	170,046	356,951	306,442
Net income before tax	223,792	87,923	180,504	473,559	275,953
Net Income for the Current Period from Continuing Operations	218,426	99,881	166,766	422,850	262,253
Loss from Discontinued Operations	0	0	0	0	0
Net income (loss) for this period	218,426	99,881	166,766	422,850	262,253
Other Comprehensive Income for the Period (Net of Tax)	(40,783)	9,166	10,883	18,755	(32,089)
Total Comprehensive Income	177,643	109,047	177,649	441,605	230,164
Earnings Per Share	3.29	1.49	2.35	5.74	3.04

(III) Certified Public Accountants' Names and Audit Opinions for the Past Five Fiscal Years

Year	Accounting Firm	Accountant's name	Audit opinion
2019	Deloitte Taiwan	Amy Lee, Thomas Chen	Unqualified Opinion
2020	Deloitte Taiwan	Amy Lee, Chih Jui-Chuan	Unqualified Opinion
2021	Deloitte Taiwan	Amy Lee, Chih Jui-Chuan	Unqualified Opinion
2022	Ernst & Young	Hong, Mao-Yi, Cheng, Ching-Piao	Unqualified Opinion
2023	Ernst & Young	Cheng, Ching-Piao, Fuh, Wen-Fun	Unqualified Opinion

The explanation for changing the accountant is as follows: Due to the internal transfer within the accounting firm, starting from the first quarter of 2023, the certified public accountants for our Company's financial statements were changed to Cheng, Ching-Piao and Fuh, Wen-Fun from Ernst & Young.

II. Financial Analyses for the Past Five Fiscal Years

(I) Consolidated Financial Statements - International Financial Reporting Standards (IFRS)

Year / Analysis items (Note 1)		Financial Analysis for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Ratio of liabilities to assets	55.64%	58.04%	63.59%	58.31%	52.78%
	Long-term funds to property, plant, and equipment ratio	320.13%	294.30%	269.50%	178.11%	213.10%
Debt Service Ability %	Current Ratio	198.38%	213.34%	141.78%	154.79%	240.70%
	Quick Ratio	143.89%	161.26%	98.57%	104.70%	182.00%
	Interest Coverage Ratio	16.92	8.30	14.69	14.54	4.71
Operating Capability	Accounts Receivable Turnover (Times)	4.16	3.45	3.78	3.42	2.78
	Average Collection Period	87.74	105.80	96.56	106.72	131.29
	Inventory Turnover Ratio (Times)	3.41	3.35	3.53	2.86	2.57
	Accounts Payable Turnover (Times)	4.55	3.74	3.83	3.81	3.50
	Average Sales Days	107.04	108.96	103.39	127.62	142.02
	Fixed Property, Plant, and Equipment Turnover Ratio (Times)	4.12	3.19	3.23	2.27	1.41
	Total Asset Turnover Ratio (Times)	0.82	0.69	0.71	0.67	0.51
Profitability	Return on Total Assets (%)	4.95%	2.24%	2.97%	6.11%	3.75%
	Return on Equity (%)	10.20%	4.57%	7.13%	14.50%	7.20%
	Profit Before Tax as a Percentage of Paid-up Capital (%)	42.52%	17.27%	29.81%	66.61%	33.54%
	Profit Margin （%）	5.71%	2.84%	3.87%	8.48%	6.23%
	Earnings Per Share (NT$)	3.29	1.49	2.35	5.74	3.04
Cash Flows	Cash Flow Ratio (%)	28.43%	18.77%	6.97%	8.27%	35.24%
	Cash Flow Adequacy Ratio (%)	63.64%	69.45%	56.52%	39.18%	50.26%
	Reinvestment Ratio of Cash (%)	10.07%	5.12%	3.10%	1.32%	7.01%
Leverage Ratio	Operating leverage	1.79	2.10	1.76	1.42	1.90
	Financial Leverage	1.09	1.12	1.07	1.11	1.32

Please explain the reasons for changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, analysis is exempted)

1. Increase in current liabilities ratio: mainly attributable to the conversion of convertible corporate bonds due within one year into common stock and the repayment of long-term loans due within one year.
2. Increase in quick ratio: mainly attributable to the conversion of convertible corporate bonds due within one year into common stock and the repayment of long-term loans due within one year.
3. The decrease in interest coverage ratio: mainly attributable to the decrease in bicycle product revenue in 2023, which also caused the decrease in net income before income tax and interest expenses.
4. The increase in the average number of days to collect cash: mainly attributable to the increase in the proportion of revenue from customers with longer payment periods.
5. The turnover rate of property, plant and equipment decreased (times): mainly attributable to the decrease in revenue in 2023
6. Total asset turnover rate (times) decreased: mainly attributable to the decrease in revenue in 2023

7. The decrease in return on assets: mainly attributable to the decrease in net profit after tax in 2023.
8. The decrease in return on equity: mainly attributable to the decrease in net profit after tax in 2023.
9. The decrease in the ratio of pre-tax net profit to paid-in capital: mainly attributable to the decrease in net profit before tax in 2023.
10. The decrease in net profit margin: mainly attributable to the decrease in net profit after tax in 2023.
11. The decrease in earnings per share : mainly attributable to the decrease in net profit after tax in 2023.
12. Increase in cash flow ratio: mainly attributable to the increase in net cash flow from operating activities in 2023.
13. The increase in the cash flow admissible ratio: mainly attributable to the increase in net cash flow from operating activities in 2023.
14. The increase in cash reinvestment ratio: mainly attributable to the increase in net cash flow from operating activities in 2023.

Note 1: Calculation formulas:

1. Financial Structure
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) The ratio of long-term funds to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Debt Service Ability
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net income before income tax and interest expenses/interest expense for the current period.
3. Operating Capability
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business) turnover rate = net sales / average accounts receivable for each period (including accounts receivable and notes receivable arising from business) balance.
   (2) Average cash collection days = 365 / receivables turnover rate.
   (3) Inventory turnover rate = cost of goods sold / average inventory amount.
   (4) Accounts payable (including accounts receivable and notes receivable arising from business) turnover rate = net sales / average accounts receivable for each period (including accounts receivable and notes receivable arising from business) balance.
   (5) The average number of days of sales = 365 / the inventory turnover ratio.
   (6) Property, plant and equipment turnover rate = net sales / average net property, plant and equipment.
   (7) Total asset turnover rate = net sales/average total assets.
4. Profitability
   (1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = profit and loss after tax/average total equity.
   (3) Ratio of net profit before tax to paid-in capital = net profit before tax/paid-in capital.
   (4) Net profit margin = after-tax profit and loss/net sales.
   (5) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of shares in issue.
5. Cash Flows
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
   (2) Net cash flow admissible ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividends).
   (3) Cash reinvestment ratio = (net cash flow from operating activities – cash dividends) / (property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage Ratio:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
   (2) Financial leverage = operating profit/(operating profit – interest expense).

(II) Financial Analysis of Individual Financial Statements- IFRS

Year Analysis items (Note 1)		Financial Analysis for the Past Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Ratio of liabilities to assets	40.30%	43.05%	54.02%	48.39%	42.71%
	Ratio of Long-term Capital to Fixed Assets	734.16%	751.89%	885.04%	282.25%	351.45%
Debt Service Ability %	Current Ratio	194.02%	244.90%	123.37%	138.33%	351.23%
	Quick Ratio	131.62%	169.99%	87.98%	92.26%	262.78%
	Interest Coverage Ratio	28.54	9.47	17.06	16.31	7.76
Operating Capability	Accounts Receivable Turnover (Times)	4.81	4.66	5.18	4.58	3.67
	Average Collection Period	75.88	78.33	70.46	79.69	99.45
	Inventory Turnover Ratio (Times)	2.87	2.94	3.19	2.95	2.31
	Accounts Payable Turnover (Times)	5.57	4.63	3.81	2.67	3.95
	Average Sales Days	127.18	124.15	114.42	123.72	158.00
	Fixed Property, Plant, and Equipment Turnover Ratio (Times)	3.65	3.52	4.53	2.11	0.93
	Total Asset Turnover Ratio (Times)	0.42	0.39	0.41	0.38	0.24
Profitability	Return on Total Assets (%)	6.69%	2.98%	3.83%	7.58%	4.54%
	Return on Equity (%)	10.20%	4.57%	7.13%	14.50%	7.20%
	Profit Before Tax as a Percentage of Paid-up Capital (%)	33.49%	13.02%	25.10%	58.45%	30.31%
	Profit Margin （%）	15.34%	6.84%	8.65%	18.26%	15.76%
	Earnings Per Share (NT$)	3.29	1.49	2.35	5.74	3.04
Cash Flows	Cash Flow Ratio (%)	13.95%	9.89%	9.37%	(0.50%)	41.19%
	Cash Flow Adequacy Ratio (%)	4.91%	5.25%	17.23%	10.13%	21.64%
	Reinvestment Ratio of Cash (%)	(1.39%)	(1.54%)	2.35%	(1.85%)	1.28%
Leverage Ratio	Operating leverage	(1.28)	(0.21)	6.79	1.16	1.28
	Financial Leverage	0.75	0.82	(13.44)	0.94	0.87

Please explain the reasons for changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, analysis is exempted)

1. Increase in the ratio of long-term funds to fixed assets: mainly attributable to the Company increasing the amount of corporate bonds payable in 2023.
2. Increase in current liabilities ratio: mainly attributable to the conversion of convertible corporate bonds due within one year into common stock and the repayment of long-term loans due within one year.
3. Increase in quick ratio: mainly attributable to the conversion of convertible corporate bonds due within one year into common stock and the repayment of long-term loans due within one year.
4. Decrease in interest coverage ratio: mainly attributable to the decrease in bicycle product revenue in 2023, which also caused the decrease in net income before income tax and interest expenses.
5. Increase in the average number of days to collect cash: mainly attributable to the increase in the proportion of revenue from customers with longer payment periods.
6. Inventory turnover rate (times) decreased: mainly attributable to the decrease in terminal purchases of bicycle products in 2023 and the slowdown in inventory pull, resulting in a decrease in the turnover rate.
7. Turnover rate of property, plant and equipment decreased (times): mainly attributable to the decrease in revenue in 2023.
8. Total asset turnover rate (times) decreased: mainly attributable to the decrease in revenue in 2023.
9. Decrease in return on assets: mainly attributable to the decrease in net profit after tax in 2023.
10. Decrease in return on equity: mainly attributable to the decrease in net profit after tax in 2023.
11. Decrease in the ratio of pre-tax net profit to paid-in capital: mainly attributable to the decrease in net profit after tax in 2023.
12. Decrease in earnings per share : mainly attributable to the decrease in net profit after tax in 2023.
13. Increase in cash flow ratio: mainly attributable to the increase in net cash flow from operating activities in 2023.

14. Increase in the cash flow admissible ratio: mainly attributable to the increase in net cash flow from operating activities in 2023.
15. Increase in cash reinvestment ratio: mainly attributable to the increase in net cash flow from operating activities in 2023.

Note 1: Calculation formulas:

1. Financial Structure
    (1) Liabilities to assets ratio = total liabilities/total assets.
    (2) The ratio of long-term funds to fixed assets = (net shareholders' equity + long-term liabilities) / net fixed assets.
2. Debt Service Ability
    (1) Current ratio = current assets/current liabilities.
    (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
    (3) Interest coverage ratio = net income before income tax and interest expenses/interest expense for the current period.
3. Operating Capability
    (1) Accounts receivable (including accounts receivable and notes receivable arising from business) turnover rate = net sales / average accounts receivable for each period (including accounts receivable and notes receivable arising from business) balance.
    (2) Average cash collection days = 365/receivables turnover rate.
    (3) Inventory turnover rate = cost of goods sold / average inventory amount.
    (4) Accounts payable (including accounts receivable and notes receivable arising from business) turnover rate = net sales / average accounts receivable for each period (including accounts receivable and notes receivable arising from business) balance.
    (5) The average number of days of sales = 365 / the inventory turnover ratio.
    (6) Property, plant and equipment turnover rate = net sales / average net fixed assets.
    (7) Total asset turnover rate = net sales/average total assets.
4. Profitability
    (1) Return on assets = [profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
    (2) Return on equity = profit and loss after tax/average shareholders' total equity.
    (3) Ratio of net profit before tax to paid-in capital = net profit before tax/paid-in capital.
    (4) Net profit margin = after-tax profit and loss/net sales.
    (5) Earnings per share = (net profit after tax - special stock dividend) / weighted average number of issued shares.
5. Cash Flows
    (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
    (2) Net cash flow admissible ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividends).
    (3) Cash reinvestment ratio = (net cash flow from operating activities – cash dividends) / (gross fixed assets + long-term investments + other non-current assets + working capital).
6. Leverage Ratio:
    (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.
    (2) Financial leverage = operating profit / (operating profit – interest expense).

III. Audit Committee's Review Report on Financial Statements for the Most Recent Fiscal Year

Global Tek Fabrication Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared and submitted to us the Company's 2023 annual Operating Report, financial statements (including consolidated financial statements) and earnings distribution proposal. Ernst & Young, the accounting firm appointed by the Board of Directors, has finished auditing the financial statements (including consolidated financial statements) and has prepared an audit report.

The business report, financial statements (including consolidated financial statements), and proposal for profit distribution mentioned above have been audited by our Audit Committee, and no discrepancies have been found. Therefore, in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review. Thank you.

Sincerely

2024 Shareholders' Meeting

Global Tek Fabrication Co., Ltd.

Convener of the Audit Committee: Huang, Ming-Zhan

March 14, 2024

IV. **Financial Statements for the Most Recent Fiscal Year:** Refer to Annex I.

V. **Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs:** Refer to Annex II.

VI. **Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report:** None.

Chapter 7 Review and Analysis of Financial Position and Financial Performance and Listing of Risks

I. Financial Position

(I) Comparative Analysis of Financial Position

Unit: NT$ 1,000

Item \ Year	2022	2023	Difference	
			Amount	%
Current Assets	4,368,525	4,553,160	184,635	4.23%
Property, Plant, and Equipment	2,923,847	3,019,062	95,215	3.26%
Intangible Assets	7,870	10,873	3,003	38.16%
Other Assets	729,608	742,211	12,603	1.73%
Total Assets	8,029,850	8,325,306	295,456	3.68%
Current Liabilities	2,822,107	1,891,575	(930,532)	(32.97%)
Long-term Liabilities	1,466,015	2,158,209	692,194	47.22%
Other Liabilities	394,438	345,104	(49,334)	(12.51%)
Total Liabilities	4,682,560	4,394,888	(287,672)	(6.14%)
Capital Stock	810,063	910,414	100,351	12.39%
Capital Surplus	1,683,612	2,109,225	425,613	25.28%
Retained Earnings	925,642	1,007,456	81,814	8.84%
Other Shareholders' Equity	(72,027)	(96,677)	(24,650)	34.22%
Total Shareholders' Equity	3,347,290	3,930,418	583,128	17.42%

Description: the main reasons for any material change (the change in the amount from the previous year is more than 10%, and the amount reaches 1% of the total assets of the year) during the past two years and the effect thereof:

1. Current liabilities: mainly arise from the conversion of convertible corporate bonds due within one year into common stock and the repayment of long-term loans due within one year.
2. Long-term Liabilities: this is mainly a result of the company issuing its third convertible corporate bonds in 2023.
3. Capital: mainly increased through the conversion of convertible corporate bonds, leading to an augmentation in share capital.
4. Capital surplus: mainly due to an increase in convertible corporate bonds.
5. Total shareholders’ equity: mainly due to an increase in convertible corporate bonds.

(II) The main reasons for any material change in the Company's assets, liabilities, or equity during the past two years and the effect thereof, as well as the measures to be taken in response where the effect is of material significance: None.

II. Financial Performance

(I) Financial Analyses for the Past Two Years

Unit: NT$ 1,000

Item \ Year	2022	2023	Increase (Decrease) Amount	Change (%)
Net Operating Revenue	4,986,366	4,208,458	(777,908)	(15.60%)
Operating Costs	3,853,854	3,277,842	(576,012)	(14.95%)
Operating Profit	1,132,512	930,616	(201,896)	(17.83%)
Operating Expenses	724,774	710,033	(14,741)	(2.03%)
Operating Income	407,738	220,583	(187,155)	(45.90%)
Non-operating Income and Expenses	131,919	84,841	(47,078)	(35.69%)
Income before Tax	539,657	305,424	(234,233)	(43.40%)
Income Tax Expense	116,807	43,171	(73,636)	(63.04%)
Net Income	422,850	262,253	(160,597)	(37.98%)
Other Comprehensive Income	18,755	(32,089)	(50,844)	(271.10%)
Total Comprehensive Income	441,605	230,164	(211,441)	(47.88%)

Description: the main reasons for any material change (the change in the amount from the previous year is more than 10%, and the amount reaches 1% of the total assets of the year) during the past two years and the effect thereof:

1. Net operating revenue: mainly due to the continuous increase in sales of auto parts and industrial application products.
2. Operating cost: mainly due to the continuous increase in sales of auto parts and industrial application products.
3. Operating profit: mainly due to the continuous increase in sales of auto parts and industrial application products.
4. Operating income: mainly due to the continuous increase in sales of auto parts and industrial application products.
5. Income before tax: mainly due to the continuous increase in sales of auto parts and industrial application products.
6. Net income: mainly due to the continuous increase in sales of auto parts and industrial application products.
7. Total comprehensive income: mainly due to the continuous increase in sales of auto parts and industrial application products.

(II) The main reasons for any material change in operating revenues, operating income, or income before tax during the past two years, a sales volume forecast and the basis therefor, and the effect upon the Company's financial operations as well as measures to be taken in response:

The Company did not prepare and announce financial forecasts, so there is no need to disclose a sales volume forecast and the basis therefor. Besides, the Company's overall performance was relatively normal, so it was not required to develop measures to be taken in response.

III. Cash Flows

(I) Cash Flow Analysis for the Current Year

Unit: NT$ 1,000

Item \ Year	2022	2023	Increase (Decrease)	
			Amount	%
Operating Activities	161,091	666,667	505,576	313.84%
Investing Activities	(905,201)	(329,946)	575,255	(63.55%)
Financing Activities	500,264	512,160	11,896	2.38%
Effect of Exchange Rate Changes	5,501	(9,272)	(14,773)	(268.55%)
Net Cash Generated	(238,345)	839,609	1,077,954	(457.27%)

Description:

1. Increase in net cash generated from operating activities: This is mainly due to the company's efficient management of accounts receivable and inventory in 2023, leading to a rise in net cash flow from operating activities.
2. Decrease in net cash generated from investing activities: This decrease is mainly due to the higher land payments made by the company in 2022, which were not present in 2023.

(II) Corrective Measures to Be Taken in Response to Illiquidity:

The Company had sufficient funds and encountered no liquidity crisis.

(III) Liquidity Analysis for the Coming Year

Unit: NT$ 1,000

Cash at Beginning of the Year(1)	Projected Net Cash Flows from Operating Activities (2)	Projected Cash Flows from Investing and Financing Activities (3)	Projected Cash Surplus (Inadequacy) (1)+(2)-(3)	Remedial Measures for Projected Cash Inadequacy	
				Investment Plan	Financing Plan
1,965,338	510,403	(622,640)	1,853,101	-	-

Description:

(1) Operating activities: Cash flows from operating activities in the coming year are mainly due to an increase in net cash generated from operating activities as a result of a profit.

(2) Investing activities: Cash flows from investing activities in the coming year are mainly based on the prediction that the Company’s profit will grow steadily in the coming year; however, due to the growth and expansion of business group-wide, investments in equipment, as well as investment in industry cooperation, will continue to increase. As a result, net cash used in investing activities is estimated.

(3) Financing activities: Cash flows from financing activities in the coming year are mainly due to the distribution of cash dividends.

(4) Remedial measures for cash inadequacy: Not applicable.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

Major capital expenditures were mainly on the purchase of machinery and equipment in response to an increase in orders from customers, which positively contributed to the financial operations of the Company. On March 14, 2024, the Company's Board of Directors decided to invest in establishing a factory and acquiring land in Thailand. This decision was prompted by market operations and the need to expand the global supply chain. The total investment amount will be 450,000 Thai Baht, with 189,967 Thai Baht allocated for land purchase and 260,033 Thai Baht for operational funds. The funds for this investment will be obtained from internal sources and bank loans, and the investment will be made according to operational requirements.

V. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for the Coming Year

December 31,2023 Unit: NT$1,000

Company	Reinvestment Policy	Investment Profit (Loss) in 2023	Main Reasons for the Profits/Losses Generated Thereby	Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
GLOBAL TEK CO., LTD.	Precision machining of auto parts	69,766	Profits generated as a result of the recovered overseas auto market	None	None
Global TEK FABRICATION CO., LTD. (Samoa)	General investment	187,699	Profits generated from GLOBAL TEK(XI'AN) CO., LTD. and GLOBAL TEK(WU'XI) CO., LTD.	None	None
Global TEK CO., LTD.	General investment	134,426	Profits generated from GLOBAL TEK(XI'AN) CO., LTD. and GLOBAL TEK(WU'XI) CO., LTD.	None	None
Global TEK FABRICATION CO., LTD. (Hong Kong)	General investment	64,285	Profits generated from GLOBAL TEK(WU'XI) CO., LTD.	None	None
GLOBAL TEK(XI'AN) CO., LTD.	Precision machining of industrial automation parts and aerospace parts	72,758	Profits generated based on the established policy	None	None
GLOBAL TEK(WU'XI) CO., LTD.	Precision machining of auto parts	121,338	Profits generated based on the established policy	None	None

Company	Reinvestment Policy	Investment Profit (Loss) in 2023	Main Reasons for the Profits/Losses Generated Thereby	Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
GP TECH, INC.(US)	Sale of auto parts, industrial automation parts, communication parts, aerospace parts, etc.	177	Based on the established policy	None	None
Globaltek Xi'an Machinery Manufacturing Co., Ltd	Industrial automation parts, communication parts, and aerospace parts	(127)	The production will be transferred to the newly established GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	None	None
GLOBAL TEK GmbH	Sale of auto parts, industrial automation parts, and aerospace parts	1,585	Profits generated based on the established policy	None	None
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	Industrial automation parts, communication parts, and aerospace parts	(16,155)	A newly established company that is not yet formally operational	None	Leasing plant to set up investment casting plant with an estimated investment amount of RMB 33 million and an estimated construction period of 1 year.

Company	Reinvestment Policy	Investment Profit (Loss) in 2023	Main Reasons for the Profits/Losses Generated Thereby	Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
TOPYES (Suzhou) Precision Metal Products Co., Ltd.	Precision machining of auto parts	(4,633)	Profits reduced due to the shift towards electric vehicles, which affected the auto industry in mainland China	With the advanced capability of mold development, the Company aims to integrate core technology solutions and provide one-stop value-added services. In response to the trend in electric and smart vehicles, the Company will develop new business opportunities in niche markets with high technology thresholds such as motor housings and clutch gear housings.	In order to implement our company's operational development plan and enhance strategic partnerships, the Board of Directors has granted authorization to the Chairman on January 17, 2022, and March 25, 2022, to initiate investment negotiations up to a maximum of 30 million RMB. The investment will be carried out in three phases over the course of one year.
AvioCast Inc.	Manufacturing and sale of aerospace aluminum alloys	3,033	Aerospace industry has been gradually recovering and generating profits	None	None

VI. Listing of Risks

Analysis and assessment of the following matters during the most recent fiscal year and up to the date of publication of the annual report:

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:

1. Impact of Interest Rate Changes and Response Measures

   According to the Company's consolidated financial statements for 2023, interest expenses totaled NT$53,501 thousand, accounting for 1.27% of net operating revenue. Therefore, the effect of interest rate fluctuations on the Company’s profit (loss) was insignificant. With robust finances and good credit, the Company has maintained good relationships with correspondent banks for many years; thus, the Company could land favorable interest rates. Interest rate fluctuations in the future would not have a significant effect on the Company's overall operations.

2. Effect of exchange rate fluctuations and response measures to be taken in the future

   According to the Company's consolidated financial statements for 2023, net exchange losses reached NT$-3,935 thousand accounting for 0.09% of net operating revenue. The Company's products are mainly exported. The Company has been developing international customers for many years. Therefore, operating revenue has been affected by exchange rate fluctuations to some extent, which cannot be ignored.

   In response, the Company took the following measures:

   (1) Collect information on exchange rate fluctuations at any time, consult banks and get their insight into exchange rate trends and related information, and adjust foreign currency positions in a timely manner through low-risk and stable cash management to avoid exchange risks.

   (2) Consider exchange rate fluctuations when quoting with customers to mitigate transaction risks, and impart the concept of risk sharing to customers to ensure the profitability of the Company's products.

   (3) Deal with procurement expenses in the same currency as sales revenue’s as a hedge against exchange rate fluctuations and quote and pay in US dollars as much as possible to avoid exchange risks.

3. Effect of changes in the inflation rate and response measures to be taken in the future

   The Company pays close attention to fluctuations in market prices and inflation. If the purchase cost increases due to inflation, the Company will adjust the material prices and sale prices in a timely manner. In addition, the Company strengthens inventory control and improve the turnover rate to abate the adverse effects of rising raw material prices.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

1. During the most recent fiscal year and up to the date of publication of the annual report, the Company did not make high-risk investments or highly leveraged

investments based on a conservative and moderate approach. In the future, the Company will make investments in accordance with internal regulations after careful assessment.

2. Policy regarding loans to other parties, endorsements/guarantees, and derivatives transactions, main Reasons for the profit (loss) generated thereby, and response measures to be taken in the future

   The Company has formulated regulations, including "Operational Procedures for Loaning of Company Funds," "Operational procedures for Endorsements and Guarantees," and "Operational Procedures for Acquisition and Disposal of Assets," which regulate the Company and affiliates when they operate; in particular, the loaning of funds to others and endorsements/guarantees are limited to the Company and handled in accordance with the aforesaid policies and response measures.

(III) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work:

The Company is a professional metal precision parts processing manufacturer, with core technology lying in the research and development of automatic lathes, milling machines, turning and milling compound machines, grinding machines, and five-axis surface treatment. In addition to enhancing core precision processing technology, the Company is actively participating in the large development plans of major car companies. By considering the needs of the process early in the stage of product design, the Company hopes to yield twice the result and improve development and design capabilities. Therefore, the Company will gradually invest in the development of required R&D talents and automation equipment and fixtures based on customer needs.

According to the Company’s business policy, further expenditures expected for R&D work will remain at 3% of operating revenue.

(IV) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response:

The Company operated in accordance with relevant laws and regulations at home and abroad. In recent years, the Company's operation has not been affected by changes in the legal environment at home and abroad. The Company always pays attention to the development trends of domestic and foreign policies and changes in laws and regulations to take appropriate measures as soon as possible.

(V) Effect on the Financial Operations of Developments in Science and Technology (including Cyber Security Risks) and Industrial Change, and Measures to Be Taken in Response:

The Company always pays attention to the developments in technology and changes in the industry and continuously improves research and development capabilities. Therefore, developments in science and technology and industrial changes have no significant effect on the Company's financial operations.

As network and communication technologies evolve, information systems have become an indispensable part of business operations. All information systems within the organization may be exposed to cyber threats. To maintain business sustainability, the Company has a firewall; anti-virus software has also been installed on the server and each employee's computer to automatically patch operating system loopholes, regularly back up company data and ERP data, and perform backup tests; in addition, the cyber security department monitors cyber security projects on a daily basis to reduce cyber security risks. At present, there is no major cyber security risk that has a significant effect on the Company's financial operations.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response:

The Company always adheres to the business philosophy of professionalism and integrity, and attaches great importance to the corporate image and risk control. At present, there is no foreseeable corporate crisis.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response:

The Company had no ongoing mergers and acquisitions in the most recent year and had no plan for mergers and acquisitions of other companies. In case of a merger or acquisition, the Company will carefully take the synergies of the merger or acquisition into account to maintain the interests of the Company and shareholders.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response:

The Company's subsidiary, Global Tek (Wuxi) Metal Products Manufacturing Co., Ltd., signed an investment agreement with the Xishan District People’s Government, Wuxi Municipality on January 17, 2018, promising to increase the registered capital to US$20 million, which should be verified within five years after signing the state-owned construction land use right transfer contract, to commence the construction within 12 months from the date of obtaining the land use right, and to complete the construction within 24 months meeting the required floor area ratio. On August 9, 2018, the Company approved the merger of GLOBAL TEK (WU'XI) CO., LTD.and Global Tek (Wuxi) Metal Manufacturing Co., Ltd. through the resolution of the Board of Directors, with GLOBAL TEK (WU'XI) CO., LTD. as the surviving company and paid-in capital of US$15.1 million. The merger fell into the Company's restructuring. The registration of GLOBAL TEK (WU'XI) CO., LTD was changed on January 15, 2019.

When obtaining the land use right for Anzhen Street, Wuxi Municipality on March 16, 2018, the Company signed an investment agreement with the Xishan District People’s Government, Wuxi Municipality, with the government providing the necessary facilities for the construction of the land. Therefore, the Company was temporarily exempted from the payment for supporting infrastructure construction of RMB 100 thousand per acre totaling NT$20,279 thousand (RMB 4,361 thousand). The government grant will be recognized in the fifth year after the output reaches the standard, and amortized by installments over the remaining useful life of the new land use right. However, if the Company reaches the output standard in the fifth year after obtaining the new land use right, the Company will need to pay NT$20,279 thousand (RMB 4,361 thousand) for supporting infrastructure construction.

GLOBAL TEK (WU'XI) CO., LTD. built its own plant in Anzhen and integrated the existing leased factory for centralized management to maintain the flexibility of expansion.

Newly invested and established “GLOBAL TEK METAL MANUFACTURING

(SHAANXI) CO., LTD" in Leijiagou Industrial Park, Niyang Road, Chengguan Street Office, Yintai District, Tongchuan City, Shaanxi Province, leased plant to set up investment casting plant with an estimated investment amount of RMB 33 million, an estimated construction period of 1 year and an estimated formal volume postpartum annual output of 1,500 tons.

(IX) Risks Associated with Any Concentration of Sales or Purchasing Operations, and Measures to Be Taken in Response:

1. Risks associated with the concentration of purchasing operations, and measures to be taken in response

   The Company sources main materials from long-term suppliers designated or audited by the customers whose quality, supply, finances, and management meet the customers’ requirements. The rest of the major suppliers have long-term and stable relationships with the Company, with high stability in terms of quality, supply, delivery. The raw materials of the Company mainly include bars, stampings, forgings and castings of metals, including stainless steel, carbon steel, titanium alloy, aluminum alloy, copper, and other metal raw materials. The Company does not source from single suppliers to reduce the risk of centralized procurement.

2. Risks associated with the concentration of sales operations, and measures to be taken in response

   Of direct sales revenue totaling NT$4,208,458 thousand in 2023, NT$336,559 thousand came from the top customer of the Company. In 2023, there was one customer whose revenue accounted for more than 8% of the Company’s total revenue. Therefore, the Company had no concentration of sales. In the future, the Company will aim to develop and retain customers in automobile, industrial application, bicycle, and aerospace industries to effectively diversify customer groups and reduce the risk of sales concentration.

(X) Effect on and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, Supervisor or Shareholder Holding Greater than a 10% Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Measures to Be Taken in Response:

On June 23, 2022, shareholders elected the fifth directors, and the new sixth directors have a total of 7 seats (including 4 independent directors). More than one third of the directors have changed, which is based on the company's operation management and the need to strengthen corporate governance.

(XI) Effect on and Risk to the Company Associated with Any Change in Governance Personnel or Top Management, and Measures to Be Taken in Response:

None.

(XII) Litigious and Non-litigious Matters:

Our company holds shares in Allied Advantage Sdn, Bhd. (AASB), a Malaysian business. AASB has 1.9 million equity shares. It was established through court mediation with the original seller, and both parties agreed that the original seller would return MYR 4,864,000 to the company according to the agreed schedule. The company will transfer 1.9 million equity shares of AASB company to the original seller. This transaction will not have a significant impact on the company's financial operations.

(XIII) Other Important Risks, and Mitigation Measures Being or to Be Taken: None.

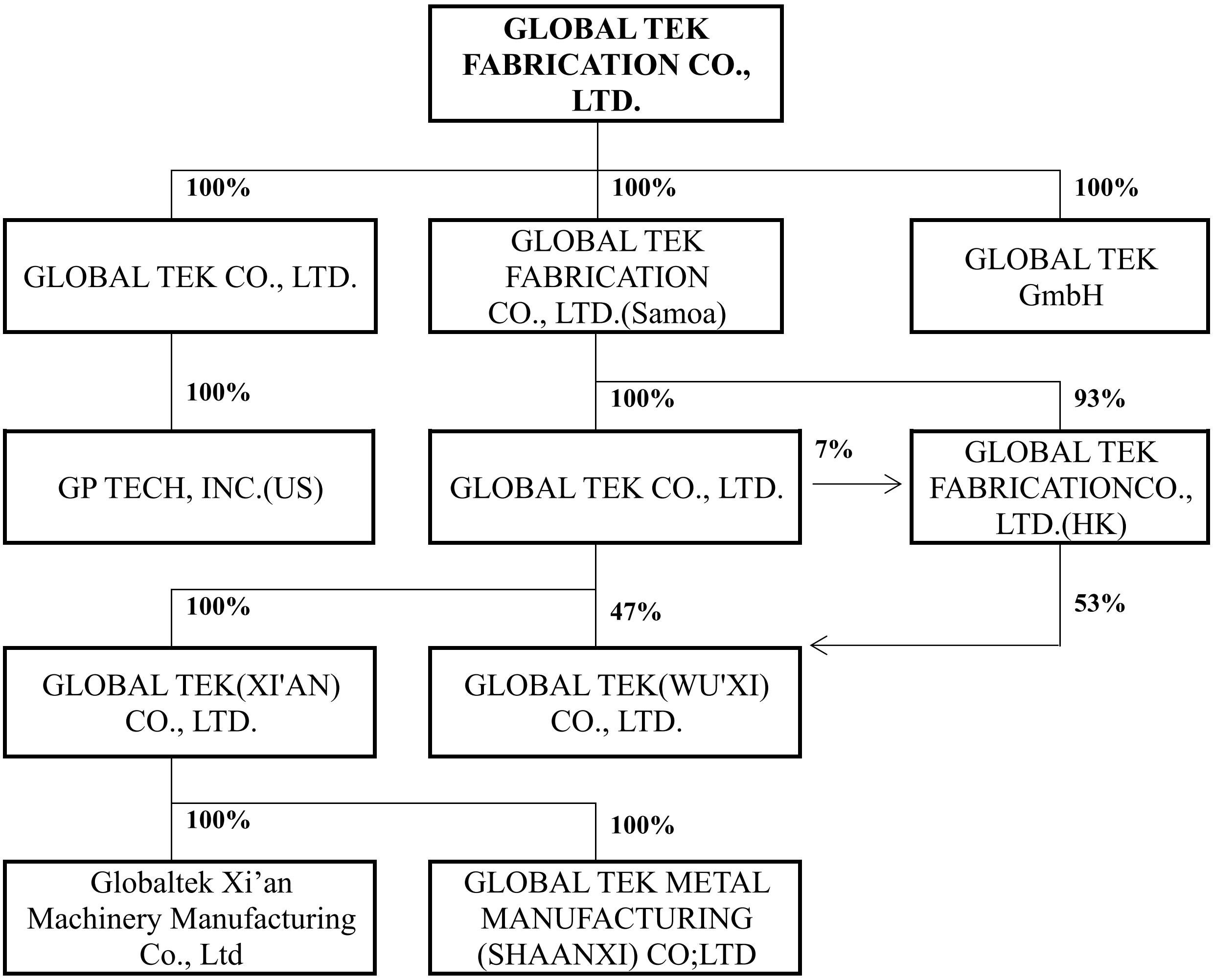
VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I. Information on Affiliates

(I) Consolidated Business Report of Affiliates:

1. Organizational chart of affiliates(as of December 31, 2023)



2. Basic information of affiliates (as of December 31, 2023)

Unit: NT$1,000/US$1,000/RMB1,000/HK$1,000/EUR1,000

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
GLOBAL TEK CO., LTD.	2000.07.17	15F, No. 94, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City	NTD 200,000	Precision machining, auto parts, etc.
Global Tek Fabrication Co., Ltd.(Samoa)	2008.10.06	Offshore Chambers,P.O.Box 217, Apia,Samoa	USD 25,795	Financial holding company
Global Tek Co., Ltd.	2000.12.22	Offshore Chambers,P.O.Box 217, Apia,Samoa	USD 13,150	Financial holding company
Global Tek Fabrication Co., Ltd.(HK)	2007.05.25	1004 AXA Centre, 151 Gloucester Road,Wan Chai,Hong Kong	HKD 62,380 USD 660	Financial holding company
GP Tech, Inc.	1999.02.02	1010 RACQUET CLUB DR STE 107 Auburn, California, 95603 United States of America	USD 20	Sale of auto parts, industrial automation parts, communication parts, aerospace parts, etc.
GLOBAL TEK(WU'XI) CO., LTD.	2001.08.03	No. 2, Xianfeng Middle Road, Anzhen, Xishan District, Wuxi City	USD 15,100	Precision machining, auto parts, etc.
GLOBAL TEK(XI'AN) CO., LTD.	2004.09.29	Building 4, Phase II, Export Processing Zone, No. 1, Fengcheng 12th Road, Weiyang District, Xi'an City	USD 5,100	Industrial automation parts, communication parts, and aerospace parts
Globaltek Xi’an Machinery Manufacturing Co., Ltd	2016.06.15	B1-B2, 4F, Building 10, No. 1155, Caotan 10th Road, Caotan Eco-industrial Park, Xi'an Economic and Technological Development Zone	RMB 5,000	Industrial automation parts, communication parts, and aerospace parts
GLOBAL TEK GmbH	2017.09.08	Kugelbuehlstrasse 30, 91154 Roth, Germany	EUR 525	Sale of auto parts, industrial automation parts, communication parts, aerospace parts, etc.
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	2022.10.24	Leijiagou Industrial Park, Niyang Road, Chengguan Street Office, Yintai District, Tongchuan City, Shaanxi Province	RMB 16,530	Industrial automation parts, communication parts, and aerospace parts

3. Affiliates concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act: None.
4. The industries covered by the business operated by the affiliates overall and division of work among such affiliates:

To expand the operations in mainland China and provide services for customers nearby, the division of labor between the Company and affiliates is to create the greatest synergy by supporting each other with technology, production capacity, marketing, and services.

5. Information on directors, supervisors, and presidents of affiliates (as of December 31, 2023)

Unit: 1,000 share; %

Name of Affiliate	Title	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
GLOBAL TEK CO., LTD.	Chairman President	Liu, Tsu-Ying (representative of GLOBAL TEK FABRICATION CO., LTD.) Huang, Ya-Hsing	20,000	100%
Global TEK FABRICATION CO., LTD. (Samoa)	Director	Liu, Tsu-Ying	Note 1	100%
GLOBAL TEK CO., LTD.	Director	Huang, Ya-Hsing	Note 1	100%
Global TEK FABRICATION CO., LTD.(HK)	Director	Huang, Ya-Hsing	Note 1	100%
GLOBAL TEK(XI'AN) CO., LTD.	Representative Director Director Supervisor President	Liu, Tsu-Ying Huang, Ya-Hsing Lo, Chun-Hao Ren, Chien-Hsiang Huang, Ya-Hsing	Note 1	100%
GLOBAL TEK(WU'XI) CO., LTD.	Representative Director Director Supervisor President	Liu, Tsu-Ying Huang, Ya-Hsing Liu, Kuang-Hung Ren, Chien-Hsiang Liu, Kuang-Hung	Note 1	100%
GP TECH, INC.	Director President	Andreas Wilhelm Huang, Ya-Hsing	Note 1	100%
Globaltek Xi'an Machinery Manufacturing Co., Ltd	Representative Director Director Supervisor President	Liu, Tsu-Ying Huang, Ya-Hsing Lo, Chun-Hao Ren, Chien-Hsiang Huang, Ya-Hsing	Note 1	100%
GLOBAL TEK GmbH	Executive Director Executive Director	Huang, Ya-Hsing Andreas Wilhelm	Note 1	100%
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	Representative Director Director Supervisor President	Liu, Tsu-Ying Huang, Ya-Hsing Lo, Chun-Hao Ren, Chien-Hsiang Huang, Ya-Hsing	Note 1	100%

Notes:1 The company is a company limited by shares.

6. Operating status of affiliates in 2023

Unit: NT$1,000

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Profit or Loss(After Tax)	Earnings per share (NT$)(After Tax)
GLOBAL TEK CO., LTD.	200,000	915,907	619,021	296,886	1,061,003	72,896	69,766	3.49
Global Tek Fabrication Co., Ltd.(Samoa)	767,225	2,208,882	0	2,208,882	0	(51)	194,051	Not a company limited by shares
GP TECH, INC.(US)	641	3,820	1,007	2,813	9,681	331	177	Not a company limited by shares
Global Tek Co., Ltd.	452,426	1,352,127	84,453	1,267,674	0	(58)	134,426	Not a company limited by shares
Global Tek Fabrication Co., Ltd.(HK)	283,577	893,067	38,837	854,230	0	0	64,285	Not a company limited by shares
GLOBAL TEK(XI'AN) CO., LTD.	159,450	671,675	176,023	495,652	629,398	94,909	72,758	Not a company limited by shares
GLOBAL TEK(WU'XI) CO., LTD.	478,141	2,509,988	821,695	1,688,293	1,537,262	92,199	121,338	Not a company limited by shares
Globaltek Xi’an Machinery Manufacturing Co., Ltd	22,115	81,783	35,206	46,577	169,954	(1,098)	(127)	Not a company limited by shares
GLOBAL TEK GmbH	17,870	27,788	5,559	22,229	14,712	405	1,585	Not a company limited by shares
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	72,980	89,135	7,785	81,350	12	(16,158)	(16,155)	Not a company limited by shares

(II) Consolidated Financial Statements of Affiliates: Refer to Attachment 1.

(III) Affiliation Report: Not applicable.

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

Chapter 9 Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Securities, Occurring during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report:

I. **The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing:** None.

II. **Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company:**None.

III. **Serious drop in the output, complete or partial suspension of work, lease of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business:** None.

IV. **Any event specified under Article 185, paragraph 1 of the Company Act:** None.

V. **Judgment by the competent court to prohibit the transfer of the company's shares under Article 287, paragraph 1, item 5 of the Company Act:** None.

VI. **Change in the chairman of the board, general manager, or one-third or more of the directors of the company:** The Company received a letter of resignation from Mr. Huang, Ya-Hsing, the Chairman of the Board, on November 1, 2023, resigning as the Chairman of the Board and intending to hold office until the date of re-election of the new Chairman of the Board which will be effective on November 9, 2023, but will continue to retain his position as a Director and the President of the Company. The board of directors elected Ms. Liu, Tsu-Ying as the new chairman on November 9, 2023. Ms. Liu, Tsu-Ying represents Xingying Investment Co., Ltd. and serves as a legal person director.

VII. **Change in the auditing and certifying accountant. However, where the change is due to internal adjustments in the accounting office, this matter shall not be included:** None.

VIII. **Execution, amendment, termination, and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of the company:** None.

IX. Other important events that have had significant impact on the continuation of company operation: None.

Attachment I. 2023 Consolidated Financial Statements and Audit Report

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 4566

GLOBAL TEK FABRICATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED

Address: 15th floor, No. 94, Section 1, Xintai 5th Road, Xizhi District, New Taipei City, Taiwan 22102
Telephone: (02)2696-3988

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Consolidated Financial Statements

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Building a better
working world

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English Translation of Financial Statements and a Report Originally Issued in Chinese

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors and Shareholders of
Global Tek Fabrication Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Global Tek Fabrication Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. 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.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounted to NT$4,208,458 thousand for the year ended December 31, 2023, which was a significant account to the Company's consolidated financial statements. The Company and its subsidiaries set up shipping warehouse at the customer's place. The inventory transfer involves the timing of fulfilling performance obligation and needs to be determined based on conditions enacted in the main sales contracts or sales orders. We therefore concluded that there are significant risks with respect to revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the appropriateness of accounting policy regarding revenue recognition, assessing and testing the effectiveness of relevant internal controls related to the determination of revenue amount in the sales cycle, selecting samples from sales breakdown to perform test of details, including checking the consistency of the timing of revenue recognition and performance obligation satisfaction stated in the sale orders or agreements, selecting samples to execute sale cut-off tests for a period before and after the balance sheet date and verify the related certificates to confirm the reasonableness of the timing of transaction. We have also evaluated the appropriateness of the related operating revenue disclosures in Notes 4 and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of AvioCast Inc. an invested associate accounted for under the equity method. The financial statements of AvioCast Inc. and for the years ended December 31, 2023 and 2022 were audited by other auditors, whose reports thereon have been furnished to us. We did not audit the financial statements of certain associates and joint ventures accounted for using equity method whose statements are based solely on the reports of the other auditors. These associates and joint ventures accounted for using equity method amounted to NT$98,204 thousand and NT$95,171 thousand, accounting for 1.18% and 1.19% of consolidated total assets as of December 31, 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures accounted for using equity method amounted to NT$3,033 thousand and NT$(76) thousand, accounting for (0.99)% and (0.01)% of the consolidated net income before tax for the years ended December 31 2023 and 2022, respectively, and the related shares of other comprehensive income from the associates and joint ventures accounted for using equity method both amounted to NT$0 thousand, both accounting for 0% of the consolidated other comprehensive income for the years ended December 31, 2023 and 2022.

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 the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 auditor's 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 consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Other matters

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the year then ended December 31, 2023 and 2022.

/s/Cheng, Ching-Pia

/s/Fuh, Wen-Fun

Ernst & Young
March 14, 2024
Taipei, Taiwan,
Republic of China

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan 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 on Taiwan.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Assets		2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,965,338	24	$1,125,729	14
1110	Financial assets at fair value through profit or loss	4, 6(2)	602	-	716	-
1136	Financial assets measured at amortized cost	4, 6(4), 8	-	-	830	-
1150	Notes receivables, net	5, 6(5), 8	140,742	2	120,192	1
1170	Accounts receivables, net	4, 6(6)	1,204,839	14	1,535,145	19
1197	Financing lease payments receivable, net	4, 6(7)	33,304	-	48,646	1
1200	Other receivables		73,235	1	104,356	1
1210	Other receivables - related parties	7	18,274	-	18,715	-
1220	Income tax assets		23	-	338	-
1310	Inventories, net	4, 6(8)	974,410	12	1,290,902	16
1410	Prepayments		136,071	2	122,795	2
1470	Other current assets		6,322	-	161	-
11xx	Total current assets		4,553,160	55	4,368,525	54
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	1,025	-	323	-
1517	Financial assets at fair value through other comprehensive income	4, 6(3)	79,925	1	88,224	1
1535	Financial assets measured at amortized cost	4, 6(4), 8	1,815	-	1,811	-
1550	Investments accounted for using the equity method	4, 6(9)	269,635	3	173,853	2
1600	Property, plant and equipment	4, 6(10), 8, 9	3,019,062	36	2,923,847	37
1755	Right-of-use asset	4, 6(24)	178,138	2	212,183	3
1760	Investment property, net	4, 6(11)	11,273	-	-	-
1780	Intangible assets	4, 6(12)	10,873	-	7,870	-
1840	Deferred tax assets	4, 6(28)	98,159	1	79,831	1
1915	Prepayment for equipment		45,571	1	47,402	1
194D	Long-term financing lease payments receivable	4, 6(7)	45,357	1	107,969	1
1990	Other non-current assets	4, 6(13), 6(19)	11,313	-	18,012	-
15xx	Total non-current assets		3,772,146	45	3,661,325	46
1xxx	Total Assets		$8,325,306	100	$8,029,850	100

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity		2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	14, 6(4), 8	$332,795	4	$582,345	7
2130	Contract liabilities	4, 6(22)	14,022	-	11,597	-
2150	Notes payables		155,312	2	45,411	1
2170	Account payables		686,093	8	985,283	12
2200	Other payables	6(15)	464,809	6	671,753	8
2230	Current income tax liabilities	4	48,896	1	68,087	1
2280	Lease liabilities	4, 6(24)	17,240	-	32,502	1
2311	Current portion of bonds payable	4, 6(16)	81,088	1	279,367	3
2322	Current portion of long-term loans	4, 6(17), 8	86,883	1	143,100	2
2399	Other current liabilities		4,437	-	2,662	-
21xx	Total current liabilities		1,891,575	23	2,822,107	35
	Non-current liabilities					
2530	Corporate bonds payable	4, 6(16)	837,542	10	314,465	4
2540	Long-term loans	4, 6(17), 8	1,320,667	16	1,151,550	14
2570	Deferred income tax liabilities	4, 6(28)	232,005	3	245,712	3
2580	Lease liabilities	4, 6(24)	100,914	1	116,596	1
2600	Other non-current liabilities	4, 6(18), 6(19)	12,185	-	32,130	1
25xx	Total non-current liabilities		2,503,313	30	1,860,453	23
2xxx	Total liabilities		4,394,888	53	4,682,560	58
31xx	Equity Attributable to Shareholders of the Parent	6(20)				
3100	Capital					
3110	Common stock		910,414	11	810,063	10
3200	Capital Surplus	6(20)	2,109,225	25	1,683,612	21
3300	Retained Earnings	6(20)				
3310	Legal Reserve		155,987	2	113,931	2
3320	Special Reserve		72,027	1	89,286	1
3350	Unappropriated Earnings		779,442	9	722,425	9
3400	Other components of equity		(96,677)	(1)	(72,027)	(1)
3xxx	Total equity		3,930,418	47	3,347,290	42
3x2x	Total liabilities and equity		$8,325,306	100	$8,029,850	100

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Accounts	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenues	4, 6(22)	$4,208,458	100	$4,986,366	100
5000	Operating costs		(3,277,842)	(78)	(3,853,854)	(77)
5900	Gross profit		930,616	22	1,132,512	23
	Operating expenses	7				
6100	Sales and marketing		(288,558)	(7)	(300,800)	(6)
6200	General and administrative		(280,105)	(7)	(279,142)	(6)
6300	Research and development		(145,230)	(3)	(142,858)	(3)
6450	Expected credit gains (losses)	6(23)	3,860	-	(1,974)	-
6900	Total operating expenses		(710,033)	(17)	(724,774)	(15)
6900	Operating income		220,583	5	407,738	8
	Non-operating incomes and expenses					
7100	Interest income	6(26), 7	53,717	1	15,135	1
7010	Other revenue	6(26), 7	81,834	2	61,118	1
7020	Other gains and losses	6(26), 7	4,390	-	102,259	2
7050	Finance costs	6(26)	(53,501)	(1)	(39,859)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for under the equity method	6(9)	(1,599)	-	(6,734)	-
7000	Total non-operating income and expenses		84,841	2	131,919	3
7900	Income before income tax		305,424	7	539,657	11
7950	Income tax expense	4, 6(28)	(43,171)	(1)	(116,807)	(2)
8200	Net income		262,253	6	422,850	9
8300	Other comprehensive income (loss)	6(27)				
8310	Items that not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		(3,313)	-	1,497	-
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		4,069	-	(3,679)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(32,845)	(1)	20,937	-
	Total other comprehensive income (loss), net of tax		(32,089)	(1)	18,755	-
8500	Total comprehensive income (loss)		$230,164	5	$441,605	9
8600	Net income attributable to:					
8610	Shareholders of the parent		$262,253	6	$422,850	9
8620	Non-controlling interests		-	-	-	-
			$262,253	6	$422,850	9
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		$230,164	5	$441,605	9
8720	Non-controlling interests		-	-	-	-
			$230,164	5	$441,605	9
9750	Earnings per share - basic (in NT$)	6(29)	$3.04		$5.74	
9850	Earnings per share - diluted (in NT$)	6(29)	$2.77		$4.58	

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	Equity Attributable to Shareholders of the Parent								Total Equity
				Retained Earnings			Other Components of equity			
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income (loss)	Treasury shares	
		3100	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance as of January 1, 2022	$718,953	$1,272,704	$97,260	$104,819	$388,006	$(97,421)	$8,136	$(10,551)	$2,481,906
	Appropriation and distribution of 2021 earnings:									
B1	Legal Reserve			16,671		(16,671)				-
B3	Special Reserve				(15,533)	15,533				-
B5	Cash dividends - common shares					(85,000)				(85,000)
C5	Equity component of convertible bonds issued by the Company		93,430							93,430
D1	Net income for 2022					422,850				422,850
D3	Other comprehensive income (loss) for 2022					1,497	20,937	(3,679)		18,755
D5	Total comprehensive income (loss)	-	-	-	-	424,347	20,937	(3,679)	-	441,605
L3	Treasury stock cancellation	(2,470)	(4,291)			(3,790)			10,551	-
N1	Share-based payment transactions	960	1,027							1,987
I1	Conversion of convertible bonds	92,620	320,742							413,362
Z1	Balance as of December 31, 2022	810,063	1,683,612	113,931	89,286	722,425	(76,484)	4,457	-	3,347,290
	Appropriation and distribution of 2022 earnings									
B1	Legal Reserve			42,056		(42,056)				-
B3	Special Reserve				(17,259)	17,259				-
B5	Cash dividends - common shares					(173,000)				(173,000)
C5	Equity component of convertible bonds issued by the Company		88,605							88,605
D1	Net income for 2023					262,253				262,253
D3	Other comprehensive income (loss) for 2023					(3,313)	(32,845)	4,069		(32,089)
D5	Total comprehensive income (loss)	-	-	-	-	258,940	(32,845)	4,069	-	230,164
I1	Conversion of convertible bonds	100,351	337,008							437,359
Q1	Disposal of equity instruments measured at fair value through other comprehensive income					(4,126)		4,126		-
Z1	Balance as of December 31, 2023	$910,414	$2,109,225	$155,987	$72,027	$779,442	$(109,329)	$12,652	$-	$3,930,418

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$305,424	$539,657
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation (including right-of-use assets)	196,095	194,084
A20200	Amortization	2,797	3,710
A20300	Expected credit losses (gain)	(3,860)	1,974
A20400	Net loss (gain) of financial assets at fair value through profit or loss	532	2,031
A20900	Interest expense	53,501	39,859
A21200	Interest income	(53,717)	(15,135)
A21300	Dividend income	(1,206)	(1,103)
A22300	Share of profit or loss of associates and joint ventures accounted for under the equity method	1,599	6,734
A22500	Loss (gain) on disposal of property, plant and equipment	2,013	495
A23700	Loss on inventory valuation	13,691	17,659
A23700	Impairment loss (gain) on non-financial assets	(10,035)	15,766
A29900	Loss (gain) on lease modification	(2,010)	(1,311)
A29900	Gain on government grants	(1,241)	(1,245)
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivables	(20,550)	(54,730)
A31150	Accounts receivables	334,260	(389,347)
A31160	Accounts receivables - related parties	-	35
A31180	Other receivables	34,926	(13,955)
A31190	Other receivables - related parties	(205)	-
A31200	Inventories	303,353	(163,045)
A31230	Prepayments	(13,276)	(14,313)
A31240	Other current assets	(6,161)	37
A32125	Contract liabilities	2,425	(9,562)
A32130	Notes payables	109,901	5,388
A32150	Accounts payable	(299,190)	38,208
A32180	Other payables	(185,856)	19,868
A32200	Provisions	-	(9,235)
A32230	Other current liabilities	1,775	159
A32240	Net defined benefit liabilities	(560)	(522)
A33000	Cash generated from (used in) operations	764,425	212,161
A33100	Interest received	44,211	10,339
A33200	Dividend received	1,206	1,103
A33300	Interest paid	(46,431)	(28,166)
A33500	Income tax paid	(96,744)	(34,346)
AAAA	Net cash provided by (used in) operating activities	666,667	161,091

Code	Item	2023	2022
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(5,193)	-
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	19,332	-
B00050	Proceeds from disposal of financial assets measured at amortized cost	826	109,225
B01800	Acquisition of investment accounted for under equity method	(97,882)	(74,610)
B02700	Acquisition of property, plant and equipment	(166,045)	(126,075)
B02800	Proceeds from disposal of property, plant and equipment	8,926	9,910
B03700	Decrease (increase) in refundable deposits	3,040	(1,136)
B04300	Decrease (increase) in other receivables - related parties	298	7,935
B04500	Acquisition of intangible assets	(5,800)	(2,913)
B06000	Decrease (increase) in financing lease payments receivable	51,693	47,373
B07100	Increase in prepayments for equipment	(139,141)	(874,910)
BBBB	Net cash provided by (used in) investing activities	(329,946)	(905,201)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(249,550)	(147,663)
C01200	Issue of corporate bonds	849,209	-
C01600	Increase in long-term loans	456,000	1,170,000
C01700	Repayment of long-term loans	(343,100)	(403,099)
C03000	Increase (decrease) in guarantee deposits	714	1,030
C04020	Cash payments for the principal portion of the lease liabilities	(28,113)	(36,991)
C04500	Cash dividends paid	(173,000)	(85,000)
C04800	Exercise of employee share options	-	1,987
CCCC	Net cash provided by (used in) financing activities	512,160	500,264
DDDD	Effect of exchange rate changes	(9,272)	5,501
EEEE	Increase (decrease) in cash and cash equivalents	839,609	(238,345)
E00100	Cash and cash equivalents at beginning of period	1,125,729	1,364,074
E00200	Cash and cash equivalents at end of period	$1,965,338	$1,125,729

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Financial Statements and a Report Originally Issued in Chinese

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Global Tek Fabrication Co., Ltd. as of December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statement.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Global Tek Fabrication Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Global Tek Fabrication Co., Ltd.

By
Liou, Zu-Ying

Chairman

March 14, 2024

1. HISTORY AND ORGANIZATION

Global Tek Fabrication Co., Ltd. (the “Company”) was incorporated on November 7, 2008. Its main business activities include the manufacture of precision machining, and the main products are industrial automatic control parts, communication parts, aviation equipment parts, etc. The Company's stocks were publicly listed on the Taiwan Stock Exchange (TWSE) on February 5, 2018. The Company’s registered office is at 15th floor, No. 94, Section 1, Xintai 5th Road, Xizhi District, New Taipei City, Taiwan 22102.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (“the Group”) for the years ended December 31, 2023 and 2022 were authorized for issue by its board of directors (hereinafter the “Board of Directors”) on March 14, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	Newly issued or revised standards and interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. As the Group has determined the potential impact of the standards and interpretations, there is no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	Newly issued or revised standards and interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group has determined the potential impact of the standards and interpretations there is no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non- controlling interests even if this results in the non- controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

(a)Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b)Derecognizes the carrying amount of any non-controlling interest;
(c)Recognizes the fair value of the consideration received;
(d)Recognizes the fair value of any investment retained;
(e)Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or directly transferred to retained earnings in accordance with other IFRS requirements; and
(f)Recognizes the difference arise in profit or loss for the period.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
			As of December 31,	
Investor	Subsidiary	Main businesses	2023	2022
The Company	Global Tek Co., Ltd.	Precision machining	100.00%	100.00%
The Company	Global Tek Fabrication Co., Ltd. (Samoa)	Investing activities	100.00%	100.00%
The Company	Global Tek GmbH	Trading activities	100.00%	100.00%
Global Tek Co., Ltd.	GP TECH, INC.	Trading activities	100.00%	100.00%
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Co., LTD.	Investing activities	100.00%	100.00%
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	92.76%	92.76%
Global Tek Co., LTD.	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	7.24%	7.24%
Global Tek Co., LTD.	Global Tek (Xi’An) Co., Ltd.	Precision machining	100.00%	100.00%
Global Tek Co., LTD.	Global Tek (Wuxi)	Precision machining	47.02%	47.02%
Global Tek Fabrication Co., Ltd. (HK)	Global Tek (Wuxi) Co., Ltd.	Precision machining	52.98%	52.98%

			Percentage of ownership (%)	
			As of December 31,	
Investor	Subsidiary	Main businesses	2023	2022
Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Trading activities	100.00%	100.00%
Global Tek (Xi'An) Co., Ltd.	Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Trading activities	100.00%	100.00%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interest in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle.
(b) The Group holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8)Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) The Group's business model for managing the financial assets and;
(b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b)When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculatedby applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(c) The reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

Financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –By actual purchase cost with weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～51 years
Machinery and equipment	1～10 years
Transportation equipment	3～10 years
Office equipment	2～10 years
Other equipment	1～10 years
Lease improvements	3～15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operatio, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5～20 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer Software
Useful life	3 to 5 years
Amortization method used	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

The Group's revenue arising from contracts with customers mainly sale of goods. The accounting policies for the Group's type of revenue are explained as follow:

Sale of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is cars, industry and aviation parts and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Group's sale of goods is from 60 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers therefore there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(22) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(23) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(24) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Group and its subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(d) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(e) Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(f) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(g) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and patty cash	$2,050	$938
Checkings and savings	869,713	679,279
Time deposit	1,093,575	445,512
Total	$1,965,338	$1,125,729

(2) Financial asset measured at fair value through profit or loss

	As of December 31,	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Convertible corporate bond redemption rights	$1,074	$493
Non-derivative financial assets		
- Certificate of benefit of the fund	553	546
Total	$1,627	$1,039
Current	$602	$716
Non-current	$1,025	$323

No financial assets at fair value through profit or loss was pledged as collateral.

(3) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instruments investments measured at fair value through other comprehensive income – Non-current:		
Unlisted companies stocks		
Techplasma Technology Co., Ltd.	$50,047	$41,223
Allied Advantage Sdn Bhd	12,888	30,641
Formtechnology GmbH	16,990	16,360
Total	$79,925	$88,224

(a) No financial assets at fair value through profit or loss was pledged as collateral.

(b) On January 9, 2020, the board of directors resolved to invest in Techplasma Technology Co., Ltd. according to the medium and long-term strategy, and expected to make profits through long-term investment.

In 2023, the Group increased investing NT$5,193 thousand in Techplasma Technology Co., Ltd., and obtained 164 thousand shares.

(c) The Group's 19% equity investment in Malaysia-based Allied Advantage Sdn Bhd in July 2020 lost material influence following the resignation of the director from the Group. Because it is a medium-to-long-term strategic investment, the Group chose to designate the investment as measured at fair value through other comprehensive income.

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follow:

	For the year ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	$19,332	$-
The cumulative loss on disposal reclassified from other equity to retained earnings	(4,126)	-

(d) On December 24, 2020, the board of directors resolved to invest in Formtechnology GmbH according to the medium- and long-term strategy, and it is expected to make profits through long-term investment. The investment was completed in April 2021.

(e) The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income amount to NT$1,206 thousand and NT$1,103 thousand for the year ended December 31, 2023 and 2022, respectively.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Restricted of deposits	$1,815	$1,811
Time deposits of more than three months	-	830
Total	$1,815	$2,641
Current	$-	$830
Non-current	$1,815	$1,811

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5) Notes receivables

	As of December 31,	
	2023	2022
Notes receivables arising from operating activities	$140,742	$120,192
Less: loss allowance	-	-
Total	$140,742	$120,192

Notes receivable were pledged. Please refer to Note 8 for more details on assets pledged as collaterals.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(23) for more details on loss allowance and Note 12 for more details on credit risk.

(6) Accounts receivables, net

(a) Accounts receivables, net

	As of December 31,	
	2023	2022
Accounts receivables, gross	$1,212,670	$1,546,930
Less: loss allowance	(7,831)	(11,785)
Total	$1,204,839	$1,535,145

(b)Accounts receivables were not pledged.

(c)Accounts receivables are generally on 60 to 120 day terms. The total carrying amount for the years ended December 31, 2023 and 2022, were NT$1,212,670 thousand and NT$1,546,930 thousand, respectively. Please refer to Note 6(23) for more details on loss allowance of accounts receivables for the years ended December 31, 2023 and 2022, respectively. Please refer to Note 12 for more details on credit risk management.

(7) Financing lease payments receivable

	As of December 31,			
	2023		2022	
	Net investment in leases	Present value of receivables on minimum lease payments	Net investment in leases	Present value of receivables on minimum lease payments
Not more than one year	$35,944	$33,304	$54,222	$48,646
More than one year but less than five years	46,335	45,357	113,127	107,969
Total non-discounted lease payments	82,279	$78,661	167,349	$156,615
Less: Unearned finance income	(3,618)		(10,734)	
Gross investment in the lease (Financing lease payments receivable)	$78,661		$156,615	
Current	$33,304		$48,646	
Non-current	45,357		107,969	
Total	$78,661		$156,615	

(a)Financial lease payments receivable were not pledged.

(b)The Group has signed financial lease agreements for some machines and equipment. All leases are presented in New Taiwan Dollars, and the average financial lease period is 1 to 5 years.

The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of December 31, 2023 and 2022, the implied interest rate of the financial lease is 2.0% to 2.4% per annum.

Finance lease receivables are secured by leased equipment. The Group shall not sell or re-pledge the collateral unless the lessee defaults.

(c)The Group adopts the simplified approach of IFRS 9 to measure the allowance loss of lease receivables based on expected credit losses during the duration. Lease receivables are secured by leased equipment. As of December 31, 2023 and 2022, there were no overdue lease receivables, and at the same time, the counterparty's past record of default, the future development of the relevant properties of the leased object and collateral, the Group believes that the above-mentioned lease receivables have no impairment.

(8)Inventories

(a)Detail of inventories are listed below:

	As of December 31,	
	2023	2022
Raw materials	$173,607	$200,316
Work in progress	222,059	377,433
Finished goods	458,171	587,042
Merchandises	120,573	126,111
Total	$974,410	$1,290,902

(b)The cost of inventories recognized in expenses amounted to NT$3,277,842 thousand and NT$3,853,854 thousand for the years ended December 31, 2023 and 2022, respectively. The following losses were included in cost of sales:

	For the year ended December 31,	
Item	2023	2022
Loss from inventory market decline	$13,691	$17,659
Unallocated manufacturing overhead	31,439	14,279
Loss(Gain) from inventory physical count	(497)	5,407
Loss from inventory write-off obsolescence	25,823	14,606
Total	$70,456	$51,951

(c)The inventories were not pledged.

(9) Investments accounted for using the equity method

	As of December 31,			
	2023		2022	
Investee	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investment in associates:				
AvioCast Inc.	$98,204	36.72%	$95,171	36.72%
Top Yes (Suzhou) Precision Industry Co., Ltd.	171,431	4.11%	78,682	4.11%
Total	$269,635		$173,853	

(a) The Group signed a Share Purchase Agreement with Sumitomo Precision Products Co., Ltd. on March 8, 2021. The Company intends to purchase 9,842 thousand ordinary shares of AvioCast Inc. at NT$12.1 per share (totaling NT$119,088 thousand), with an ownership percentage of 36.72%, acquiring significant influence of the AvioCast Inc. The transaction has been completed on April 21, 2021.

The Group has a 36.72% voting rights in AvioCast Inc. and is the largest single shareholder. However, the decision-making related to relevant activities require majority approval at related shareholders' meetings. Under such circumstances, it is evident that the Group does not have the practical ability to unilaterally control the relevant activities. Therefore, the Group does not have control over AvioCast Inc. but only has significant influence.

(b) On August 8, 2019, the Group acquired partial equity of Top Yes (Suzhou) Precision Industry Co., Ltd. for RMB 3,000 thousand upon board resolution, considering the scale of operation, long-term development and enhancing competitiveness. The Group obtained two of the five directorship seats which has a significant impact on the company.

On March 25, 2022, considering the operational development plan and to strengthen the strategic partnership, the Group's board of directors resolved to invest RMB 30,000 thousand (approximately US$ 4,725 thousand) through Global Tek Fabrication Co., Ltd. (Samoa) to acquire partial ownership of Top Yes (Suzhou) Precision Industry Co., Ltd., which has been approved by the Investment Committee of the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No.11100053870. As of December 31, 2023, the investment amount of RMB 30,000 thousand (approximately US$ 4,725 thousand) had been remitted.

On December 27, 2022, the Group's board of directors resolved to increase its investment in Top Yes (Suzhou) Precision Industry Co., Ltd. through sub-subsidiary Global Tek (Wuxi) Co., Ltd. As of December 31, 2022, the Group has remitted the investment amount to RMB6,000 thousand (approximately US$945 thousand).

(c) Investment in associates

As of December 31, 2023 and 2022, the aggregate carrying amount of the Group's interests in AvioCast Inc. and Top Yes (Suzhou) Precision Industry Co., Ltd. were NT$269,635 thousand and NT$173,853 thousand. The aggregate financial information based on Group's share as follows:

	For the year ended December 31,	
	2023	2022
Profit or loss from continuing operations	$(1,599)	$(6,734)
Other comprehensive income (post-tax)	-	-
Total comprehensive income (loss)	$(1,599)	$(6,734)

There aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of December 31, 2023 and 2022.

(d) The Group's investment accounted for under equity method as of December 31, 2023 and 2022 were NT$269,635 thousand and NT$173,853 thousand, respectively. For the year ended December 31, 2023 and 2022 share of investment loss from these associates and joint venture amount to NT$(1,599) thousand and NT$(6,734) thousand, respectively. They were measured based on the audited financial statements of the investee for the same correspondent periods.

(e) Investment accounted for under equity method were no pledged.

(10) Property, plant and equipment

	As of December 31, 2023	As of December 31, 2022
Owner occupied property, plant and equipment	$3,019,062	$2,923,847

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease improvements	Construction in progress and equipment awaiting examination	Total
Cost:									
As of January 1, 2023	$1,419,755	$732,158	$1,219,773	$18,565	$21,888	$304,358	$127,610	$168,488	$4,012,595
Additions	1,703	2,145	63,042	1,391	3,621	13,055	961	77,630	163,548
Disposals	-	(536)	(62,775)	(439)	(3,625)	(19,814)	(67,998)	-	(155,187)
Exchange differences	-	(10,438)	(14,793)	46	84	(2,686)	(172)	(3,137)	(31,096)
Reclassification	1,702	107,381	129,569	305	1,728	16,436	1,592	(152,013)	106,700
As of December 31, 2023	$1,423,160	$830,710	$1,334,816	$19,868	$23,696	$311,349	$61,993	$90,968	$4,096,560
As of January 1, 2022	$107,810	$278,146	$1,194,085	$22,427	$19,665	$265,651	$76,505	$476,007	$2,440,296
Additions	22,864	4,617	20,517	2,176	1,427	19,525	12,144	65,385	148,655
Disposals	-	-	(125,576)	(12,221)	(599)	(7,577)	(1,258)	-	(147,231)
Exchange differences	-	1,463	15,010	1,111	950	2,088	777	6,873	28,272
Reclassification	1,289,081	447,932	115,737	5,072	445	24,671	39,442	(379,777)	1,542,603
As of December 31, 2022	$1,419,755	$732,158	$1,219,773	$18,565	$21,888	$304,358	$127,610	$168,488	$4,012,595

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease improvements	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:									
As of January 1, 2023	$3,119	$148,832	$643,209	$8,427	$16,297	$193,168	$75,696	$-	$1,088,748
Depreciation	-	18,524	102,320	1,560	2,293	33,384	7,660	-	165,741
Impairment losses	-	(10,035)	-	-	-	-	-	-	(10,035)
Disposals	-	(536)	(23,071)	(426)	(3,102)	(14,220)	(66,443)	-	(107,798)
Exchange differences	-	(1,664)	(8,172)	(71)	(136)	(2,219)	(172)	-	(12,434)
Reclassification	-	(50,551)	3,545	1,316	-	(1,034)	-	-	(46,724)
As of December 31, 2023	$3,119	$104,570	$717,831	$10,806	$15,352	$209,079	$16,741	$-	$1,077,498
As of January 1, 2022	$3,119	$129,263	$598,660	$19,270	$14,588	$166,796	$56,548	$-	$988,244
Depreciation	-	8,450	99,521	1,002	2,173	31,009	13,961	-	156,116
Impairment losses	-	10,150	-	-	-	-	5,616	-	15,766
Disposals	-	-	(59,959)	(12,146)	(598)	(6,155)	(1,023)	-	(79,881)
Exchange differences	-	969	4,987	301	134	1,518	594	-	8,503
As of December 31, 2022	$3,119	$148,832	$643,209	$8,427	$16,297	$193,168	$75,696	$-	$1,088,748
Net carrying amount as of:									
December 31, 2023	$1,420,041	$726,140	$616,985	$9,062	$8,344	$102,270	$45,252	$90,968	$3,019,062
December 31, 2022	$1,416,636	$583,326	$576,564	$10,138	$5,591	$111,190	$51,914	$168,488	$2,923,847

(b) Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 51 years and 3 to 20 years.

(c) For the year ended December 31, 2023, as the reason for impairment loss provisioning with respect to certain housing and building has vanished, the Group recognized gain on reversal of impairment loss in the amount of NT$10,035 thousand, which was recognized in the statement of comprehensive income.

The Group recognized an impairment loss in the amount of NT$15,766 thousand on certain property, plant and equipment to the extent of the recoverable value in 2022. The impairment loss has been recorded in the statement of comprehensive income. The recoverable value is measured at usage values by identified individual asset.

(d) Please refer to Note 8 for more details on property, plant and equipment under pledge.

(e) The land owned by the Group located at Nos. 631 and 635, Xinzhou Section, Xinwu District, Taoyuan City, belongs to the general agricultural land that is not urban planning area. According to Article 33 of the Agricultural Development Regulation “Private legal persons shall not be subject to restrictions on agricultural land”, temporarily registered in the name of General Manager, Huang Ya-Hsing, general manager, and handled the setting with the Company as the right holder.

(11) Investment property

The Group’s investment properties include owned investment properties. The Group has entered into commercial property leases on its owned investment properties with terms of 15 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings	Land use rights	Total
Cost:			
As of 1 Jan. 2023	$-	$-	$-
Held as right-of-use assets	-	1,985	1,985
Transfers from owner-occupied property	59,839	-	59,839
Exchange differences	-	-	-
As of 31 Dec. 2023	$59,839	$1,985	$61,824
Depreciation and impairment:			
As of 1 Jan. 2022	$-	$-	$-
Amortization	-	-	-
Transfers from owner-occupied property	(50,551)	-	(50,551)
Exchange differences	-	-	-
As of 31 Dec. 2022	$(50,551)	$-	$(50,551)
Net carrying amount as of:			
31 Dec. 2023	$9,288	$1,985	$11,273
31 Dec. 2022	$-	$-	$-

	For the year ended December 31,	
	2023	2022
Rental income from investment property	$1,991	$-
Less:		
Direct operating expenses from investment property generating rental income	-	-
Total	$1,991	$-

(a)No investment property was pledged.

(b)Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3.

(c)The fair value of investment properties was NT$78,387 thousand as of 31 December 2023. The fair value has been determined based on valuations performed by an independent valuer. The valuation method used is the cost method.

(12) Intangible assets

	Computer Software
Cost:	
As of January 1, 2023	$44,361
Additions-acquired separately	5,800
Reclassification	-
Deduction	-
Exchange differences	(23)
As of December 31, 2023	$50,138
As of January 1, 2022	$40,715
Additions-acquired separately	2,913
Reclassification	1,032
Deduction	(321)
Exchange differences	22
As of December 31, 2022	$44,361
Depreciation and impairment:	
As of January 1, 2023	$36,491
Amortization	2,797
Deduction	-
Exchange differences	(23)
As of December 31, 2023	$39,265
As of January 1, 2022	$33,080
Amortization	3,710
Deduction	(321)
Exchange differences	22
As of December 31, 2022	$36,491

	Computer Software
Net carrying amount as of:	
December 31, 2023	$10,873
December 31, 2022	$7,870

Amortization of intangible assets is as follows:

	For the year ended December 31,	
Item	2023	2022
Operating costs	$177	$116
Sales and marketing	378	337
General and administrative	2,242	2,363
Research and development	-	894
Total	$2,797	$3,710

(13) Other non-current assets

	As of December 31,	
	2023	2022
Refundable deposits	$11,313	$14,353
Net defined benefit assets	-	3,659
Total	$11,313	$18,012

(14)Short-term loans

	As of December 31,	
	2023	2022
Secured financial structure loans	$306,839	$127,556
Unsecured financial structure loans	25,956	454,789
Total	$332,795	$582,345
Interest Rates (%)	1.70%～4.43%	0.82%～3.90%

The Group's unused short-term lines of credits amounted to NT$1,758,799 thousand and NT$1,016,175 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details of assets pledged as collaterals.

(15) Other payables

	As of December 31,	
	2023	2022
Payable of salary and bonuses	$112,796	$135,809
Accrued interest	773	839
Accrued compensation to employees and directors	11,441	18,612
Prepayment for equipment	15,216	61,517
Payable of processing fees	171,311	294,888
Other	153,272	160,088
Total	$464,809	$671,753

(16) Bonds payable

A. The details of the bonds payable as of December 31, 2023 and 2022 is as follows:

	As of December 31,	
	2023	2022
Liability component:		
Unsecured domestic convertible bonds	$962,300	$606,300
Less: discounts on bonds payable	(43,670)	(12,468)
Subtotal	918,630	593,832
Less: current portion	(81,088)	(279,367)
Net	$837,542	$314,465
Embedded derivative - redemption, put options	$1,073	$493
Equity component - conversion right	$104,041	$60,914

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(26)(C),6(26)(D).

B. On August 27, 2019, the Group issued the 1st unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A)Issue amount:	NT$600,000 thousand
(B)Issue date:	August 27, 2019
(C)Issue price:	Issued at 101% of the par value
(D)Coupon rate:	0%
(E)Period:	August 27, 2019 to August 27, 2024
(F)Settlement or Conversion period:	(a)From the day following the issuance of corporate bonds for three months (November 28, 2019) to 40 days before the expiration of the issuance period (July 18, 2024), when the agreed conditions are met, Request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds. (b)For the holders of corporate bonds, from the day following the 3 months after the issuance date of the corporate bonds (November 28, 2019) to the maturity date (August 27, 2024), except for the period stipulated in the conversion method. In addition, the company may at any time request to be converted into the company's common stock at the conversion price at that time. If it is not converted at that time, it will be redeemed at the par amount plus interest compensation when it expires. (c)Corporate bond holders may request the company to redeem the principal in cash at an interest rate of 101.5075% of the par value of the bond (0.5% annual return yield) within 40 days before the issuance of the corporate bond meets the agreed conditions.

(d)Holders of corporate bonds may request the company to redeem the principal in cash at 102.015% of the par value of the bonds (0.5% annual return rate) within 40 days before the issuance of the corporate bonds meets the agreed conditions.

(e)The price of the conversion corporate bonds is determined based on August 19, 2019 as the conversion price determination base date, and the simple arithmetic average of the company's common stock closing prices on the five business days prior to the base date (excluding). The base price is NT$46.55, and then the base price is multiplied by the conversion premium rate of 107.42%, which is the conversion price of the converted corporate bonds (calculated to NT dollars, rounded up to the following points). According to the above method, the conversion price is NT$50 per share.

The conversion price of the Group's first domestic unsecured conversion corporate bonds is adjusted according to the relevant anti-dilution provisions of the conversion method. The company has adjusted the conversion price from NT$47.90 to NT$46.80 since August 5, 2021 (the ex-dividend base date). Since August 5, 2022 (the ex-dividend base date), the conversion price has been adjusted from NT$46.80 to NT$45.60. Since May 6, 2023 (the ex-dividend base date), the conversion price has been adjusted from NT$45.60 to NT$43.90.

C. On January 3, 2022, the Group issued the 2nd unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A)Issue amount:	NT$630,000 thousand
(B)Issue date:	January 3, 2022
(C)Issue price:	Issued at 111.8% of the par value

(D)Coupon rate: 0%

(E)Period: January 3, 2022 to January 3, 2025

(F)Settlement or Conversion period:

(a)The company may, from the day following the issuance of corporate bonds for three months (April 4, 2022) to 40 days before the expiration of the issuance period (November 24, 2024), when the agreed conditions are met, request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

(b)For the holders of corporate bonds, from the day following the 3 months after the issuance date of the corporate bonds (November 28, 2019) to the maturity date (August 27, 2024), except for the period stipulated in the conversion method. In addition, the company may at any time request to be converted into the company's common stock at the conversion price at that time. If it is not converted at that time, it will be redeemed at the par amount plus interest compensation when it expires.

(c)The price of the conversion corporate bond is determined based on December 13, 2021 as the base date for the determination of the conversion price, which is calculated on the basis of one, three, or five business days before the base date (excluding). The simple arithmetic average of the closing prices of the company's common shares is used as the benchmark price, and then the benchmark price is multiplied by the conversion premium rate of 104.31%, which is the conversion price of the converted corporate bonds (calculated to NT$, rounded up below). According to the above method, the conversion price is set at NT$47 per share.

The conversion price of the second domestic unsecured conversion corporate bond of the group is adjusted according to the relevant anti-dilution provisions of the conversion method. The company adjusted the conversion price from NT$47.00 to NT$45.80 starting from August 5, 2022 (the ex-dividend base date). The company adjusted the conversion price from NT$45.80 to NT$44.10 starting from May 6, 2023 (the ex-dividend base date).

D. On November 27, 2023, the Group issued the 3rd unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A)Issue amount: NT$800,000 thousand

(B)Issue date: November 27, 2023

(C)Issue price: Issued at 106.15% of the par value

(D)Coupon rate: 0%

(E)Period: November 27, 2023 to November 27, 2026

(F)Settlement or Conversion period: (a)From the day following the issuance of corporate bonds for three months (February 28, 2024) to 40 days before the expiration of the issuance period (October 18, 2025), when the agreed conditions are met, Request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

(b)For corporate bond holders, from the day following the first three months of the corporate bond issuance date (February 28, 2024) to the maturity date (November 27, 2026), except for the period stipulated in the conversion method. In addition, the company may request to be converted into the company's ordinary shares at any time at the conversion price at that time. If it is not converted at that time, it shall be repaid in cash according to the par value of the bond within five business days after the maturity date.

(c)The price of the conversion corporate bonds is determined based on November 7, 2023 as the conversion price determination base date, and the simple arithmetic average of the company's common stock closing prices on the three business days prior to the base date (excluding). The base price is NT$50,032, and then the base price is multiplied by the conversion premium rate of 102.71%, which is the conversion price of the converted corporate bonds (calculated to NT dollars, rounded up to the following points). According to the above method, the conversion price is NT$52 per share.

E. The 1st unsecured convertible bonds in the amount of NT$202,200 thousand have been converted to 4,597 thousand common shares for the year ended December 31, 2023. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT$154,152 thousand; The unsecured convertible bonds in the amount of NT$116,200 thousand have been converted to 2,548 thousand common shares for the year ended December 31, 2022. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT$88,741 thousand.

The 2nd unsecured convertible bonds in the amount of NT$241,800 thousand have been converted to 5,438 thousand common shares for the year ended December 31, 2023. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT$182,856 thousand; The unsecured convertible bonds in the amount of NT$307,500 thousand have been converted to 6,714 thousand common shares for the year ended December 31, 2022. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT$232,001 thousand.

(17) Long-term loans

Details of long-term loan as of December 31, 2023 and 2022 are as follows:

Debtor	Type of Loan	Maturity	As of December 31,2023	Repayment
Bank of Taiwan	Secured loan	2016.06.27-2024.06.27	$9,550	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20-2026.10.20	272,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28-2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank of Taiwan	Secured loan	2023.02.15-2028.02.15	256,000	The principal and interest will be amortized monthly.
Total			1,407,550	
Less: current portion			(86,883)	
Non-current portion			$1,320,667	

Debtor	Type of Loan	Maturity	2022	Repayment
Bank of Taiwan	Secured loan	2016.06.27-2024.06.27	$28,650	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20-2026.10.20	296,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28-2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank Sinopac	Credit loan	2022.11.24-2023.02.23	100,000	Interest is paid monthly, and the principal is paid at maturity.
Total			1,294,650	
Less: current portion			(143,100)	
Non-current portion			$1,151,550	

(a) Please refer to Note 8 for more detail of assets pledged as collaterals.

(b) As of December 31, 2023 and 2022, the interest rate intervals for long-term loans were 1.35%～2.06% and 0.98%～1.88%, respectively.

(18) Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2023	2022
Net defined benefit liability	$774	$851
Guarantee deposits	5,635	4,921
Deferred revenue	5,776	6,079
Other (Note)	-	20,279
Total	$12,185	$32,130

Note: The Group's Wuxi Shishuo Metal Company (which has been merged by Global Tek (Wuxi) Co., Ltd.) signed an investment agreement with the People's Government of Xishan District, Wuxi City on January 17, 2018. The government will provide land for the necessary infrastructure construction and there is a commitment item of "increasing the registered capital to US$20 million", for which the capital increase will reach US$8 million before the listing of the land, and the rest of the funding will gradually be in place after the listing. Therefore, on March 16, 2018, when the Group obtained the land use right of Anzhen Street in Wuxi City, it was temporarily exempted from the payment of RMB 100,000 per mu for infrastructure supporting construction costs totaling NT$ 20,279 thousand (RMB 4,361 thousand). It is estimated that the government subsidy will be recognized after the output reaches the standard in the fifth year, and it will be amortized according to the remaining useful life of the new land use right. However, if the Group fails to meet the output standard in the fifth year after obtaining the new land use right, it will have to pay a total of NT$20,279 thousand (RMB 4,361 thousand) for supporting infrastructure construction.

The Group applied for the planning permission after obtaining the land use rights in March 2018. The local government required that the project undergo an environmental impact assessment by a qualifying body. After the Group complied with this requirement, it was not able to continue with the subsequent construction project approval process until it received approval from the Department of Safety and Environmental Protection of Xishan District in May 2019, resulting in a delay in project progress. During the process of obtaining construction planning permission, the Group was required to adhere to hygienic buffer zone standards, which necessitated a redesign of the project plans. Subsequently, the COVID-19 pandemic further delayed the commencement of the construction, with the Group receiving the construction planning permission in June 2020. Due to the impact of the pandemic, the construction was not completed and accepted until the end of May 2022. Later, the construction and installation of production facilities inside the factory were carried out. In late October of the same year, the Xinwu District government approved the change of the business license and tax registration to Xishan District. On December 3 of the same year, the Group submitted an explanation of the delayed production to the People's Government of Xishan District, Wuxi City. As of September 30, 2023, the Group has estimated a total of

NT$ 20,279 thousand (RMB 4,361 thousand) for infrastructure and supporting construction costs, which was booked as other payables, if production standards are not met.

(b) The details of the deferred government grants income for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31,	
	2023	2022
Beginning balance	$26,358	$27,204
Reclassification	(20,279)	-
Released to the statement of comprehensive income	(1,241)	(1,245)
Exchange differences	938	399
Ending balance	$5,776	$26,358

The Group received government grants for the purchase of property, plant and equipment for specific projects. The recognized government grants have no unfulfilled conditions and other contingencies.

(19) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$32,161 thousand and NT$34,766 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company and its domestic subsidiaries do not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$588 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the maturities of the Company's and its domestic subsidiaries' defined benefit plan were expected in 2033 and 2030, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	for the years ended December 31	
	2023	2022
Net interest of defined benefit	$(38)	$(3)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Defined benefit obligation	$18,679	$14,211	$15,209
Plan assets at fair value	(17,905)	(17,019)	(15,624)
Other non-current liabilities – net defined benefit liability(assets) on the consolidated balance sheets	$774	$(2,808)	$(415)

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2022	$15,209	$(15,624)	$(415)
Current period service costs	-	-	-
Net interest expense(revenue)	95	(98)	(3)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	95	(98)	(3)
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(768)	-	(768)
Experience adjustments	105	-	105
Return on project assets (except the amount included in net interest)	-	(1,208)	(1,208)
Re-measurement on defined benefit assets	-	-	-
Subtotal	(663)	(1,208)	(1,871)
Payments from the plan	(430)	430	-
Contributions by employer	-	(519)	(519)
As of December 31, 2022	14,211	(17,019)	(2,808)
Current period service costs	-	-	-
Net interest expense(revenue)	183	(221)	(38)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	183	(221)	(38)
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(375)	-	(375)
Experience adjustments	3,910	-	3,910

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Return on project assets (except the amount included in net interest)	-	(143)	(143)
Re-measurement on defined benefit assets	-	-	-
Subtotal	4,285	(143)	4,142
Payments from the plan	-	-	-
Contributions by employer	-	(522)	(522)
As of December 31, 2023	$18,679	$(17,905)	$744

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.125%～1.25%	1.25%～1.375%
Expected rate of salary increases	2.25%	2.00%～2.25%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(329)	$-	$(313)
Discount rate decrease by 0.25%	339	-	324	-
Future salary increase by 0.25%	330	-	317	-
Future salary decrease by 0.25%	-	(322)	-	(308)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(20) Equity

(a)Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were both NT$1,500,000 thousand, each share at par value of NT$10. The Company's paid-in capital were NT$910,414 thousand and NT$810,063 thousand, respectively, divided into 91,041 thousand shares and 81,006 thousand shares, respectively. Each share has one voting right and a right to receive dividends. The 6,000 thousand shares are reserved for the issuance of employee stock option certificates in the total amount of shares mentioned above.

The Company passed the board resolution on November 9, 2018. In order to motivate employees and boost solidarity, the Company bought back a total of 247 thousand shares from November 15, 2018 to January 9, 2019 and planned to transfer them to employees within three years from the date of repurchase. As of January 17, 2022, the Company has not transferred the 247 thousand shares repurchased for more than three years, therefore the 247 thousand treasury shares were cancelled in accordance with applicable regulations, totaling NT$10,551 thousand, including NT$2,470 thousand of which was canceled share capital, NT$4,291 thousand was stock premium and NT$3,790 thousand was accumulated profit and loss. January 17, 2022 was set as the base date for capital reduction and cancellation of share capital.

For the year ended December 31,2021, among the employee stock options issued by the Company, ordinary shares in the amount of NT$ 3,929 thousand were converted into 187 thousand ordinary shares. The registration was completed on February 9, 2022.

Among the employee stock options issued by the Company, the amount of NT$ 1,987 thousand were converted into 96 thousand ordinary shares and approved by the board of directors' meeting on March 25, 2022. The base date for the capital increase was March 25, 2022.

For the year ended December 31, 2023 and 2022, the 1st unsecured convertible bonds in amount of NT$202,200 thousand and NT$116,200 thousand, respectively were converted into 4,597 thousand shares and NT$2,548 thousand shares.

For the year ended December 31, 2023and 2022, the 2nd unsecured convertible bonds in amount of NT$241,800 thousand and NT$307,500 thousand, respectively were converted into 5,438 thousand shares and NT$6,714 thousand shares.

(b)Capital Surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$2,003,862	$1,621,376
Employee stock option	1,322	1,322
Components of convertible corporate bonds	104,041	60,914
Total	$2,109,225	$1,683,612

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c)Treasury stock

Treasury stock amounted both to NT$0 and divided into 0 shares as of December 31, 2023 and 2022.

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the years ended December 31, 2022				
Transfer of shares to employees	247	-	247	-

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

(d) Retained earnings and dividend policies

(1) Retained earnings

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

i. Payment of all taxes and dues;
ii. Offset prior years' operation losses;
iii. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
iv. Set aside or reverse special reserve in accordance with law and regulations; and
v. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the Company's dividends are distributed to shareholders, surplus reserve and capital reserve paid in cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(2) Dividend policies

The Company’s life cycle is currently at the growing stage. The Company’s dividend policy shall be determined pursuant to the factors, such as financial structure, operating conditions, and capital budgets. The distribution of shareholders’ dividend shall be not lower than 10% of the distributable current-year earnings. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 1% of the paid-in capital. The dividend can be distributed by cash not be less than 10% of total dividends and be adjusted by the actual situation of the company.

(3) Legal Reserve

According to Taiwan’s Company Act, the Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total paid-in capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash held by each of the shareholders.

(4) Special Reserve

The FSC issued Order No. Jin-Guan-Cheng-Fa-Zi-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion of the special reserve first appropriated and distribute it.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e) The appropriations of earnings for 2023 and 2022 were approved through the board meetings and shareholders' meetings held on March 14, 2024 and June 30, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2023	2022	2023	2022
Legal Reserve	$25,481	$42,056		
Special reserve	24,650	(17,259)		
Cash dividend (Note1)	131,000	173,000	$1.44	$2.11
Total	$181,131	$197,797		

Note1: The number of shares calculated for shareholder dividends amounted to 91,137 thousand shares and 82,022 thousand shares as of March 8, 2024 and March 3, 2023, respectively (after deducting treasury shares).

Please refer to Note 6(25) for details on employees' compensation and remuneration to directors and supervisors.

(21) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) In January 2017, the Company issued employee stock option of 4,000 units to qualified employees of the Company. One unit of stock option can be used to subscribe 1,000 shares of the Company's common shares. The options are valid for five years and exercisable at 50% of the granted stock options to the second anniversary of grant date; and can exercisable the other 50% of the granted stock options to the third anniversary of grant date The exercise price of stock options is obtained by referring to the company's current fair value per share in the enterprise value evaluation report issued by Specialized Enterprise Management Consulting Co., Ltd. on December 26, 2016, and discounting it by 30%. , the exercise price will be subject to the adjustments upon occurrence of certain events of changes in the company's common shares.

The following table contains further details on the aforementioned share-based payment plan:

	For the year ended December 31,2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	96	$20.7
Granted	-	-
Exercised	(96)	20.7
Expired	-	-
Over due	-	-
Outstanding at end of period	-	$-
Exercisable at end of period	-	
For share options granted during the period, weighted average fair value of those options at the measurement date (in dollars)		$-

The aforementioned share-based payment plan had no remaining vesting period as of December 31, 2022.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	2017.01
Stock market price	$35.89
Exercised price	$25
Expected volatility (%)	41.57%～41.74%
Expected life (Years)	3.5 years／4 years
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.81%／ 0.85%

The Company assumes that the stock options with a vesting period of 2 years and 3 years will be exercised 3.5 years and 4 years after the grant date, so the expected volatility is based on the historical stock price volatility of the industry in the past 3.5 years and 4 years.

In January 2019, the Company revised the payment conditions of some outstanding employee stock option plans at that time and replaced them with a long-term bonus plan. In January 2019, the Company re-evaluated the fair value of employee stock options granted in January 2017. The Black-Scholes Option Pricing model was used in the evaluation. The input values used in the evaluation model are as follows:

	2019.01
Stock market price	$45
Exercised price	$23.2
Expected volatility (%)	24.22%
Expected life (Years)	1 day
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.43%

Compared with the current value of the revised long-term bonus and welfare plan, the aforementioned measurement results have not increased.

(22) Operating revenues

	For the year ended December 31,	
	2023	2022
Revenue from contracts with customer		
Sales of goods	$4,158,559	$4,911,164
Other operating revenue	49,899	75,202
Total	$4,208,458	$4,986,366

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 are as follows:

(a)Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
Sale of goods	$4,158,559	$4,911,164
Other	49,899	75,202
Total	$4,208,458	$4,986,366
The timing for revenue recognition:		
At a point in time	$4,208,458	$4,986,366

For the analysis of each major product, please refer to Note 14 "Segment Information".

(b)Contract balances

A. Contract liabilities

	As of		
	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Sale of goods	$14,022	$11,597	$21,158

Analysis of contract liabilities for the year ended December 31, 2023 are as follows:

	Sale of goods
The opening balance transferred to revenue	$(5,502)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	7,927

Analysis of contract liabilities for the year ended December 31, 2022 are as follows:

	Sale of goods
The opening balance transferred to revenue	$(18,394)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	8,833

(23) Expected credit gains (losses)

	For the year ended December 31,	
Operating expenses – Expected credit (losses) gains	2023	2022
Accounts receivables	$3,860	$(1,974)

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivables (including notes receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022, respectively are as follows:

A. The Group considers the grouping of accounts receivables by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. The details are as follows:

2023.12.31

	Not due	Overdue				
	(Note)	Less than 60 days	61-120 days	121-180 days	More than 181 days	Total
Gross carrying amount	$1,257,067	$73,179	$14,707	$3,784	$4,675	$1,353,412
Loss ratio	0.00%～0.19%	1.93%～2.17%	9.27%～19.38%	20.90~68.11%	55.96~100%	
Lifetime expected credit losses	(852)	(1,464)	(1,509)	(1,204)	(2,802)	(7,831)
Carrying amount of accounts receivables	$1,256,215	$71,715	$13,198	$2,580	$1,873	$1,345,581

2022.12.31

	Not due	Overdue				
	(Note)	Less than 60 days	61-120 days	121-180 days	More than 181 days	Total
Gross carrying amount	$1,482,222	$162,258	$19,048	$3,476	$118	$1,667,122
Loss ratio	0.06%～1.44%	1.23%～16.15%	14.32%～31.91%	42.12%～66.98%	68.06%～100%	
Lifetime expected credit losses	(3,384)	(2,943)	(3,612)	(1,737)	(109)	(11,785)
Carrying amount of accounts receivables	$1,478,838	$159,315	$15,436	$1,739	$9	$1,655,337

Note: The Group's note receivables were not overdue.

B. The movement in the provision for impairment of notes receivables and accounts receivables for the years ended December 31, 2023 and 2022 are as follows:

	Notes receivables	Accounts receivables
As of January 1, 2023	$-	$11,785
Addition (reversal) for the current period	-	(3,860)
Exchange differences	-	(94)
As of December 31, 2023	$-	$7,831
As of January 1, 2022	$-	$9,770
Addition (reversal) for the current period	-	1,974
Exchange differences	-	41
As of December 31, 2022	$-	$11,785

(24)Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 39 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Group’s leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As of December 31,	
	2023	2022
Land	$68,211	$74,317
Buildings	102,395	125,388
Transportation equipment	7,359	10,798
Office equipment	53	122
Other equipment	120	1,558
Total	$178,138	$212,183

The Group's right-of-use assets increased by NT$3,656 thousand and NT$139,942 thousand for the years ended December 31, 2023 and 2022, respectively.

(ii)Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	$118,154	$149,098
Current	$17,240	$32,502
Non-current	100,914	116,596
Total	$118,154	$149,098

Please refer to Note 6(26)(d) for the interest on lease liabilities recognized during the year ended December 31, 2023 and 2022, and refer to Note12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2023 and 2022.

B. Amounts recognized in the income statement

(i)Depreciation of right-of-use assets

	For the year ended December 31,	
	2023	2022
Land	$3,039	$3,029
Buildings	18,749	26,662
Transportation equipment	6,947	6,683
Office equipment	181	428
Other equipment	1,438	1,166
Total	$30,354	$37,968

C. Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of law-value assets)	$(4,510)	$(4,060)
Income from subleasing right-of-use assets	375	3,338

As of December 31, 2023 and 2022, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

D. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group’s total cash outflow for leases amounted to NT$32,623 thousand and NT$41,051 thousand, respectively.

(b) Group as a lessor

The Group has entered leases on plants. These leases have terms of between one and two years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments	$24,271	$17,329
Finance lease income recognized		
Finance income on the net investment in the lease	5,701	3,443
Total	$29,972	$20,772

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Less than one year	$21,485	$17,566
More than one year but less than five years	138,495	37,625
Total	$159,980	$55,191

The Group enters into a financial lease agreement, and the undiscounted lease payment and the total amount for the remaining years will be received as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Undiscounted lease payments		
Year 1	$35,944	$54,222
Year 2	30,993	47,476
Year 3	14,375	35,388
Year 4	967	20,680
Year 5	-	9,583
Total undiscounted lease payments	82,279	167,349
Less: lease payment unearned revenue	(3,618)	(10,734)
Net investment in the lease (Finance lease receivables)	$78,661	$156,615
Current	$33,304	$48,646
Non-current	45,357	107,969
Total	$78,661	$156,615

(25)Summary of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	For the year ended December 31,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	$217,150	$349,345	$566,495	$277,894	$384,353	$662,247
Labor and health insurance	26,195	31,301	57,496	25,432	24,611	50,043
Pension	14,818	17,305	32,123	17,608	17,155	34,763
Other employee benefits expense	14,132	16,745	30,877	15,718	14,538	30,256
Depreciation	140,912	55,183	196,095	145,780	48,304	194,084
Amortization	177	2,620	2,797	116	3,594	3,710

According to the Company's Articles of Incorporation, between 1% to 10% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the year ended December 31, 2023 amounted to NT$5,690 thousand, and NT$2,845 thousand respectively, recognized as employee benefits.

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the year ended December 31, 2022 amounted to NT$9,764 thousand, and NT$4,882 thousand respectively, recognized as employee benefits.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$5,690 thousand and NT$2,845 thousand, respectively, for the year ended December 31, 2023, in a meeting held on March 14, 2024. No differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$9,764 thousand and NT$4,882 thousand, respectively, for the year ended December 31, 2022, in a meeting held on March 23, 2023. No differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

(26) Non-operating incomes and expenses

(a)Interest income

	For the year ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$46,800	$9,882
Related party lending	758	1,738
Other	6,159	3,515
Total	$53,717	$15,135

(b)Other revenue

	For the year ended December 31,	
	2023	2022
Rental income	$24,271	$17,329
Dividend income	1,206	1,103
Other	56,357	42,686
Total	$81,834	$61,118

(c) Other gains and losses

	For the year ended December 31,	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	$(2,013)	$(495)
Foreign exchange gains (losses), net	(3,935)	121,993
Gains (losses) on financial assets at fair value through profit or loss	(532)	(2,031)
Gains on lease modification	2,010	1,311
Impairment loss on property, plant and equipment	10,035	(15,766)
Others	(1,175)	(2,753)
Total	$4,390	$102,259

(d)Finance costs

	For the year ended December 31,	
	2023	2022
Interest on borrowings from bank	$46,490	$28,429
Interests on convertible bonds	1,568	9,621
Interests on lease liabilities	5,433	1,801
Interest calculated on deposit	10	8
Total	$53,501	$39,859

(27) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Other equipment Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$(4,142)	$-	$(4,142)	$829	$(3,313)
Unrealized gains (losses) from debt instruments investments measured at fair value through other comprehensive income	5,211	-	5,211	(1,142)	4,069
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(41,055)	-	(41,055)	8,210	(32,845)
Total of other comprehensive income	$(39,986)	$-	$(39,986)	$7,897	$(32,089)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Other equipment Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$1,871	$-	$1,871	$(374)	$1,497
Unrealized gains (losses) from debt instruments investments measured at fair value through other comprehensive income	(3,925)	-	(3,925)	246	(3,679)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	26,171	-	26,171	(5,234)	20,937
Total of other comprehensive income	$24,117	$-	$24,117	$(5,362)	$18,755

(28)Income taxes

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	$75,869	$90,597
Adjustments in respect of current income tax of prior periods	(9,276)	(2,217)
Adjustment of the deferred income tax of previous years in the current period	-	(90)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(23,422)	28,517
Total income tax expense	$43,171	$116,807

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(829)	$374
Unrealized gains (losses) from debt instruments investments measured at fair value through other comprehensive income	1,142	(246)
Exchange differences on translation of foreign operations	(8,210)	5,234
Total	$(7,897)	$5,362

(b) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting income before tax from continuing operations	$305,424	$539,657
Tax payable at the enacted tax rates	$99,858	$148,253
Surtax on Undistributed retained earnings	11,343	4,029
Tax effect of expenses not deductible for tax purposes	(51,959)	(47,357)
Amount affected by deferred income tax on earnings of subsidiaries	-	15,276
Tax effect of deferred tax assets/liabilities	(715)	(1,087)
Effects of changes in tax rates due to adjustments	(6,080)	-
Adjustments in respect of current income tax of prior periods	(9,276)	(2,217)
Adjustments in respect of deferred income tax of prior periods	-	(90)
Total income tax expense recognized in profit or loss	$43,171	$116,807

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as Jan. 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance as of Dec. 31, 2023
Temporary differences					
Loss on inventory valuation	$27,561	$2,693	$-	$-	$30,254
Asset impairment loss	8,034	(1,167)	-	-	6,867
Unrealized exchange loss (gain)	(12,545)	19,481	-	-	6,936
Exchange differences on translation of foreign operations	19,128	-	8,210	-	27,338
Undistributed earnings of subsidiaries	(174,655)	(35)	-	-	(174,690)
Other	(33,404)	2,450	(313)	716	(30,551)
Deferred tax income/(expense)		$23,422	$7,897	$716	
Net deferred tax assets/(liabilities)	$(165,881)				$(133,846)
Reflected in balance sheet as follows:					
Deferred tax assets	$79,831				$98,159
Deferred income tax liabilities	$245,712				$232,005

For the year ended December 31, 2022

	Beginning balance as Jan. 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance as of Dec. 31, 2022
Temporary differences					
Loss on inventory valuation	$24,385	$3,176	$-	$-	$27,561
Asset impairment loss	9,233	(1,199)	-	-	8,034
Unrealized exchange loss (gain)	2,740	(15,285)	-	-	(12,545)
Unused tax losses	3,683	(3,683)	-	-	-
Exchange differences on translation of foreign operations	24,362	-	(5,234)	-	19,128
Undistributed earnings of subsidiaries	(159,391)	(15,264)	-	-	(174,655)
Other	(36,539)	3,828	(128)	(565)	(33,404)
Deferred tax income/(expense)		$(28,427)	$(5,362)	$(565)	
Net deferred tax assets/(liabilities)	$(131,527)				$(165,881)
Reflected in balance sheet as follows:					
Deferred tax assets	$85,756				$79,831
Deferred income tax liabilities	$217,283				$245,712

(d) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset future taxable profits amounted to NT$5,655 thousand and NT$2,026 thousand, respectively.

(e)The following table contains the information of unused tax losses of the Group:

The Company has not recognized a deferred tax liability for income taxes that may become payable upon the repatriation of undistributed profits from its foreign subsidiaries since the year 2023. The Company has decided that it will not distribute the undistributed earnings of the subsidiaries in the foreseeable future. As of December 31, 2023, the unrecognized deferred tax liability amounted to NT$39,127 thousand.

(f) The assessment of income tax returns

As of December 31, 2023, the status of tax authority's assessment of the income tax returns of the Company and its subsidiaries were as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiary- Global Tek Co., Ltd.	Assessed and approved up to 2021

(29)Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(a) Basic earnings per share

	For the year ended December 31,	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$262,253	$422,850
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	86,302	73,724
Earnings per share - basic (in NT$)	$3.04	$5.74

(b) Diluted earnings per share

	For the year ended December 31,	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$262,253	$422,850
Effect of dilution:		
Gain or loss on valuation of redemption from convertible bonds	431	1,536
Interest expense from convertible bonds	4,346	7,697
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$267,030	$432,083
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	86,302	73,724
Effect of dilution:		
Employee bonus－stock (in thousand shares)	146	211
Convertible bonds (in thousand shares)	9,903	20,487
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	96,351	94,422
Earnings per share - diluted (in NT$)	$2.77	$4.58

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Top Yes (Suzhou) Precision Industry Co., Ltd.	Associate
AvioCast Inc.	Associate

(2) Significant transactions with related parties

A. Other receivables (excluding financing provided to others)

	As of December 31,	
	2023	2022
Top Yes (Suzhou) Precision Industry Co., Ltd.	$567	$578
AvioCast Inc.	205	-
Total	$772	$578

B. Loans to related parties

(a)Other receivables - related parties

	As of December 31,	
	2023	2022
Top Yes (Suzhou) Precision Industry Co., Ltd.	$17,502	$18,137

(b)Interest income

	For the year ended December 31,	
	2023	2022
Top Yes (Suzhou) Precision Industry Co., Ltd.	$758	$1,738

C. For the year ended December 31, 2023 and 2022, the Group entrusted Top Yes (Suzhou) Precision Industry Co., Ltd. to provide labor services and recognized operating cost in the amount of NT$1,422 thousand NT$1,412 thousand, respectively.

D. For the year ended December 31, 2022, the Group sold property, plant and equipment to related parties. The details are as follows:

Asset type	Related party	Book value	Selling price	Gains on disposal	Price Reference
Machinery and equipment	Top Yes (Suzhou) Precision Industry Co., Ltd.	$-	$574	$574	Commercial negotiation

E. For the year ended December 31, 2023, the Group recognized service revenue in the amount of NT$1,365 thousand from providing services to AVIOCAST INC. Co., Ltd.

F. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2023	2022
Short-term employee benefit	$28,192	$16,811
Post-employment benefit	324	270
Total	$28,516	$17,081

8. ASSETS PLEDGED AS COLLATERAL

	Carrying amount As of December 31,		
Item	2023	2022	Secured liabilities
Notes receivables	$42,858	$-	Collateral for notes receivable account
Financial assets measured at amortized cost-non current	1,815	1,811	Custom bond
Land	1,410,612	1,410,612	Long-term loans
Property, plant and equipment – buildings(net)	95,832	99,510	Short-term and Long-term loans
Total	$1,551,117	$1,511,933	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a) As of December 31, 2023 and 2022, the outstanding contracts relating to purchased property, plant and equipment of Global Tek Fabrication Co., Ltd., Global Tek Co., Ltd., Global Tek (Wuxi) Co., Ltd., for business needs were as follows:

	As of December 31,	
Purchased property, plant and equipment	2023	2022
Global Tek Fabrication Co., Ltd.	$30,854	$42,046
Global Tek Co., Ltd.	-	18,811
Global Tek (Wuxi) Co., Ltd.	24,198	64,249
Total	$55,052	$125,106

(b) As of December 31, 2023 and 2022, the Global Tek Co., Ltd. guarantee noted issued as collateral for the purchase of materials were NT$88,960 thousand and NT$92,520 thousand, respectively.

(c) Globaltek Xi’An Machinery Manufacturing Co., Ltd. passed the plan to establish an investment casting factory by the board resolution of the Company on November 12, 2021, and the estimated expenditure was RMB 72,000 thousand (including land, plant, supporting facilities machinery and equipment, etc.). However, because the local government of Xi'An could not provide and replace the casting capacity indicators, it is no longer possible to set up a foundry in this area from the perspective of policies and regulations, so the Company’s board resolution approved on August 11, 2022 that it intends to invest in the establishment of Global Tek Technology Metal Manufacturing (Shaanxi) Co., Ltd. through Global Tek (Xi’An) Co., Ltd. The investment amount was reduced from RMB 72,000 thousand to RMB 33,000 thousand, and as of December 31, 2023, RMB 22,530 thousand had been remitted.

(d) The Group announced on January 15, 2022 that due to the impact of Covid-19, according to the equity agreement entered into with Malaysia-based Allied Advantage Sdn., the Group has a right to choose not to exercise the second phase share transaction but still retains the 19% equity acquired in the first phase. Since the gain from the original 51% forward contract of the second phase of equity was not realized, the loss of NT$2,628 thousand from derecognition of the forward purchase contract was recognized. The Group was notified in March 2022 that the seller filed an action with the Taipei District Court in Taiwan, requesting the Group to perform the second phase of share sales and pay a total price of US$3,968,389. On June 28, 2022, the Taipei District Court in Taiwan delivered Judgment Year 2022 Chong-SU-Zi No,. 266 to dismiss the seller's request as its was groundless. After receiving the judgment, Allied Advantage Sdn.Bhd. did not file an appeal within the appeal period.

Additionally, on December 21, 2022, the Group filed a civil action to rescind the contract with the seller, and both parties reached a settlement through mediation at the Taipei District Court on May 15, 2023. The agreement stipulated that Allied Advantage Sdn. Bhd., a Malaysian company, shall pay the Group a sum of MYR 4,864 thousand according to the agreed schedule, and the Group shall sell back 1.9 million shares to Allied Advantage Sdn. Bhd. As of December 31, 2023, the Group had received 60% of the payment and transferred 60% of equity to the seller.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets	As of December 31,	
	2023	2022
Financial asset at fair value through profit of loss:		
Mandatorily measured at fair value through profit of loss	$1,627	$1,039
Financial assets at fair value through other comprehensive income	79,925	88,224
Financial assets measured at amortized cost		
Cash and cash equivalents	1,965,338	1,125,729
Financial assets measured at amortized cost	1,815	2,641
Accounts receivables (including related parties)	1,424,242	1,811,952
Other receivables (including related parties)	91,509	123,071
Refundable deposits	11,313	14,353
Total	$3,575,769	$3,167,009

Financial liabilities	As of December 31, 2023	As of December 31, 2022
Financial liabilities at amortized cost:		
Short-term loans	$332,795	$582,345
Payables (including related parties)	1,306,214	1,702,447
Long-term loans (current portion included)	1,407,550	1,294,650
Bonds payable (current portion included)	918,630	593,832
Lease liabilities	118,154	149,098
Guarantee deposits	5,635	4,921
Total	$4,088,978	$4,327,293

(2) Financial risk management objectives and policies

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group’s policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. There are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2023 and 2022 is increased/decreased by NT$17,909 thousand and NT$13,214 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments with variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$225 thousand and NT$752 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the unlisted equity securities measured at fair value through profit or loss could increase/decrease the Group's equtiy for the years ended December 31, 2023 and 2022 by NT$799 thousand and NT$883 thousand, respectively.

Please refer Note12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables, notes receivables and lease payment receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The objects of accounts receivable cover a large number of customers, scattered in different industries and geographical regions. The Group evaluates the financial condition of its accounts receivable customers on an ongoing basis.

The Group adopted IFRS 9 to assess the expected credit losses. Except for accounts receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Group makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 3years	3 to 5 years	Over than 5 years	Total
As of Dec. 31, 2023					
Short-term loans	$335,637	$-	$-	$-	$335,637
Long-term loans	313,129	629,446	738,205	-	1,680,780
Payables	1,306,214	-	-	-	1,306,214
Convertible bonds	81,600	80,700	800,000	-	962,300
Lease liabilities (Note)	18,534	31,995	28,549	44,420	123,498
As of Dec. 31, 2022					
Short-term loans	$590,131	$-	$-	$-	$590,131
Long-term loans	164,515	187,936	1,023,229	-	1,375,680
Payables	1,702,447	-	-	-	1,702,447
Convertible bonds	283,800	322,500	-	-	606,300
Lease liabilities (Note)	32,724	34,064	29,698	58,120	154,606

Note: The table below provides further information on the lease liability maturity analysis:

	Due period			
	Less than 1 year	1 to 5 years	6 to 10 years	Total
As of Dec. 31, 2023	$18,534	$60,544	$44,420	$123,498
As of Dec. 31, 2022	32,724	63,762	58,120	154,606

(6) Reconciliation schedule of liabilities arising from financing activities

Reconciliation schedule of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Guarantee deposits	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of January 1, 2023	$582,345	$1,294,650	$4,921	$149,098	$593,832	$2,624,846
Cash flows	(249,550)	112,900	714	(28,113)	849,209	685,160
Non-cash changes						
Lease range changes	-	-	-	3,656	-	3,656
Interest expense	-	-	-	1,568	5,433	7,001
Other	-	-	-	(7,998)	(529,844)	(537,842)
Exchange differences	-	-	-	(57)	-	(57)
As of December 31, 2023	$332,795	$1,407,550	$5,635	$118,154	$918,630	$2,782,764

Reconciliation schedule of liabilities for the year ended December 31, 2022:

	Short-term loans	Long-term loans	Guarantee deposits	Lease liabilities	Corporate bonds received in advance (accounted for non-current liabilities)	Bonds payable	Total liabilities from financing activities
As of January 1, 2022	$730,008	$527,749	$3,891	$74,373	$704,314	$390,051	$2,430,386
Cash flows	(147,663)	766,901	1,030	(36,991)	-	-	583,277
Non-cash changes							
Lease range changes	-		-	139,942	-	-	139,942
Interest expense	-	-	-	1,801	-	9,621	11,422
Other	-	-	-	(30,333)	(704,314)	194,160	(540,487)
Exchange differences	-	-	-	306	-	-	306
As of December 31, 2022	$582,345	$1,294,650	$4,921	$149,098	$-	$593,832	$2,624,846

(7) Fair value of financial instruments

(a)The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payables and other current liabilities approximate their faire value.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates bonds and futures etc.) at the reporting date.

iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payables and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of December 31,	
	2023	2022
Financial liabilities:		
Bonds payable	$918,630	$593,832

	Fair value as of December 31,	
	2023	2022
Financial liabilities:		
Bonds payable	$925,039	$596,775

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

As of December 31, 2023 and 2022, the Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis.

Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial asset measured at fair value through profit or loss				
Convertible corporate bond redemption rights	$-	$1,074	$-	$1,074
Funds beneficiary certificates	553	-	-	553
Financial assets at fair value through other comprehensive income				
Equity instrument investment measured at fair value through other comprehensive income	-	-	79,925	79,925

Financial liabilities:

None

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial asset measured at fair value through profit or loss				
Convertible corporate bond redemption rights	$-	$493	$-	$493
Funds beneficiary certificates	546	-	-	546
Financial assets at fair value through other comprehensive income				
Equity instrument investment measured at fair value through other comprehensive income	-	-	88,224	88,224

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation process used for fair value measurements categorized within Level 2 of the fair value hierarchy

The convertible corporate bond redemption right is based on the discounted cash flow method, and the future cash flow is estimated based on the stock price volatility in the last year and the annual bond yield rate.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	Financial asset at fair value through other comprehensive income
	Stock
As of January 1, 2023	$88,224
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	9,337
Acquisitions/Issuances in the third quarter of the year 2023	5,193
Disposals/Settlements in the fourth quarter of year 2023	(23,459)
Exchange differences	630
As of December 31, 2023	$79,925

	Assets
	Financial asset at fair value through other comprehensive income
	Stock
As of January 1, 2022	$91,449
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in " Other gains and losses ")	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	(3,925)
Exchange differences	700
As of December 31, 2022	$88,224

For the years ended December 31, 2023 and 2022, there were not movement of fair value measurements.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

Financial instrument category	Valuation techniques and inputs
Domestic unlisted (cabinet) stock investment	The fair value is estimated using the market method, and the determination is based on the industry category, the evaluation of the same type of company and the operating situation.
Foreign unlisted (cabinet) stock investment	Using the income method, the present value of the income expected to be derived from holding the investment is calculated by discounting cash flows.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023			As of December 31, 2022		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$63,134	30.71	$1,938,651	$43,889	30.725	$1,348,505
EUR	3,167	33.98	107,620	2,621	32.72	85,761
RMB	51,137	4.326	221,217	21,766	4.4090	95,965
JPY	665,682	0.217	144,520	179,326	0.2325	41,693
Financial liabilities						
Monetary items:						
USD	$4,749	30.71	$145,816	$882	30.725	$27,093
EUR	1,199	33.98	40,750	-	-	-
RMB	15,136	4.326	65,477	-	-	-

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group’s entities' functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain/(loss) were NT$(3,935) thousand and NT$121,993 thousand for the years ended December 31, 2023 and 2022, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Information at significant transactions:

a. Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 1.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 2.

c. Marketable securities held as of December 31, 2023. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2023: Please refer to Attachment 5.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2023: Please refer to Attachment 6.

i. Financial instruments and derivative transactions: None.

j. Other: Significant intercompany transactions between the parent with subsidiaries or among subsidiaries were disclosed in Attachment 7.

(2) Information on investees:

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):

(a) Financing provided to others for the year ended December 31, 2023: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.

(c) Marketable securities held as of December 31, 2023. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2023: Please refer to Attachment 6.

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in Mainland China:

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main businesses and products	Total Amount of Pain-in Capital (Note3)	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (Note5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2023	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023
					Outflow	Inflow						
Global Tek (Xi’An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	$159,450 (USD 5,100)	(2)A	$19,458 (USD 642)	$91,708 (USD 3,000)	$-	$111,166 (USD 3,642)	$72,758 (RMB 16,551) (Note2&4)	100%	$72,758 (RMB 16,551) (Note2,4&6)	$495,652 (RMB 114,575) (Note2,4&6)	$-

Investee company	Main businesses and products	Total Amount of Pain-in Capital (Note3)	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (Note5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2023	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023
					Outflow	Inflow						
Global Tek (Wuxi) Co., Ltd.	Precision machining of automotive components	$478,141 (USD 15,100)	(2)B	$494,073 (USD 16,378)	$-	$-	$494,073 (USD 16,378)	$121,338 (RMB 27,602) (Note2&4)	100%	$121,338 (RMB 27,602) (Note2,4&6)	$1,685,652 (RMB 389,656) (Note1,2&6)	$-
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Sales of industrial automatic control parts and aerospace equipment parts	$22,115 (RMB 5,000)	(2)C	$-	$-	$-	$-	$(127) (RMB (29)) (Note2&4)	100%	$(127) (RMB (29)) (Note2,4&6)	$46,578 (RMB 10,767) (Note2,4&6)	$-

Investee company	Main businesses and products	Total Amount of Pain-in Capital (Note3)	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (Note5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2023	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023
					Outflow	Inflow						
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	$99,737 (RMB 22,530) (Note2)	(2)D	$-	$-	$-	$-	$(16,155) (RMB (3,675)) (Note2&4)	100%	$(16,155) (RMB (3,675)) (Note2,4&6)	$81,350 (RMB 18,805) (Note2,4&6)	$-
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	$469,550 (RMB111,666)	(2)E	$48,398 (USD 1,575)	$97,872 (USD 3,149)	$-	$146,289 (USD 4,724)	$(112,713) (RMB (25,640)) (Note2)	4.11%	$(4,633) (RMB (1,054)) (Note2)	$171,431 (RMB 35,870) (Note2)	$-

Accumulated Investment in Mainland China as of Dec. 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$759,845 (USD24,745)	$821,259 (USD26,745)	$2,358,251

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland for investment.

(2) Reinvest in mainland China through a third-region company.

A. Global Tek (Xi'An) Co., Ltd. is 100% owned by Global Tek Co., Ltd. (Samoa)

B. Global Tek (Wuxi) Co., Ltd. is invested by Global Tek Co., Ltd. and Global Tek Fabrication Co., Ltd. (HK) to hold 52.98% and 47.02% of the shares respectively.

C. Global Tek Xi'An Machinery Manufacturing Co., Ltd is 100% owned by Global Tek (Xi'An) Co., Ltd.

D. Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. is 100% owned by Global Tek (Xi'An) Co., Ltd.

E. Top Yes (Suzhou) Precision Industry Co., Ltd. is 4.1095% owned by Global Tek (Wuxi) Co., Ltd.

(3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: It refers to the original investment amount of the original shareholder before the company acquires the equity of the mainland reinvested enterprise.

Note 4: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 5: It refers to the original investment amount of the company's transfer investment enterprise in China.

Note 6: Transactions between consolidated entities are eliminated in the consolidated financial statements.

B. Significant transactions with the investees in mainland China:

(a) Purchase and accounts payable with the related parties: Please refer to Attachment 7.

(b) Sales and receivables with the related parties: Please refer to Attachment 7.

(c) Property transaction amounts and resulting gain or loss: None.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: Please refer to Attachment 1.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to Attachment 7.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to Attachment 7.

(4) Information on major shareholders:

Ownership of shares Name	Number of shares held (shares)	Ownership ratio
Ting, Ling-Chuan	11,523,000	12.65%
Haochi Investment Co., Ltd.	8,128,000	8.92%
HsingYing Investment Co., Ltd.	7,854,000	8.62%
Huang, Ya-Hsing	6,226,695	6.83%

14. SEGMENT INFORMATION

(1) For management purposes, the Group is organized into operating segments based on different products and services and has three reportable operating segments as follows:

Automotive products business: precision processing of auto parts and sales.

Industrial Products business: Industrial automatic control parts and sales.

Aerospace products business: Precision machining aerospace equipment parts and sales.

No operating segments have been aggregated to form the above reportable operating segments.

The accounting policies of the Group's operating segments are consistent with the significant accounting policies summarized in Note 4. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
For the year ended Dec. 31, 2023					
External customers					
Revenue	$2,180,894	$1,795,801	$231,763	$-	$4,208,458
Inter-segment	417,371	386,453	-	(803,824)	-
Total revenue	$2,598,265	$2,182,254	$231,763	$(803,824)	$4,208,458
Segment profit	$24,982	$190,147	$5,454	$-	$220,583
Other unallocated amounts					
Non-operating incomes and expenses					84,841
Income before income tax					$305,424
For the year ended Dec. 31, 2022					
External customers					
Revenue	$2,348,421	$2,430,132	$207,813	$-	$4,986,366
Inter-segment	554,048	548,367	-	(1,102,415)	-
Total revenue	$2,902,469	$2,978,499	$207,813	$(1,102,415)	$4,986,366
Segment profit	$17,460	$407,523	$(17,245)	$-	$407,738
Other unallocated amounts					
Non-operating incomes and expenses					131,919
Income before income tax					$539,657

Departmental (profit) loss refers to the profit earned by each department, excluding apportioned interest income, gains and losses from disposal of real estate, plant and equipment, net (profit) losses from foreign currency exchange, financial instrument evaluation gains and losses, financial costs, and income tax expenses. This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

Information on assets and liabilities of the reportable segment.

	Automotive products business	Industrial Products business	Aerospace products business	Unallocated assets	Consolidated
As of Dec. 31, 2023					
Segment assets	$2,387,426	$2,987,051	$176,018	$2,774,811	$8,325,306
As of Dec. 31, 2022					
Segment assets	$2,602,131	$3,359,294	$169,489	$1,898,936	$8,029,850

(2) Geographical information

(a) External customers Revenue：

	For the year ended December 31,	
	2023	2022
Asia	$2,015,345	$2,237,655
America	1,584,568	2,105,965
Europe	608,545	642,746
Total	$4,208,458	$4,986,366

The revenue information above is based on the location of the customer.

(b) Non-current assets

	As of December 31,	
	2023	2022
Taiwan	$2,012,521	$2,057,682
China	1,308,740	1,259,406
Other	326	195
Total	$3,321,587	$3,317,283

(3) Information about major customers: Sales from individual customers represent over 10% of the Group's operating revenue is as below:

	For the year ended December 31,	
	2023	2022
Customer A	Note	$543,308

Note: This year the customer's sale accounted less than 10% of consolidated net sales, so it was not disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Financing provided to others

For the Years Ended December 31, 2023

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Other receivables	YES	$92,121 (USD 3,000)	$- (USD 0)	$-	2%	2	$-	Business turnover and factory construction	$-	None	-	$786,084	$1,572,167
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Other receivables	YES	$30,707 (USD 1,000)	$- (USD 0)	$-	2%	2	$-	Business turnover	$-	None	-	$786,084	$1,572,167
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	$34,608 (CNY 8,000)	$17,304 (CNY 4,000)	$17,304	4.57%	2	$-	Business turnover	$-	None	-	$337,130	$674,261
1	Global Tek GmbH	Formtechnology GmbH	Other receivables	None	$3,738 (EUR 110)	$3,738 (EUR 110)	$3,738	7.50%	2	$-	Business turnover	$-	None	-	$4,445	$8,890

Note 1: Global Tek Fabrication Co., Ltd. and subsidiaries are coded as follows:

1.Global Tek Fabrication Co., Ltd. is coded "0".

2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note 3: The total amount of the Company's funds lent to others shall not exceed 20% of the Company's latest net worth indicated in the financial statements audited or reviewed by a certified accountant. The limit for each borrower is determined according to the reason as follows:

(1) For those who have business relationship with the Company, the individual loan amount shall not exceed the higher of the purchase or sales amount of the Company as of the time the loan is extended for the most recent year or the current year.

(2) When there is a need for short-term financing, the amount of financing shall not exceed 40% of the Company's latest net worth indicated in the financial statements audited or reviewed by a certified accountant. The financing amount mentioned in the preceding paragraph refers to the cumulative balance of the Company's short-term financing funds.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Endorsement/Guarantee provided to others

For the Years Ended December 31, 2023

Attachment 2

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Amount Actually Drawn (Note6)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note3)	Endorsement provided by parent company to subsidiaries (Note7)	Endorsement provided by subsidiaries to parent company (Note7)	Endorsement provided to entities in China (Note7)
		Name	Nature of Relationship(Note2)										
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Subsidiary	$786,084	$475,860	$302,820	$86,520	$-	7.70%	$1,965,209	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Subsidiary	$786,084	$190,344	$73,542	$43,260	$-	1.87%	$1,965,209	Y	N	Y

Note 1: Global Tek Fabrication Co., Ltd. and subsidiaries are coded as follows:

1.Global Tek Fabrication Co., Ltd. is coded "0".

2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note2：The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: The company should fill in the endorsement guarantee limit for individual objects and the maximum endorsement guarantee limit set by the company in accordance with the endorsement guarantee operation procedures for others.

According to the company's "endorsement guarantee operation procedures", the company's external endorsement The total amount of certificates shall not exceed 50% of the current net value. The amount of endorsement guarantee for a single enterprise shall not exceed 20% of the current net value.

Note 4: The maximum balance of endorsement guarantee for others in the current year.

Note 5: In the end of the year, when the company signs an endorsement guarantee contract with the bank or the amount of the bill is approved, it will assume the endorsement or guarantee responsibility; other related endorsement guarantees should be included in the endorsement guarantee balance.

Note 6: The actual expenditure amount of the endorsed guarantee company within the scope of the endorsement guarantee balance should be entered.

Note 7: Y must be filled in only for the endorsement of the parent company of the listed company to the subsidiary, the endorsement of the subsidiary to the parent company of the listed company, and the endorsement certificate of the mainland area.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

Attachment 3

(In Thousands of Foreign Currency / New Taiwan Dollars)

				As of December 31, 2023				
Holding Company	Securities Type and Name	Relationship	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value	Note
Global Tek Fabrication Co., Ltd.	Stock Techplasma Technology Co., Ltd.	-	Financial asset at fair value through other comprehensive income,noncurrent	1,266,690	$50,047	3.81%	$50,047	Unlisted (counter) company stocks
Global Tek Fabrication Co., Ltd.	Stock Allied Advantage Sdn, Bhd.	-	Financial asset at fair value through other comprehensive income,noncurrent	-	$12,888	7.60%	$12,888	Unlisted (counter) company stocks
Global Tek GmbH	Stock Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income,noncurrent	-	$16,990	10.00%	$16,990	Unlisted (counter) company stocks
Global Tek Co., Ltd.	Money market funds: Neuberger Investment Fund - NB High Yield Bond Securities Fund T Weekly Dividend Stocks (AUD)	-	Financial asset measured at fair value through profit or loss	4,749	$553	-%	$553	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor Company	Investee Company	Address	Main businesses and products	Original Investment Amount		Investments as of 31 December, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value			
Global Tek Fabrication Co., Ltd.	Global Tek Co., Ltd.	Taoyuan County, Taiwan	Auto parts precision processing	$200,000	$200,000	20,000,000 shares	100.00%	$296,886	$69,766	$69,766	Note
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 25,795	USD 19,645	-	100.00%	$2,190,911	$194,051	$187,699 NO. (Note1)	Note
Global Tek Fabrication Co., Ltd.	Global Tek GmbH	Bavaria, Germany	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	EUR 525	EUR 525	-	100.00%	$22,229 (EUR 818)	$1,585 (EUR 47)	$1,585 (EUR 47)	Note
Global Tek Fabrication Co., Ltd.	Global Tek Co., Ltd.	Taiwan	Aerospace aluminum alloy manufacturing sales	$119,088	$119,088	9,842,000 shares	36.72%	$98,204	$15,852	$3,033 (Note2)	
Global Tek Co., Ltd.	GP Tech Inc. (US)	American Little	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	USD 20	USD 20	-	100.00%	$2,813 (USD 92)	$177 (USD 6)	$177 (USD 6)	Note
Global Tek Fabrication Co., Ltd. Ltd. (Samoa)	Global Tek Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 13,150	USD 10,150	-	100.00%	$1,267,673	$134,426	$134,426	Note
Global Tek Fabrication Co., Ltd. Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	$792,384	$64,285	$59,630	Note
Global Tek Ltd.	GLOBAL TEK Fabrication Co., Ltd. Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	$61,846	$64,285	$4,655	Note

Note : Transactions are eliminated when preparing the consolidated financial statements.

Note1: Including investment gain recognized under equity method amounted to NT$194,051 thousand and realized profit on transaction between subsidiaries amounted to NT$23,279 thousand and unrealized profit on transaction between subsidiaries amounted to NT$30,197 thousand and realized profit on transaction between subsidiaries amounted to NT$950 thousand and unrealized profit on transaction between subsidiaries amounted to NT$(748) thousand and realized profit on transaction between subsidiaries amounted to NT$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT$5,438 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT$5,821 thousand and premium amortization of NT$2,788 thousand.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Related party transactions for purchases and sales amount exceeding the lower of NT$100 million or 20 percent of capital stock

For the Years Ended December 31, 2023

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Purchase (sales) company	Counterparty	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivables (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total receivables(%)	
Global Tek Fabrication Co., Ltd.	Global Tek (Xi’An) Co., Ltd.	Subsidiary	Purchases	$222,871	26%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Account payables $(69,707)	32%	Note
Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Associate	Purchases	$417,371	41%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Account payables $(147,987)	36%	Note
Global Tek (Xi’An) Co., Ltd.	Globaltek Xi’An Machinery Manufacturing Co., Ltd.	Associate	Sales	$163,582	26%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Accounts receivables $33,641	18%	Note

Note : Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Receivable from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock

As of December 31, 2023

Attachment 6

(In Thousands of Foreign Currency / New Taiwan Dollars)

Company Holding Company	Counterparty	Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Global Tek (Wuxi) Co., Ltd.	Global Tek Co., Ltd. Co., Ltd.	Associate	$147,987 (Note1&2)	2.44	$-	-	$76,171	$-

Note 1: Accounts receivables.

Note 2: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions

For the Year Ended December 31, 2023

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	2023.01.01～2023.12.31						
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi’An) Co., Ltd.	1	Other revenue	$(11,140)	Note5	(0.26)%
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi’An) Co., Ltd.	1	Operating costs	222,871	No difference compared with general manufacturers	5.30%
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi’An) Co., Ltd.	1	Account payables	69,707	No difference compared with general manufacturers	0.84%
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi’An) Co., Ltd.	1	Other receivables	19,443	-	0.23%
1	Global Tek (Xi’An) Co., Ltd.	Globaltek Xi’An Machinery Manufacturing Co., Ltd.	3	Accounts receivables	33,641	No difference compared with general client	0.40%
1	Global Tek (Xi’An) Co., Ltd.	Globaltek Xi’An Machinery Manufacturing Co., Ltd.	3	Sales revenue	163,582	No difference compared with general client	3.89%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Other receivables	41,337	-	0.50%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Account payables	147,987	No difference compared with general manufacturers	1.78%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Operating costs	417,371	No difference compared with general manufacturers	9.92%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Other revenue	(80,857)	Note6	(1.92)%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4: The foreign currency amount is converted into NT dollars based on the exchange rate on the balance sheet date.

Note 5: Global Tek Fabrication Co., Ltd. purchases some production consumables on behalf of the mainland subsidiary.

Note 6: Global Tek Co., Ltd. purchases some production consumables on behalf of the mainland subsidiary.

Attachment II. 2023 Parent Company Only Financial Statements and Audit Report

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 4566

GLOBAL TEK FABRICATION CO., LTD.
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED

Address: 15th floor, No. 94, Section 1, Xintai 5th Road, Xizhi District, New Taipei City, Taiwan 22102
Telephone: (02)2696-3988

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Parent-company-only financial statements
Index

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English Translation of Financial Statements and a Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors and Shareholders of
Global Tek Fabrication Co., Ltd.

Opinion

We have audited the accompanying parent-company-only balance sheets of Global Tek Fabrication Co., Ltd. (the "Company") as of December 31, 2023 and 2022, the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, based on the results of our audits and the reports of other auditors (please refer to the Other Matter—Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2023 and 2022, and thier parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Parent-Company-Only 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounted to NT$1,663,062 thousand for the year ended December 31, 2023, which was a significant account to the Company's financial statements. The Company set up shipping warehouse at the customer's place. The inventory transfer involves the timing of fulfilling performance obligation and needs to be determined based on conditions enacted in the main sales contracts or sales orders. We therefore concluded that there are significant risks with respect to revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the appropriateness of accounting policy regarding revenue recognition, assessing and testing the effectiveness of relevant internal controls related to the determination of revenue amount in the sales cycle, selecting samples from sales breakdown to perform test of details, including checking the consistency of the timing of revenue recognition and performance obligation satisfaction stated in the sale orders or agreements, selecting samples to execute sale cut-off tests for a period before and after the balance sheet date and verify the related certificates to confirm the reasonableness of the timing of transaction. We have also evaluated the appropriateness of the related operating revenue disclosures in Notes 4 and 6 to the parent-company-only financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of certain invested associates accounted for using the equity method by the Company, which were audited by other independent auditors. The financial statements of certain invested associates as of December 31, 2023 and 2022, and for the years then ended were audited by other independent auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for using the equity method amounting to NT$98,204 thousand and NT$95,171 thousand as of December 31, 2023 and 2022 representing 1.43% and 1.47% of the Company's total assets, the related shares of income before tax from the associate using the equity method for the year then ended amounting to NT$3,033 thousand and NT$(76) thousand representing 1.10% and (0.02)% of the Company's income before tax, and the related shares of other comprehensive income from the associate using the equity method for the years then ended amounting to NT$0 representing 0% of the other comprehensive income, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the 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 parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent-company-only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent-company-only 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only 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 auditor's 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 parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only 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 2023 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

/s/Cheng, Ching-Piao

/s/Fu, Wen-Fang

Ernst & Young
March 14, 2024
Taipei, Taiwan,
Republic of China

Notices to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Assets		2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,258,028	19	$632,947	10
1110	Financial assets at fair value through profit or loss	4, 6(2)	49	-	170	-
1136	Financial assets measured at amortized cost	4, 6(4)	-	-	830	-
1150	Notes receivables, net	4, 6(5)	9,966	-	8,337	-
1170	Accounts receivables, net	4, 6(6)	304,475	5	582,745	10
1197	Financing lease payments receivable, net	4, 6(7)	7,266	-	22,237	-
1200	Other receivables		15,315	-	28,553	-
1210	Other receivables - related parties	7	22,490	-	102,085	2
1220	Income tax assets		-	-	324	-
1310	Inventories, net	4, 6(8)	522,638	8	669,148	10
1410	Prepayments	7	23,948	-	19,225	-
1470	Other current assets		6,322	-	161	-
11xx	Total current assets		2,170,497	32	2,066,762	32
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	1,025	-	323	-
1517	Financial assets at fair value through other comprehensive income	4, 6(3)	62,935	1	71,864	1
1535	Financial assets measured at amortized cost	4, 6(4), 8	1,700	-	1,700	-
1550	Investment accounted for under equity method	4, 6(9)	2,608,230	38	2,291,696	35
1600	Property, plant and equipment	4, 6(10), 8, 9	1,776,289	26	1,768,852	28
1755	Right-of-use asset	4, 6(23)	114,400	2	137,033	2
1780	Intangible assets	4, 6(11)	10,873	-	7,870	-
1840	Deferred tax assets	4, 6(27)	68,522	1	52,181	1
1915	Prepayment for equipment		31,003	-	26,994	-
194D	Long-term financing lease payments receivable	4, 6(7)	7,439	-	52,453	1
1990	Other non-current assets	6(12)	7,879	-	9,002	-
15xx	Total non-current assets		4,690,295	68	4,419,968	68
1xxx	Total Assets		$6,860,792	100	$6,486,730	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Balance Sheets-(Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity		2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(13), 8	$-	-	$200,000	3
2130	Contract liabilities	4, 6(21)	7,732	-	9,797	-
2150	Notes payables		441	-	-	-
2170	Accounts payables		148,558	3	421,909	7
2180	Accounts payables - related parties	7	69,707	1	58,578	1
2200	Other payables	6(14)	168,562	3	312,022	5
2220	Other payables - related parties	7	6,036	-	5,778	-
2230	Current income tax liabilities	4	31,113	-	37,836	1
2280	Lease liabilities	4, 6(23)	15,700	-	23,736	-
2321	Current portion of bonds payable	4, 6(15)	81,088	1	279,367	4
2322	Current portion of long-term loans	4, 6(16), 8	86,883	1	143,100	2
2399	Other current liabilities		2,135	-	1,887	-
21xx	Total current liabilities		617,955	9	1,494,010	23
	Non-current liabilities					
2530	Corporate bonds payable	4, 6(15)	837,542	12	314,465	5
2540	Long-term loans	4, 6(16), 8	1,320,667	19	1,151,550	17
2570	Deferred income tax liabilities	4, 6(27)	51,476	1	62,800	1
2580	Lease liabilities	4, 6(23)	100,516	2	113,864	2
2600	Other non-current liabilities	4, 6(17), 6(18)	2,218	-	2,751	-
25xx	Total non-current liabilities		2,312,419	34	1,645,430	25
2xxx	Total liabilities		2,930,374	43	3,139,440	48
31xx	Equity	6(19)				
3100	Capital					
3110	Common stock		910,414	13	810,063	13
3200	Capital surplus	6(19)	2,109,225	31	1,683,612	26
3300	Retained earnings	6(19)				
3310	Legal reserve		155,987	2	113,931	2
3320	Special reserve		72,027	1	89,286	1
3350	Unappropriated earnings		779,442	11	722,425	11
3400	Other components of equity		(96,677)	(1)	(72,027)	(1)
3xxx	Total equity		3,930,418	57	3,347,290	52
3x2x	Total liabilities and equity		$6,860,792	100	$6,486,730	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(21), 7	$1,663,062	100	$2,314,519	100
5000	Operating costs	7	(1,381,072)	(83)	(1,839,110)	(79)
5900	Gross profit		281,990	17	475,409	21
	Operating expenses	7				
6100	Sales and marketing		(167,615)	(10)	(177,977)	(8)
6200	General and administrative		(123,526)	(8)	(149,191)	(7)
6300	Research and development		(23,416)	(1)	(31,616)	(1)
6450	Expected credit gains (losses)	6(22)	2,078	-	(17)	-
6000	Total operating expenses		(312,479)	(19)	(358,801)	(16)
6900	Operating income (loss)		(30,489)	(2)	116,608	5
	Non-operating incomes and expenses	6(25), 7				
7100	Interest incomes		39,188	2	8,878	-
7010	Other incomes		58,629	4	51,082	2
7020	Other gains and losses		(12,665)	(1)	95,994	4
7050	Finance costs		(40,793)	(2)	(30,918)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for under the equity method		262,083	16	231,915	10
7000	Total non-operating income and expenses		306,442	19	356,951	15
7900	Income before income tax		275,953	17	473,559	20
7950	Income tax expense	4, 6(27)	(13,700)	(1)	(50,709)	(2)
8200	Net income		262,253	16	422,850	18
8300	Other comprehensive income (loss)	6(26)				
8310	Items that not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		48	-	446	-
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		4,069	-	(3,679)	-
8320	Share of other comprehensive income of assciates and joint ventures accounted for under the equity method		(3,361)	-	1,051	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(32,845)	(2)	20,937	1
8300	Total other comprehensive income (loss), net of tax		(32,089)	(2)	18,755	1
8500	Total comprehensive income		$230,164	14	$441,605	19
9750	Earnings per share - basic (in NT$)	6(28)	$3.04		$5.74	
9850	Earnings per share - diluted (in NT$)	6(28)	$2.77		$4.58	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	Common Stock	Capital Surplus	Retained Earnings			Other Components of equity		Treasury Stock	
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income		
		3100	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance as of January 1, 2022	$718,953	$1,272,704	$97,260	$104,819	$388,006	$(97,421)	$8,136	$(10,551)	$2,481,906
	Appropriation and distribution of 2021 earnings									
B1	Legal reserve			16,671		(16,671)				-
B3	Special reserve				(15,533)	15,533				-
B5	Cash dividends - common shares					(85,000)				(85,000)
C5	Equity component of convertible bonds issued by the Company		93,430							93,430
D1	Net income for 2022					422,850				422,850
D3	Other comprehensive income (loss) for 2022					1,497	20,937	(3,679)		18,755
D5	Total comprehensive income (loss)	-	-	-	-	424,347	20,937	(3,679)	-	441,605
L3	Treasury stock cancellation	(2,470)	(4,291)			(3,790)			10,551	-
N1	Share-bssed payments	960	1,027							1,987
I1	Conversion of convertible bonds	92,620	320,742							413,362
Z1	Balance as of December 31, 2022	810,063	1,683,612	113,931	89,286	722,425	(76,484)	4,457	-	3,347,290
	Appropriation and distribution of 2022 earnings									
B1	Legal reserve			42,056		(42,056)				-
B3	Special reserve				(17,259)	17,259				-
B5	Cash dividends - common shares					(173,000)				(173,000)
C5	Equity component of convertible bonds issued by the Company		88,605							88,605
D1	Net income for 2023					262,253				262,253
D3	Other comprehensive income (loss) for 2023					(3,313)	(32,845)	4,069		(32,089)
D5	Total comprehensive income (loss)	-	-	-	-	258,940	(32,845)	4,069	-	230,164
I1	Conversion of convertible bonds	100,351	337,008							437,359
Q1	Proceeds from disposal of equity instruments measured at fair value through other comprehensive income					(4,126)		4,126		-
Z1	Balance as of December 31, 2023	$910,414	$2,109,225	$155,987	$72,027	$779,442	$(109,329)	$12,652	$-	$3,930,418

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.
Parent-Company-Only Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$275,953	$473,559
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation (including right-of-use assets)	77,588	71,133
A20200	Amortization	2,797	3,710
A20300	Expected credit losses (gain)	(2,078)	17
A20400	Net loss (gain) of financial assets at fair value through profit or loss	539	1,920
A20900	Interest expense	40,793	30,918
A21200	Interest income	(39,188)	(8,878)
A21300	Dividend income	(1,206)	(1,103)
A22300	Share of profit or loss of associates and joint ventures accounted for under the equity method	(262,083)	(231,915)
A22500	Loss (gain) on disposal of property, plant and equipment	1,637	(2,049)
A23700	Loss on inventory valuation	13,436	13,101
A29900	Loss (gain) on lease modification	2,024	(1,328)
A30000	Changes in operating assets and liabilities:		
A31130	Notes receivables	(1,629)	(1,702)
A31150	Accounts receivables	280,348	(171,109)
A31180	Other receivables	17,043	9,486
A31190	Other receivables - related parties	79,595	5,495
A31200	Inventories	133,074	(107,972)
A31230	Prepayments	(4,723)	4,064
A31240	Other current assets	(6,161)	(70)
B06700	Other non-current assets	1,123	-
A32125	Contract liabilities	(2,065)	(9,920)
A32130	Notes payables	441	(244)
A32150	Accounts payables	(273,351)	(60,636)
A32160	Accounts payables - related parties	11,129	20,558
A32180	Other payables	(141,917)	(16,822)
A32190	Other payables - related parties	258	2,312
A32230	Other current liabilities	248	(20)
A32240	Net defined benefit liabilities	(241)	(248)
A33000	Cash generated from (used in) operations	203,384	22,257
A33100	Interest received	33,928	6,139
A33200	Dividend received	91,938	1,103
A33300	Interest paid	(33,984)	(19,435)
A33500	Income tax paid	(40,706)	(17,625)
AAAA	Net cash provided by (used in) operating activities	254,560	(7,561)

Code	Item	2023	2022
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(5,193)	-
B00020	Proceeds from disposal of financial assets at fair value though other comprehensive income	19,332	-
B00050	Proceeds from disposal of financial assets measured at amortized cost	830	109,224
B01800	Acquisition of investment accounted for under equity method	(189,599)	(48,399)
B02700	Acquisition of property, plant and equipment	(15,235)	(64,641)
B02800	Proceeds from disposal of property, plant and equipment	243	750
B04300	Decrease (increase) in other receivables - related parties	-	(92,175)
B04500	Acquisition of intangible assets	(5,800)	(2,913)
B06000	Decrease (increase) in financing lease payments receivable	30,353	29,456
B07100	Increase in prepayments for equipment	(28,029)	(743,900)
BBBB	Net cash provided by (used in) investing activities	(193,098)	(812,598)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(200,000)	(170,000)
C01200	Issuance of corporate bonds	849,209	-
C01600	Increase in long-term loans	456,000	1,170,000
C01700	Repayment of long-term loans	(343,100)	(323,099)
C03000	Increase (decrease) in guarantee deposits	(233)	1,035
C04020	Cash payments for the principal portion of the lease liabilities	(25,257)	(24,568)
C04500	Cash dividends paid	(173,000)	(85,000)
C04800	Exercise of employee share options	-	1,987
CCCC	Net cash provided by (used in) financing activities	563,619	570,355
EEEE	Increase (decrease) in cash and cash equivalents	625,081	(249,804)
E00100	Cash and cash equivalents at beginning of period	632,947	882,751
E00200	Cash and cash equivalents at end of period	$1,258,028	$632,947

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. HISTORY AND ORGANIZATION

Global Tek Fabrication Co., Ltd. (the “Company”) was incorporated on November 7, 2008. Its main business activities include the manufacture of precision machining, and the main products are industrial automatic control parts, communication parts, aviation equipment parts, etc. The Company's stocks were publicly listed on the Taiwan Stock Exchange (TWSE) on February 5, 2018. The Company’s registered office is at 15th floor, No. 94, Section 1, Xintai 5th Road, Xizhi District, New Taipei City, Taiwan 22102.

2. DATE AND PROCEDURES OF AUTHORIZATION FOR FINANCIAL STATEMENTS FOR ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on March 14, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments and interpretation of initial application had no material impact on the Company.

(2)Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Company assesses all standards and interpretations have no material impact on the Company.

(3)Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, how to determining the exchange rate to use and the additional disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by the FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by the FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIEFS

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3)Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b)Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(c)Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4)Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5)Current and non-current distinction

An asset is classified as current when:

(a)The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b)The Company holds the asset primarily for the purpose of trading.
(c)The Company expects to realize the asset within twelve months after the reporting period.
(d)The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a)The Company expects to settle the liability in its normal operating cycle.
(b)The Company holds the liability primarily for the purpose of trading.
(c)The liability is due to be settled within twelve months after the reporting period.
(d)The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7)Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) The Company's business model for managing the financial assets and;
(b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial positon.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a)An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b)The time value of money; and
(c)Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a)At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b)At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c)For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(d)For lease payments receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a)It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b)On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c)It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a)It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b)A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(8)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A.In the principal market for the asset or liability, or
B.In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9)Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows.

Raw materials - At actual purchase cost, using weighted average method.
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～51 years
Machinery and equipment	1～10 years
Transportation equipment	3～5 years
Office equipment	2～5 years
Other equipment	1～10 years
Leasehold improvements	3～15 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
B. The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Company’s accounting policies for intangible assets is as follows:

	Computer Software
Useful life	3～5 years
Amortization method used	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

The cash-generating unit or group to which goodwill belongs is regularly tested for impairment every year, regardless of whether there is any indication of impairment. If the result of the impairment test requires the recognition of an impairment loss, the goodwill shall be deducted first, and the shortfall shall be apportioned to other assets other than goodwill in proportion to the book value. Once the loss of goodwill is recognized, it cannot be reversed for any reason afterwards.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Treasury stock

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is cars, industry and aviation parts and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Company's sale of goods is from 60 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Post-employment benefits

All regular employees of the Company are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a)the date of the plan amendment or curtailment, and
(b)the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(20) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to egual taxable and deductible temporary differences.

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to egual taxable and deductible temporary differences.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date are recognized accordingly.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(a)Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b)Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c)Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d)Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6(18).

(e)Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(f)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and petty cash	$508	$458
Checking and savings	317,481	309,876
Time deposit	940,039	322,613
Total	$1,258,028	$632,947

(2)Financial assets at fair value through profit or loss

	As of December 31,	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Convertible corporate bond redemption rights	$1,074	$493
Current	$49	$170
Non-current	$1,025	$323

No financial assets at fair value through profit or loss was pledged as collateral.

(3)Financial assets at fair value through other comprehensive income

	As of December 31,	
	2023	2022
Equity instruments investments measured at fair value through other comprehensive income–		
Non-current:		
Unlisted companies stocks		
Techplasma Technology Co., Ltd.	$50,047	$41,223
Allied Advantage Sdn Bhd	12,888	30,641
Total	$62,935	$71,864

(a)No financial assets at fair value through other comprehensive income was pledged as collateral.

(b)On January 9, 2020, the board of directors resolved to invest in Techplasma Technology Co., Ltd. according to the medium and long-term strategy, and expected to make profits through long-term investment.

In 2023, the Company increased investing NT$5,193 thousand in Techplasma Technology Co., Ltd., and obtained 164 thousand shares.

(c)The Company's 19% equity investment in Malaysia-based Allied Advantage Sdn Bhd in July 2020 lost material influence following the resignation of the director from the Company. Because it is a medium-to-long-term strategic investment, the Company chose to designate the investment as measured at fair value through other comprehensive income.

In consideration of the Company’s investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follow:

	For the ended of December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	$19,322	$-
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	(4,126)	-

(d)The Company’s dividend income related to equity instrument investments measured at fair value through other comprehensive income amount to NT$1,206 thousand and NT$1,103 thousand for the years ended December 31, 2023 and 2022, respectively.

(4)Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Restricted of deposits	$1,700	$1,700
Time deposits of more than three months	-	830
Total	$1,700	$2,530
Current	$-	$830
Non-current	$1,700	$1,700

The Company transacts with financial institution with good credit rating. Consequently, there is no significant credit risk.

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5)Notes receivable

	As of December 31,	
	2023	2022
Notes receivable arising from operating activities	$9,966	$8,337
Less: loss allowance	-	-
Total	$9,966	$8,337

Notes receivable were not pledge.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for more details on credit risk.

(6)Accounts receivable and accounts receivable - related parties, net

(a)Accounts receivable, net

	As of December 31,	
	2023	2022
Accounts receivable, gross	$306,460	$586,808
Less: loss allowance	(1,985)	(4,063)
Total	$304,475	$582,745

(b)Accounts receivables were not pledged.

(c) Accounts receivable are generally on 60-120 day terms. The total carrying amount for the years ended December 31, 2023 and 2022, were NT$306,460 thousand and NT$586,808 thousand, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022, respectively. Please refer to Note 12 for more details on credit risk management.

(7)Financial lease payments receivable

	As of December 31,			
	2023		2022	
	Net investment in leases	Present value of receivables on minimum lease payments	Net investment in leases	Present value of receivables on minimum lease payments
Not more than one year	$7,508	$7,266	$23,786	$22,237
More than one year but less than five years	7,611	7,439	54,678	52,453
Total non-discounted lease payments	15,119	$14,705	78,464	$74,690
Less: Unearned finance income	(414)		(3,774)	
Gross investment in the lease (Financing lease payments receivable)	$14,705		$74,690	
Current	$7,266		$22,237	
Non-current	7,439		52,453	
Total	$14,705		$74,690	

(a)Financial lease payments receivable were not pledged.

(b)The Company has signed financial lease agreements for some machines and equipment. All leases are presented in New Taiwan Dollars, and the average financial lease period is 1 to 5 years.

The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of December 31, 2023 and 2022, the implied interest rate of the financial lease is 2.0% to 2.4% per annum.

Finance lease receivables are secured by leased equipment. The Company shall not sell or re-pledge the collateral unless the lessee defaults.

(c)The Company adopts the simplified approach of IFRS 9 to measure the allowance loss of lease receivables based on expected credit losses during the duration. Lease receivables are secured by leased equipment. As of December 31, 2023 and 2022, there were no overdue lease receivables, and at the same time, the counterparty's past record of default, the future development of the relevant properties of the leased object and collateral, the Company believes that the above-mentioned lease receivables have no impairment.

(8)Inventory

(a)Details of inventory are listed below

	As of December 31,	
	2023	2022
Raw material	$93,972	$72,200
Work in process	123,921	223,216
Finished goods	239,707	317,575
Merchandises	65,038	56,157
Total	$522,638	$669,148

(b)The cost of inventories recognized in expenses amounted to NT$1,381,072 thousand and NT$1,839,110 thousand for the years ended December 31, 2023 and 2022, respectively. The following losses were included in cost of sales :

	For the year ended December 31,	
Item	2023	2022
Loss from inventory market decline	$13,436	$13,101
Unallocated manufacturing overhead	31,439	14,279
Loss from inventory write-off obsolescence	18,409	4,714
Loss (Gain) from inventory physical count	(685)	3,261
Total	$62,599	$35,355

(c)The inventories were not pledged.

(9)Investments accounted for under the equity method

	As of December 31,			
	2023		2022	
Investee companies	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Global Tek Co., Ltd.	$296,886	100%	$321,216	100%
Global Tek Fabrication Co., Ltd. (Samoa)	2,190,911	100%	1,855,443	100%
Global Tek GmbH	22,229	100%	19,866	100%
Subtotal	2,510,026		2,196,525	
Investment in associates:				
AvioCast Inc.	98,204	36.72%	95,171	36.72%
Total	$2,608,230		$2,291,696	

(a)Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

(b)The Company’s investments accounted for under the equity method were not pledged.

(c)On August 8, 2019, the Company acquired partial equity of Top Yes (Suzhou) Precision Industry Co., Ltd. for RMB 3,000 thousand upon board resolution, considering the scale of operation, long-term development and enhancing competitiveness. The Company obtained two of the five directorship seats which has a significant impact on the company.

On March 25, 2022, considering the operational development plan and to strengthen the strategic partnership, the Company's board of directors resolved to invest RMB 30,000 thousand (approximately US$4,725 thousand) through Global Tek Fabrication Co., Ltd. (Samoa) to acquire partial ownership of Top Yes (Suzhou) Precision Industry Co., Ltd., which has been approved by the Investment Committee of the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No. 11100053870. As of December 31, 2023, the investment amount of RMB 30,000 thousand (approximately US$4,725 thousand) had been remitted.

On December 27, 2022, the Company's board of directors resolved to increase its investment in Top Yes (Suzhou) Precision Industry Co., Ltd. though sub-subsidiary Global Tek (Wexi) Co., Ltd. As of Decemder 31, 2022, Global Tek (Wexi) Co., Ltd. has remitted the investment amount to RMB6,000 thousand (approximateiy US$945 thousand).

(d)The Company signed a Share Purchase Agreement with Sumitomo Precision Products Co., Ltd. on March 8, 2021. The Company intends to purchase 9,842 thousand ordinary shares of AvioCast Inc. at NT$12.1 per share (total NT$119,088 thousand), with an ownership of percentage 36.72%, acquiring significant influence on the AvioCast Inc.. The transaction has been completed on April 21, 2021.

The Company has a 36.72% voting rights in AvioCast Inc. and is the largest single shareholder. However, the decision-making related to relevant activities require majority approval at related shareholders' meetings. Under such circumstances, it is evident that the Company does not have the practical ability to unilaterally control the relevant activities. Therefore, the Company does not have control over AvioCast Inc. but only has significant influence.

(e)Investments in associates

As of December 31, 2023 and 2022, the aggregate carrying amount of the Company's interests in AvioCast Inc. were NT$98,204 thousand and NT$95,171 thousand. The aggregate financial information based on Company's share as follows:

	For the year ended December 31,	
	2023	2022
Gain (Loss) from continuing operations	$3,033	$(76)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$3,033	$(76)

There aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of December 31, 2023 and 2022.

(f)The Company's investment accounted for under equity method as of December 31, 2023 and 2022 were NT$98,204 thousand and NT$95,171 thousand, respectively. For the years ended December 31, 2023 and 2022 share of investment loss from these associates and joint venture amount to NT$3,033 thousand and NT$(76) thousand, respectively. They were measured based on the audited financial statements of the investee for the same correspondent periods.

(10)Property, plant and equipment

	As of December 31,	
	2023	2022
Owner occupied property, plant and equipment	$1,776,289	$1,768,852

(a)Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
Cost:									
As of January 1, 2023	$1,419,755	$177,251	$306,952	$8,250	$9,863	$121,698	$64,670	$1,846	$2,110,285
Additions	1,702	-	9,693	-	-	2,025	961	-	14,381
Disposals	-	-	(2,211)	-	(190)	(1,069)	(9,712)	-	(13,182)
Reclassification	1,703	-	45,456	-	-	2,850	1,592	-	51,601
As of December 31, 2023	$1,423,160	$177,251	$359,890	$8,250	$9,673	$125,504	$57,511	$1,846	$2,163,085
As of January 1, 2022	$107,810	$177,251	$306,427	$2,330	$7,991	$105,572	$18,997	$1,846	$728,224
Additions	22,864	-	5,853	2,080	1,428	10,457	7,489	-	50,171
Disposals	-	-	(55,198)	(159)	-	(1,910)	(1,258)	-	(58,525)
Reclassification	1,289,081	-	49,870	3,999	444	7,579	39,442	-	1,390,415
As of December 31, 2022	$1,419,755	$177,251	$306,952	$8,250	$9,863	$121,698	$64,670	$1,846	$2,110,285
Depreciation and impairment:									
As of January 1, 2023	$3,119	$63,667	$189,832	$2,329	$6,708	$61,674	$14,104	$-	$341,433
Depreciation	-	4,153	23,836	1,000	1,537	15,181	7,130	-	52,837
Disposals	-	-	(2,192)	-	-	(953)	(8,157)	-	(11,302)
Reclassification	-	-	3,828	-	-	-	-	-	3,828
As of December 31, 2023	$3,119	$67,820	$215,304	$3,329	$8,245	$75,902	$13,077	$-	$386,796
As of January 1, 2022	$3,119	$59,329	$180,525	$1,937	$5,021	$49,271	$9,913	$-	$309,115
Depreciation	-	4,338	23,269	551	1,687	13,119	5,213	-	48,177
Disposals	-	-	(13,962)	(159)	-	(716)	(1,022)	-	(15,859)
As of December 31, 2022	$3,119	$63,667	$189,832	$2,329	$6,708	$61,674	$14,104	$-	$341,433
Net carrying amount as of:									
December 31, 2023	$1,420,041	$109,431	$144,586	$4,921	$1,428	$49,602	$44,434	$1,846	$1,776,289
December 31, 2022	$1,416,636	$113,584	$117,120	$5,921	$3,155	$60,024	$50,566	$1,846	$1,768,852

(b)Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 35 to 51 years and 3 to 10 years.

(c)Please refer to Note 8 for more details on property, plant and equipment under pledge.

(d)The Company's land at No. 631 and No. 635, Xinzhou Section, Xinwu District, Taoyuan City belongs to the general agricultural land that is not an urban planning area. According to Article 33 of the Agricultural Development Regulations "Private legal persons shall not be subject to restrictions on agricultural land", temporarily use Huang Yaxing, general manager of the Company, registered in the name of the Company and handled the setting with the Company as the right holder.

(11) Intangible assets

	Computer software
Cost:	
As of January 1, 2023	$43,036
Additions – acquired separately	5,800
Reclassification	-
Deduction	-
As of December 31, 2023	$48,836
As of January 1, 2022	$39,091
Additions – acquired separately	2,913
Reclassification	1,032
Deduction	-
As of December 31, 2022	$43,036
Amortization and Impairment:	
As of January 1, 2023	$35,166
Amortization	2,797
Deduction	-
As of December 31, 2023	$37,963

	Computer software
As of January 1, 2022	$31,456
Amortization	3,710
Deduction	-
As of December 31, 2022	$35,166
Net carrying amount as of	
December 31, 2023	$10,873
December 31, 2022	$7,870

Amortization of intangible assets is as follows:

	For the year ended December 31,	
Item	2023	2022
Operating cost	$177	$116
Sales and marketing	378	337
General and administrative	2,242	2,363
Research and development	-	894
Total	$2,797	$3,710

(12)Other non-current assets

	As of December 31,	
	2023	2022
Refundable deposits	$7,879	$9,002

(13)Short-term loans

	As of December 31,	
	2023	2022
Unsecured financial structure loans	$-	$100,000
Secured financial structure loans	-	100,000
Total	$-	$200,000
Interest Rate (%)	-%	1.80%～1.84%

The Company’s unused short-term lines of credits amounted to NT$900,000 thousand and NT$400,000 thousand as of December 31, 2023 and 2022, respectively.

Please refer to Note 8 for more details of assets pledged as collaterals.

(14)Other payables

	As of December 31,	
	2023	2022
Payable of salary and bonuses	$59,684	$83,662
Accrued interest payable	506	619
Accrued compensation to employees and directors	8,564	14,646
Payable on equipment	3,464	9,894
Payable of processing fees	40,103	135,690
Other	56,241	67,511
Total	$168,562	$312,022

(15)Bonds payable

A.The details of the bonds payable as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Liability component:		
Unsecured domestic convertible bonds	$962,300	$606,300
Less: discounts on bonds payable	(43,670)	(12,468)
Subtotal	918,630	593,832
Less: current portion	(81,088)	(279,367)
Net	$837,542	$314,465
Embedded derivative - redemption, put options	$1,073	$493
Equity component - conversion right	$104,041	$60,914

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(25) (c) and (d).

B.On August 27, 2019, the Company issued the 1st unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A)Issue amount:	NT$600,000 thousand
(B)Issue date:	August 27, 2019
(C)Issue price:	Issued at 101% of the par value
(D)Coupon rate:	0%
(E)Period:	August 27, 2019 to August 27, 2024
(F)Settlement or Conversion period:	(a) From the day following the issuance of corporate bonds for three months (November 28, 2019) to 40 days before the expiration of the issuance period (July 18, 2024), when the agreed conditions are met, Request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds. (b) For the holders of corporate bonds, from the day following the 3 months after the issuance date of the corporate bonds (November 28, 2019) to the maturity date (August 27, 2024), except for the period stipulated in the conversion method. In addition, the company may at any time request to be converted into the Company's common stock at the conversion price at that time. If it is not converted at that time, it will be redeemed at the par amount plus interest compensation when it expires. (c) Corporate bond holders may request the company to redeem the principal in cash at an interest rate of 101.5075% of the par value of the bond (0.5% annual return yield) within 40 days before the issuance of the corporate bond meets the agreed conditions.

(d) Holders of corporate bonds may request the Company to redeem the principal in cash at 102.015% of the par value of the bonds (0.5% annual return rate) within 40 days before the issuance of the corporate bonds meets the agreed conditions.

(e) The price of the conversion corporate bonds is determined based on August 19, 2019 as the conversion price determination base date, and the simple arithmetic average of the Company's common stock closing prices on the five business days prior to the base date (excluding) is NT$46.55, and then the base price is multiplied by the conversion premium rate of 107.42%, which is the conversion price of the converted corporate bonds (calculated to NT dollars, rounded up to the following points). According to the above method, the conversion price is NT$50 per share.

The conversion price of the Company's first domestic unsecured conversion corporate bonds is adjusted according to the relevant anti-dilution provisions of the conversion method. The Company has adjusted the conversion price from NT$47.90 to NT$46.80 since August 5, 2021 (the ex-dividend base date). Since August 5, 2022 (the ex-dividend base date), the conversion price has been adjusted from NT$46.80 to NT$45.60. Since May 6, 2023 (the ex-dividend base date), the conversion price has been adiusted from NT$45.60 to NT$43.90.

C.On January 3, 2022, the Company issued the 2nd unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A)Issue amount:	NT$630,000 thousand
(B)Issue date:	January 3, 2022
(C)Issue price:	Issued at 111.8% of the par value
(D)Coupon rate:	0%

(E)Period: January 3, 2022 to January 3, 2025

(F)Settlement or Conversion period:

(a) The Company may, from the day following the issuance of corporate bonds for three months (April 4, 2022) to 40 days before the expiration of the issuance period (November 24, 2024), when the agreed conditions are met, request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

(b) For corporate bond holders, from the day following the first three months of the corporate bond issuance date (April 4, 2022) to the maturity date (January 3, 2025), except for the period stipulated in the conversion method. In addition, the Company may request to be converted into the Company's ordinary shares at any time at the conversion price at that time. If it is not converted at that time, it shall be repaid in cash according to the par value of the bond within five business days after the maturity date.

(c) The price of the conversion corporate bond is determined based on December 13, 2021 as the base date for the determination of the conversion price, which is calculated on the basis of one, three, or five business days before the base date (excluding). The simple arithmetic average of the closing prices of the Company's common shares is used as the benchmark price, and then the benchmark price is multiplied by the conversion premium rate of 104.31%, which is the conversion price of the converted corporate bonds (calculated to NT$, rounded up below). According to the above method, the conversion price is set at NT$47 per share.

The conversion price of the second domestic unsecured conversion corporate bond of the Company is adjusted according to the relevant anti-dilution provisions of the conversion method. The Company adjusted the conversion price from NT$47.00 to NT$45.80 starting from August 5, 2022 (the ex-dividend base date). The Company adjusted the conversion price from NT$45.80 to NT$44.10 starting from May 6, 2023 (the ex-dividend base date).

D.On November 27, 2023, the Company issued the 3nd unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A)Issue amount:	NT$800,000 thousand
(B)Issue date:	November 27, 2023
(C)Issue price:	Issued at 106.15% of the par value
(D)Coupon rate:	0%
(E)Period:	November 27, 2023 to November 27, 2026
(F)Settlement or Conversion period:	(a) The Company may, from the day following the issuance of corporate bonds for three months (February 28, 2024) to 40 days before the expiration of the issuance period (October 18, 2026), when the agreed conditions are met, request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

(b) For corporate bond holders, from the day following the first three months of the corporate bond issuance date (February 28, 2024) to the maturity date (November 27, 2026), except for the period stipulated in the conversion method. In addition, the Company may request to be converted into the Company's ordinary shares at any time at the conversion price at that time. If it is not converted at that time, it shall be repaid in cash according to the par value of the bond within five business days after the maturity date.

(c) The price of the conversion corporate bond is determined based on November 7, 2023 as the base date for the determination of the conversion price, which is calculated on the basis of three business days before the base date (excluding). The simple arithmetic averageof the closing prices of the Company's common shares is used as the benchmark price amounted to NT$50.32, and then the benchmark price is multiplied by the conversion premium rate of 102.71%, which is the conversion price of the converted corporate bonds (calculated to NT$, rounded up below). According to the above method, the conversion price is set at NT$52 per share.

E.The 1st unseured convertible bonds in the amount of NT$202,200 thousand have been converted to 4,597 thousand common shares for the year ended December 31, 2023. The surplus due to the conversion amounted to NT$154,152 thousand, recorded under additional paid-in capital. The 1st unseured convertible bonds in the amount of NT$116,200 thousand have been converted to 2,548 thousand common shares for the year ended December 31, 2022. The surplus due to the conversion amounted to NT$88,741 thousand, recorded under additional paid-in capital.

The 2nd unseured convertible bonds in the amount of NT$241,800 thousand have been converted to 5,438 thousand common shares for the year ended December 31, 2023. The surplus due to the conversion amounted to NT$182,856 thousand, recorded under additional paid-in capital. The 2nd unseured convertible bonds in the amount of NT$307,500 thousand have been converted to 6,714 thousand common shares for the year ended December 31, 2022. The surplus due to the conversion amounted to NT$232,001 thousand, recorded under additional paid-in capital.

(16)Long-term loans

Details of long-term loan as of December 31, 2023 and 2022 are as follows:

Debtor	Type of Loan	Maturity	As of December 31, 2023	Repayment
Bank of Taiwan	Secured loan	2016.06.27-2024.06.27	$9,550	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20-2026.10.20	272,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28-2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank of Taiwan	Secured loan	2023.02.15-2028.02.15	256,000	The principal and interest will be amortized monthly.
Total			1,407,550	
Less: current portion			(86,883)	
Non-current portion			$1,320,667	

Debtor	Type of Loan	Maturity	As of December 31, 2022	Repayment
Bank of Taiwan	Secured loan	2016.06.27-2024.06.27	$28,650	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20-2026.10.20	296,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28-2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank Sinopac	Credit loan	2022.11.24-2023.02.23	100,000	Interest is paid monthly, and the principal is paid at maturity.
Total			1,294,650	
Less: current portion			(143,100)	
Non-current portion			$1,151,550	

(a)Please refer to Note 8 for more detail of assets pledged as collaterals.

(a) As of December 31, 2023 and 2022, the interest rate intervals for long-term loans were 1.35%～2.06% and 0.98%～1.88%, respectively.

(17)Other non-current liabilities

(a)Details of other non-current liabilities were as follows:

	As of December 31,	
	2023	2022
Net defined benefit liability	$551	$851
Deposits received	1,667	1,900
Total	$2,218	$2,751

(18) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 are NT$10,155 thousand and NT$9,557 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$246 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the maturities of the Company’s defined benefit plan were expected in 2033.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the year ended December 31,	
	2023	2022
Net interest of defined benefit	$10	$10

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Defined benefit obligation	$4,470	$4,441	$5,133
Plan assets at fair value	(3,919)	(3,590)	(3,477)
Other non-current liabilities – net defined benefit Liability(asset) on the balance sheets	$551	$851	$1,656

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2022	$5,133	$(3,477)	$(1,656)
Current period service costs	-	-	-
Net interest expense(revenue)	32	(22)	10
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	32	(22)	10
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(261)	-	(261)
Experience adjustments	(33)	-	(33)
Return on project assets (except the amount included in net interest)	-	(263)	(263)
Re-measurement on defined benefit assets	-	-	-
Subtotal	(294)	(263)	(557)
Payments from the plan	(430)	430	-
Contributions by employer	-	(258)	(258)
As of December 31, 2022	4,441	(3,590)	851
Current period service costs	-	-	-
Net interest of defined benefit	61	(51)	10
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	61	(51)	10

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	57	-	57
Experience adjustments	(89)	-	(89)
Return on project assets (except the amount included in net interest)	-	(27)	(27)
Re-measurement on defined benefit assets	-	-	-
Subtotal	(32)	(27)	(59)
Payments from the plan	-	(251)	(251)
Contributions by employer	-	-	-
As of December 31, 2023	$4,470	$(3,919)	$551

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.25%	1.375%
Expected rate of salary increases	2.25%	2.25%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$(113)	$-	$(121)
Discount rate decrease by 0.25%	117	-	126	-
Future salary increase by 0.25%	114	-	123	-
Future salary decrease by 0.25%	-	(110)	-	(119)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(19)Equity

(a)Common stock

As of December 31, 2023 and 2022, the Company’s authorized capital were both NT$1,500,000 thousand, each share at par value of NT$10. The Company’s paid-in capital were NT$910,414 thousand and NT$810,063 thousand, respectively, divided into 91,041 thousand shares and 81,006 thousand shares, respectively. Each share has one voting right and a right to receive dividends. The 6,000 thousand shares are reserved for the issuance of employee stock option certificates in the total amount of shares mentioned above.

The Company passed the board resolution on November 9, 2018. In order to motivate employees and boost solidarity, the Company bought back a total of 247 thousand shares from November 15, 2018 to January 9, 2019 and planned to transfer them to employees within three years from the date of repurchase. As of January 17, 2022, the Company has not transferred the 247 thousand shares repurchased for more than three years, therefore the 247 thousand treasury shares were cancelled in accordance with applicable regulations, totaling NT$10,551 thousand, including NT$2,470 thousand of which was canceled share capital, NT$4,291 thousand was stock premium and NT$3,790 thousand was accumulated profit and loss. January 17, 2022 was set as the base date for capital reduction and cancellation of share capital.

Among the employee stock options issued by the Company, the amount of NT$ 3,929 thousand were converted into 187 thousand shares for the year ended December 31, 2021. The registration was completed on February 9, 2022.

Among the employee stock options issued by the Company, the amount of NT$ 1,987 thousand were converted into 96 thousand shares and approved by the board of directors' meeting on March 25, 2022. The base date for the capital increase was March 25, 2022.

For the years ended December 31, 2023 and 2022 respectively, the 1st unsecured convertible bonds amounting to NT$202,200 thousand and NT$116,200 thousand were converted into 4,597 thousand and 2,548 thousand shares.

For the years ended December 31, 2023 and 2022 respectively, the 2nd unsecured convertible bonds amounting to NT$241,800 thousand and NT$307,500 thousand were converted into 5,438 thousand and 6,714 thousand shares.

(b) Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$2,003,862	$1,621,376
Employee stock option	1,322	1,322
Components of convertible corporate bonds	104,041	60,914
Total	$2,109,225	$1,683,612

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c)Treasury stock

Treasury stock amounted both to NT$0 and divided into 0 shares, as of December 31, 2023 and 2022.

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the years ended December 31, 2022				
Transfer of shares to employees	247	-	247	-

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company’s issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

(d)Retained earnings and dividend policies

(1)Retained of earnings

According to the Company's Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

i. Payment of all taxes and dues;
ii. Offset prior years’ operation losses;
iii. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
iv. Set aside or reverse special reserve in accordance with law and regulations; and
v. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

If the Company's dividends are distributed to shareholders, surplus reserve and capital reserve paid in cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(2)Dividend policies

The Company's life cycle is currently at the growing stage. The Company's dividend policy shall be determined pursuant to the factors, such as financial structure, operating conditions, and capital budgets. The distribution of shareholders' dividend shall be not lower than 10% of the distributable current-year earnings. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 1% of the paid-in capital. The dividend can be distributed by cash not be less than 10% of total dividends and be adjusted by the actual situation of the company.

(3)Legal reserve

According to Taiwan's Company Act, the Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total paid-in capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash held by each of the shareholders.

(4)Special reserve

The FSC issued Order No. Jin-Guan-Cheng-Fa-Zi-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion of the special reserve first appropriated and distribute it.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e)The appropriations of earnings for 2023 and 2022 were approved through the board meetings and shareholders' meetings held on March 14, 2024 and June 30, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2023	2022	2023	2022
Legal reserve	$25,481	$42,056		
Special reserve	24,650	(17,259)		
Cash dividend(Note1)	127,000	173,000	$1.44	$2.11
Total	$177,131	$197,797		

Note1: The number of shares calculated for shareholder dividends amounted to 91,137 thousand shares and 82,022 thousand shares as of March 8, 2024 and March 3, 2023, respectively (after deducting treasury shares).

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

(20) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) In January 2017, the Company issued employee stock option of 4,000 units to qualified employees of the Company. One unit of stock option can be used to subscribe 1,000 shares of the Company's common shares. The options are valid for five years and exercisable at 50% of the granted stock options to the second anniversary of grant date; and can exercisable the other 50% of the granted stock options to the third anniversary of grant date The exercise price of stock options is obtained by referring to the company's current fair value per share in the enterprise value evaluation report issued by Specialized Enterprise Management Consulting Co., Ltd. on December 26, 2016, and discounting it by 30%. , the exercise price will be subject to the adjustments upon occurrence of certain events of changes in the company's common shares.

The following table contains further details on the aforementioned share-based payment plan:

	For the year ended December 31,	
	2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	96	$20.7
Granted	-	-
Forfeited	(96)	20.7
Exercised	-	-
Over due	-	-
Outstanding at end of period	-	$-
Exercisable at end of period	-	
For share options granted during the period, weighted average fair value of those options at the measurement date (in dollars)		$-

The information on the outstanding share options as of December 31 2022, have not remained contractiual life.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	2017.01
Stock market price	$35.89
Exercised price	$25
Expected volatility (%)	41.57%～41.74%
Expected life (Years)	3.5 years／4 years
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.81%／0.85%

The Company assumes that the stock options with a vesting period of 2 years and 3 years will be exercised 3.5 years and 4 years after the grant date, so the expected volatility is based on the historical stock price volatility of the industry in the past 3.5 years and 4 years.

In January 2019, the Company revised the payment conditions of some outstanding employee stock option plans at that time and replaced them with a long-term bonus plan. In January 2019, the Company re-evaluated the fair value of employee stock options granted in January 2017. The Black-Scholes Option Pricing model was used in the evaluation. The input values used in the evaluation model are as follows:

	2019.01
Stock market price	$45
Exercised price	$23.2
Expected volatility (%)	24.22%
Expected life (Years)	1 day
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.43%

Compared with the current value of the revised long-term bonus and welfare plan, the aforementioned measurement results have not increased.

(21) Operating revenue

	For the year ended December 31,	
	2023	2022
Revenue from contracts with customer		
Sales of goods	$1,630,606	$2,259,534
Other operating revenue	32,456	54,985
Total	$1,663,062	$2,314,519

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 are as follows:

(a)Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
Sale of goods	$1,630,606	$2,259,534
Other	32,456	54,985
Total	$1,663,062	$2,314,519
The timing for revenue recognition:		
At a point in time	$1,663,062	$2,314,519

(b)Contract balances

A. Contract liabilities

	As of		
	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Sales of goods	$7,732	$9,797	$19,716

Analysis of contract liabilities fot the year ended December 31, 2023 are as follows:

	Sales of goods
The opening balance transferred to revenue	$(5,411)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	3,346

Analysis of contract liabilities for the year ended December 31, 2022 are as follows:

	Sales of goods
The opening balance transferred to revenue	$(18,324)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	8,405

(22)Expected credit (losses) gains

	For the year ended December 31,	
	2023	2022
Operating expenses – Expected credit (losses) gains		
Account receivables	$2,078	$(17)

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022, respectively, are as follows:

A. The Company's accounts receivable (including notes receivable and accounts receivable), according to the historical experience, shows that different group of customers have no significant difference, consequently; the Company measures its loss allowance in an ungrouped manner. Details are as follow:

2023.12.31

		Overdue				
	Not due (Note)	Less than 60 days	61-120 days	121-180 days	More than 181 days	Total
Gross carrying amount	$295,250	$18,438	$1,440	$876	$422	$316,426
Loss ratio	0%~0.12%	2.17%	19.38%	68.11%	100%	
Lifetime expected credit losses	(288)	(400)	(279)	(596)	(422)	(1,985)
Carrying amount of accounts receivables	$294,962	$18,038	$1,161	$280	$-	$314,441

2022.12.31

		Overdue				
	Not due (Note)	Less than 60 days	61-120 days	121-180 days	More than 181 days	Total
Gross carrying amount	$528,527	$55,699	$10,603	$299	$17	$595,145
Loss ratio	0～0.07%	1.90%	14.32%	43.54%	68.06%～100%	
Lifetime expected credit losses	(1,345)	(1,057)	(1,519)	(130)	(12)	(4,063)
Carrying amount of accounts receivables	$527,182	$54,642	$9,084	$169	$5	$591,082

Note: The Company's notes receivable were not overdue.

B. The movement in the provision for impairment of notes receivables and accounts receivables for the years ended December 31, 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2023	$-	$4,063
Addition (reversal) for the current period	-	(2,078)
As of December 31, 2023	$-	$1,985
As of January 1, 2022	$-	$4,046
Addition (reversal) for the current period	-	17
As of December 31, 2022	$-	$4,063

(23)Leases

(a) Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 39 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31	
	2023	2022
Land	$6,511	$8,106
Buildings	102,395	120,440
Transportation Equipment	5,321	6,807
Office equipment	53	122
Other equipment	120	1,558
Total	$114,400	$137,033

The Company's right-of-use assets increased by NT$3,656 thousand and NT$135,536 thousand for the years ended December 31, 2023 and 2022, respectively.

(ii) Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	$116,216	$137,600
Current	$15,700	$23,736
Non-current	100,516	113,864
Total	$116,216	$137,600

Please refer to Note 6(25)(d) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022, and refer to Note12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2023 and 2022.

B.Amounts recognized in the income statement

(i)Depreciation of right-of-use assets

	For the year ended December 31,	
	2023	2022
Land	$1,595	$1,575
Buildings	16,507	14,923
Transportation equipment	5,030	4,864
Office equipment	181	428
Other equipment	1,438	1,166
Total	$24,751	$22,956

C.Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of law-value assets)	$(783)	$(915)
Income from subleasing right-of-use assets	-	1,929

As of December 31, 2023 and 2022, the portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

D.Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company’s total cash outflow for leases amounted to NT$26,040 thousand and NT$25,483 thousand, respectively.

(b)Company as a lessor

The Company has entered leases on plants. These leases have terms of between one and two years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments	$11,784	$10,521

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Less than one year	$4,738	$8,907
More than one year but less than five years	-	2,991
Total	$4,738	$11,898

The Company enters into a financial lease agreement, and the undiscounted lease payment and the total amount for the remaining years will be received as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Undiscounted lease payments		
Year 1	$7,508	$23,786
Year 2	3,885	18,243
Year 3	2,759	14,565
Year 4	967	12,287
Year 5	-	9,583
Total undiscounted lease payments	15,119	78,464
Less: lease payment unearned revenue	(414)	(3,774)
Net investment in the lease (Finance lease receivables)	$14,705	$74,690
Current	$7,266	$22,237
Non-current	7,439	52,453
Total	$14,705	$74,690

(24) Summary of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	For the year ended December 31,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	$103,754	$158,012	$261,766	$113,938	$206,559	$320,497
Labor and health insurance	10,430	10,915	21,345	11,182	9,918	21,100
Pension	4,395	5,770	10,165	4,294	5,273	9,567
Directors’ remuneration	-	3,125	3,125	-	5,242	5,242
Other employee benefits expense	5,402	6,211	11,613	6,116	6,482	12,598
Depreciation	51,011	26,577	77,588	47,410	23,723	71,133
Amortization	177	2,620	2,797	116	3,594	3,710

Note 1 : The average headcounts of the Company amounted to 340 and 324, respectively, as of December 31, 2023 and 2022. Among the Company’s directors, there were 6 who were not the employees.

Note 2：Companies who have been listed on Taiwan Stock Exchange or Taipei Exchange should disclose the following information:

(1) Average employee benefits of 2023 and 2022 are NT$913 thousand and NT$1,144 thousand, respectively.
(2) Average salaries of 2023 and 2022 are NT$784 thousand and NT$1,008 thousand, respectively.
(3) Change in average salaries are (22.22)%.
(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor’s remuneration has not been recognized.
(5) The Company's remuneration policy: (a) The Company's employee remuneration policy is committed to providing employees with a salary and benefits that are above the average level of the industry. Employee remuneration includes monthly salaries, performance bonuses or production bonuses for operating profit settlement, and year-end bonuses or Spring Festival red envelopes. (b) According to the Company's articles of association, if there is profit in the year, 1% to 10% should be allocated for employee remuneration and no more than 2% for director remuneration. (c) Employee remuneration, director remuneration, and manager salary and rewards of the director (including) of the company are all submitted to the remuneration committee for deliberation and sent to the board of directors for resolution in accordance with regulations.

According to the Company’s Articles of Incorporation, between 1% to 10% of profit of the current year is distributable as employees’ compensation and no more than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company’s accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the year ended December 31, 2023 amounted to NT$5,690 thousand, and NT$2,845 thousand respectively, recognized as employee benefits.

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the year ended December 31, 2022 amounted to NT$9,764 thousand, and NT$4,882 thousand respectively, recognized as employee benefits.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT5,690 thousand, and NT$2,845 thousand, respectively, for the year ended December 31, 2023, in a meeting held on March 14, 2024. No differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$9,764 thousand and NT$4,882 thousand, respectively, for the year ended December 31, 2022, in a meeting held on March 23, 2023. No differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

(25) Non-operating income and expenses

(a)Interest incomes

	For the year ended December 31,	
Interest income	2023	2022
Financial assets measured at amortized cost	$36,583	$7,464
Related party lending	733	736
Other	1,872	678
Total	$39,188	$8,878

(b)Other income

	For the year ended December 31,	
	2023	2022
Rental income	$11,784	$10,521
Dividend income	1,206	1,103
Others	45,639	39,458
Total	$58,629	$51,082

(c)Other gains and losses

	For the year ended December 31,	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	$(1,637)	$2,049
Foreign exchange gains (losses), net	(8,465)	94,539
Gains (losses) on financial assets at fair value through profit or loss	(539)	(1,920)
Gains (losses) on lease modification	(2,024)	1,328
Others	-	(2)
Total	$(12,665)	$95,994

(d)Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest on borrowings from bank	$33,860	$19,776
Interests on convertible bonds	5,433	9,621
Interests on lease liabilities	1,489	1,513
Interest calculated on deposit	11	8
Total	$40,793	$30,918

(26) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$59	$-	$59	$(11)	$48
Unrealized gain (loss) from equity instruments investments measured at fair value through other comprehensive income	5,211	-	5,211	(1,142)	4,069
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(3,361)	-	(3,361)	-	(3,361)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating of foreign operations	(41,055)	-	(41,055)	8,210	(32,845)
Total of other comprehensive income	$(39,146)	$-	$(39,146)	$7,057	$(32,089)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$557	$-	$557	$(111)	$446
Unrealized gain (loss) from equity instruments investments measured at fair value through other comprehensive income	(3,925)	-	(3,925)	246	(3,679)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	1,051	-	1,051	-	1,051
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating of foreign operations	26,118	-	26,118	(5,181)	20,937
Total of other comprehensive income	$23,801	$-	$23,801	$(5,046)	$18,755

(27) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	$34,371	$44,161
Adjustments in respect of current income tax of prior periods	(63)	7
Adjustment of the deferred income tax of previous years in the current period	-	24
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(20,608)	6,517
Total income tax expense	$13,700	$50,709

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$11	$111
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	1,142	(246)
Exchange differences on translation of foreign operations	(8,210)	5,181
Total	$(7,057)	$5,046

(b)Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2023	2022
Accounting income before tax from continuing operations	$275,953	$473,559
Tax payable at the enacted tax rates	$55,189	$94,712
Surtax on Undistributed retained earnings	11,328	4,029
Tax effect of expenses not deductible for tax purposes	(52,754)	(48,063)
Adjustments in respect of current income tax of prior periods	(63)	7
Adjustments in respect of deferred income tax of prior periods	-	24
Total income tax expense recognized in profit or loss	$13,700	$50,709

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as Jan. 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of Dec. 31, 2023
Temporary differences				
Unrealized loss on inventory valuation	$20,414	$2,688	$-	$23,102
Asset impairment loss	737	-	-	737
Unrealized exchange loss (gain)	(11,323)	15,809	-	4,486
Exchange differences on translation of foreign operations	19,175	-	8,210	27,385
Undistributed earnings of subsidiaries	(51,477)	-	-	(51,477)
Others	11,855	2,111	(1,153)	12,813
Deferred tax income/ (expense)		$20,608	$7,057	
Net deferred tax assets/(liabilities)	$(10,619)			$17,046
Reflected in balance sheet as follows:				
Deferred tax assets	$52,181			$68,522
Deferred tax liabilities	$(62,800)			$(51,476)

For the year ended December 31, 2022

	Beginning balance as Jan. 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of Dec. 31, 2022
Temporary differences				
Unrealized loss on inventory valuation	$17,794	$2,620	$-	$20,414
Asset impairment loss	737	-	-	737
Unrealized exchange loss (gain)	1,310	(12,633)	-	(11,323)
Exchange differences on translation of foreign operations	24,356	-	(5,181)	19,175
Undistributed earnings of subsidiaries	(51,477)	-	-	(51,477)
Others	8,248	3,472	135	11,855
Deferred tax income/ (expense)		$(6,541)	$(5,046)	
Net deferred tax assets/(liabilities)	$968			$(10,619)
Reflected in balance sheet as follows:				
Deferred tax assets	$52,445			$52,181
Deferred tax liabilities	$(51,477)			$(62,800)

(d)Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize deferred tax liability for taxes that would be payable on the unappropriated earnings of the Company's overseas subsidiaries since the year 2023, as the Company has determined that unappropriated earnings of its subsidiaries will not be distributed in the foreseeable future. As at December 31, 2023 the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT$39,127 thousand.

(e)The assessment of income tax returns

As at December 31, 2023, the status of tax authority's assessment of the income tax returns of the Company was assessed and approved up to 2021.

(28)Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31,	
	2023	2022
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$262,253	$422,850
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	86,302	73,724
Basic earnings per share (in NT$)	$3.04	$5.74
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$262,253	$422,850
Gain or loss on valuation of redemption from convertible bonds	431	1,536
Interest expense from convertible bonds	4,346	7,697
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$267,030	$432,083

	For the year ended December 31, 2023	For the year ended December 31, 2022
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	86,302	73,724
Effect of dilution:		
Employee stock options (in thousand shares)	-	-
Employee compensation－stock (in thousand shares)	146	211
Convertible bonds (in thousand shares)	9,903	20,487
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	96,351	94,422
Diluted earnings per share (in NT$)	$2.77	$4.58

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Global Tek Co., Ltd.	Subsidiary
Global Tek GmbH	Subsidiary
GP Tech Inc. (US)	Subsidiary
Global Tek (Xi’An) Co., Ltd.	Subsidiary
Global Tek (Wuxi) Co., Ltd.	Subsidiary
Globaltek Xi’An Machinery Manufacturing Co., Ltd.	Subsidiary
Top Yes (Suzhou) Precision Industry Co., Ltd.	Associate
AvioCast Inc.	Associate

(2)Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2023	2022
Global Tek (Xi'An) Co., Ltd.	$46,380	57
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	3,267	1,451
Total	$49,647	$1,508

The sales price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of sales to third parties.

B. Purchases

	For the year ended December 31,	
	2023	2022
Global Tek (Xi'An) Co., Ltd.	$222,871	$271,590

The purchase price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of purchases to third parties.

C. Other receivables (excluding financing)

	As of December 31,	
	2023	2022
Global Tek Co., Ltd.	$2,275	$2,441
Global Tek (Xi'An) Co., Ltd.	19,443	4,682
Global Tek (Wuxi) Co., Ltd.	-	736
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	-	1,473
Top Yes (Suzhou) Precision Industry Co., Ltd.	567	578
AvioCast Inc.	205	-
Total	$22,490	$9,910

D. Prepaid expenses

	As of December 31,	
	2023	2022
Global Tek GmbH	$3,805	$-

E. Accounts payables

	As of December 31,	
	2023	2022
Global Tek (Xi’An) Co., Ltd.	$69,707	$58,578

F. Other payables

	As of December 31,	
	2023	2022
Global Tek Co., Ltd.	$1,591	$2,140
Global Tek GmbH	241	1,065
GP Tech Inc. (US)	1,889	2,339
Global Tek (Xi’An) Co., Ltd	2,220	191
Global Tek (Wuxi) Co., Ltd.	95	43
Total.	$6,036	$5,778

G. Loans to related parties

(a)Other accounts receivable - related parties

	As of December 31,	
	2023	2022
Global Tek (Wuxi) Co., Ltd.	$-	$92,175

(b)Interest income

	For the year ended December 31,	
	2023	2022
Global Tek (Wuxi) Co., Ltd.	$733	$736

H. Rental income

	For the year ended December 31,	
	2023	2022
Global Tek Co., Ltd.	$67	$48

For the year ended December 31, 2023 and 2022, the Company rented out factory buildings and machinery equipment to related parties. The rent collection method was monthly as a period, and was collected in cash, and the above rent was recorded under the caption of non-operating income and expenses - rent income.

I. For the year ended December 31, 2023 and 2022, the service income recognized by the Company entrusted by Global Tek Co., Ltd. were both NT$12,000 thousand, and it was recorded under the non-operating income and expenses - other income.

J. For the year ended December 31, 2022, the Company sold property, plant and equipment to related parties. The details are as follows:

Asset type	Related party	Book value	Selling price	Gains on disposal	Price Reference
Machinery and equipment	Top Yes (Suzhou) Precision Industry Co., Ltd.	$-	$574	$574	Commercial negotiation

K. Other

(a) sales expenses

	For the year ended December 31,	
	2023	2022
Global Tek GmbH	$14,902	$14,076
GP Tech Inc. (US)	8,445	9,549
Total	$23,347	$23,625

L. Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2023	2022
Short-term employee benefit	$20,737	$12,719
Post-employment benefit	216	162
Total	$20,953	$12,881

8. ASSETS PLEDGED AS COLLATERAL

	Carrying amount As of December 31,		
Assets pledged for security	2023	2022	Secured liabilities
Financial assets measured at amortized cost-noncurrent	$1,700	1,700	Customs bond
Land	1,410,612	1,410,612	Long-term loans
Property, plant and equipment – buildings(net)	80,840	83,010	Long-term loans
Total	$1,493,152	$1,495,322	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a)As of December 31, 2023 and 2022, the outstanding contracts relating to purchased property, plant and equipment of Company for business needs were as follows:

	As of December 31,	
Purchased property, plant and equipment	2023	2022
Global Tek Fabrication Co., LTD.	$30,854	$42,046

(b)The Company announced on January 15, 2022 that due to the impact of Covid-19, according to the equity agreement entered into with Malaysia-based Allied Advantage Sdn., the Company has a right to choose not to exercise the second phase share transaction but still retains the 19% equity acquired in the first phase. Since the gain from the original 51% forward contract of the second phase of equity was not realized, the loss of NT$2,628 thousand from derecognition of the forward purchase contract was recognized. The Company was notified in March 2022 that the seller filed an action with the Taipei District Court in Taiwan, requesting the Company to perform the second phase of share sales and pay a total price of US$3,968,389. On June 28, 2022, the Taipei District Court in Taiwan delivered Judgment Year 2022 Chong-SU-Zi No,. 266 to dismiss the seller's request as its was groundless. After receiving the judgment, Allied Advantage Sdn. Bhd. did not file an appeal within the appeal period.

The Company filed a civil action against the seller for rescission of the contract on December 21, 2022, and settled through mediation at the Taipei District Court in Taiwan on May 15, 2023, agreeing that the seller would return to the Company the price of MYR$4,864 thousand as scheduled, and the Company transferred 1.9 million shares of Allied Advantage Sdn. Bhd. to the seller. As of December 31, 2023, the Company has recovered 60% of the price and transferred 60% of the equity to the seller.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1)Categories of financial instruments

Financial assets	As of December 31,	
	2023	2022
Financial asset at fair value through profit of loss:		
Mandatorily measured at fair value through profit of loss	$1,074	$493
Financial assets at fair value through other comprehensive income	62,935	71,864
Financial assets measured at amortized cost		
Cash and cash equivalents	1,258,028	632,947
Financial assets measured at amortized cost	1,700	2,530
Accounts receivables	329,146	665,772
Other receivables (including related parties)	37,805	130,638
Refundable deposits	7,879	9,002
Total	$1,698,567	$1,513,246

Financial liabilities		
Financial liabilities at amortized cost:		
Short-term loans	$-	$200,000
Payables (including related parties)	393,304	798,287
Long-term loans (current portion included)	1,407,550	1,294,650
Bonds payable (current portion included)	918,630	593,832
Lease liabilities	116,216	137,600
Guarantee deposits received	1,667	1,900
Total	$2,837,367	$3,026,269

(2)Financial risk management objectives and policies

The Company’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company’s policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3)Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. There are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities (when revenue or expense are denominated in a different currency from the Company’s functional currency) and the Company’s net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT$11,767 thousand and NT$8,434 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments with variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to increase/decrease by NT$150 thousand and NT$862 thousand, respectively.

Equity price risk

The fair value of the Company's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the unlisted equity securities measured at fair value through profit or loss could increase/decrease the Company's equity for the years ended December 31, 2023 and 2022 by NT$629 thousand and NT$719 thousand, respectively.

Please refer Note12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables、notes receivables and lease payment receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The objects of accounts receivable cover a large number of customers, scattered in different industries and geographical regions. The Company evaluates the financial condition of its accounts receivable customers on an ongoing basis.

The Company adopted IFRS 9 to assess the expected credit losses. Except for accounts receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Company makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 3years	3 to 5 years	Over than 5 years	Total
As of Dec. 31, 2023					
Long-term loans	$313,129	$629,446	$738,205	$-	$1,680,780
Payables	393,304	-	-	-	393,304
Convertible bonds	81,600	80,700	800,000	-	962,300
Lease liabilities (Note)	16,970	31,596	28,549	44,420	121,535
As of Dec. 31, 2022					
Short-term loans	$201,669	$-	$-	$-	$201,669
Long-term loans	164,515	187,936	1,023,229	-	1,375,680
Payables	798,287	-	-	-	798,287
Convertible bonds	283,800	322,500	-	-	606,300
Lease liabilities (Note)	25,146	31,306	29,699	58,120	144,271

Note: The table below provides further information on the lease liability maturity analysis:

	due period			
	Less than 1 year	1 to 5 years	6 to 10 years	Total
As of Dec. 31, 2023	$16,970	$60,145	$44,420	$121,535
As of Dec. 31, 2022	25,146	61,005	58,120	144,271

(6)Reconciliation schedule of liabilities arising from financing activities

Reconciliation schedule of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of January 1, 2023	$200,000	$1,294,650	$1,900	$137,600	$593,832	$2,227,982
Cash flows	(200,000)	112,900	(233)	(25,257)	849,209	736,619
Non-cash changes						
Lease range changes	-	-	-	3,656	-	3,656
Interest expense	-	-	-	1,489	5,433	6,922
Other	-	-	-	(1,272)	(529,844)	(531,116)
As of December 31, 2023	$-	$1,407,550	$1,667	$116,216	$918,630	$2,444,063

Reconciliation schedule of liabilities for the year ended December 31, 2022:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Corporate bonds received in advance (accounted for non-current liabilities)	Bonds payable	Total liabilities from financing activities
As of January 1, 2022	$370,000	$447,749	$865	$55,469	$704,314	$390,051	$1,968,448
Cash flows	(170,000)	846,901	1,035	(24,568)	-	-	653,368
Non-cash changes							
Lease range changes	-	-	-	135,536	-	-	135,536
Interest expense	-	-	-	1,513	-	9,621	11,134
Other	-	-	-	(30,350)	(704,314)	194,160	(540,504)
As of December 31, 2022	$200,000	$1,294,650	$1,900	$137,600	$-	$593,832	$2,227,982

(7)Fair values of financial instruments

(a)The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payables and other current liabilities approximate their faire value.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates bonds and futures etc.) at the reporting date.

iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payables and other current liabilities whose carrying amount approximate their fair value, the fair value of the Company’s financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of December 31,	
	2023	2022
Financial liabilities:		
Bonds payable	$918,630	$593,832

	Fair value as of December 31,	
	2023	2022
Financial liabilities:		
Bonds payable	$925,039	$596,775

(c)Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

As of December 31, 2023 and 2022, the Company's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9)Fair value measurement hierarchy

(a)Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 –Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b)Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	$-	$1,074	$-	$1,074
Financial assets at fair value through other comprehensive income				
Equity instrument investments measured at fair value through other comprehensive income	-	-	62,935	62,935

Financial liabilities:

None

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	$-	$493	$-	$493
Financial assets at fair value through other comprehensive income				
Equity instrument investments measured at fair value through other comprehensive income	-	-	71,864	71,864

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation process used for fair value measurements categorized within Level 2 of the fair value hierarchy

The convertible corporate bond redemption right is based on the discounted cash flow method, and the future cash flow is estimated based on the stock price volatility in the last year and the annual bond yield rate.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	Financial asset at fair value through other comprehensive income
	Stock
As of January 1, 2023	$71,864
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in profit or loss (presented in " Other gains and losses ")	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	5,210
Acquired/issued for the third quarter of year 2023	5,193
Disposal/settlements for the fourth quarter of year 2023	(19,332)
As of December 31, 2023	$62,935

	Assets
	Financial asset at fair value through other comprehensive income
	Stock
As of January 1, 2022	$75,789
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in " Other gains and losses ")	-
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income")	(3,925)
As of December 31, 2022	$71,864

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

Financial instrument category	Valuation techniques and inputs
Domestic unlisted stock investment	The fair value is estimated using the market method, and the determination is based on the industry category, the evaluation of the same type of company and the operating situation.
Foreign unlisted stock investment	Using the income method, the present value of the income expected to be derived from holding the investment is calculated by discounting cash flows.

(10)Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2023		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$41,124	30.71	$1,262,789
EUR	270	33.98	9,182
RMB	23,518	4.326	101,741
JPY	665,490	0.217	144,478
Financial liabilities			
Monetary items:			
USD	$2,803	30.71	$86,064
EUR	88	33.98	3,002

	As of December 31, 2022		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$29,926	30.725	$919,476
EUR	687	32.72	22,487
RMB	678	4.4090	2,990
JPY	179,133	0.2325	41,649
Financial liabilities			
Monetary items:			
USD	$2,447	30.725	$76,099
EUR	289	32.72	9,445

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company’s entities' functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain/(loss) were NT$(8,465) thousand and NT$94,539 thousand for the years ended December 31, 2023 and 2022, respectively.

(11) Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Information at significant transactions:

a. Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 1.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 2.

c. Marketable securities held as of December 31, 2023. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2023: Please refer to Attachment 5.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2023: Please refer to Attachment 6.

i. Financial instruments and derivative transactions: None.

(2) Information on investees:

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):

(a) Financing provided to others for the year ended December 31, 2023: None.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.

(c) Marketable securities held as of December 31, 2023 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2023: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2023: Please refer to Attachment 5.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2023: Please refer to Attachment 6.

(i) Financial instruments and derivative transactions: None.

(3) Information on investments in Mainland China:

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2023	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023
					Outflow	Inflow						
Global Tek (Xi'An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	$159,450 (USD 5,100)	(2)A	$19,458 (USD 642)	$91,708 (USD 3,000)	$-	$111,166 (USD 3,642)	$72,758 (RMB 16,551) (Note2&4)	100%	$72,758 (RMB 16,551) (Note2&4)	$495,652 (RMB 114,575) (Note2&4)	$-

Investee company	Main Business and Product	Total Amount of Pain-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2023	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023
					Outflow	Inflow						
Global Tek (Wuxi) Co., Ltd.	Precision machining of automotive components	$478,141 (USD 15,100)	(2)B	$494,073 (USD 16,378)	$-	$-	$494,073 (USD 16,378)	$121,338 (RMB 27,602) (Note2&4)	100%	$121,338 (RMB 27,602) (Note2&4)	$1,685,652 (RMB 389,656) (Note2&4)	$-
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Sales of industrial automatic control parts and aerospace equipment parts	$22,115 (RMB 5,000)	(2)C	$-	$-	$-	$-	$(127) (RMB (29)) (Note2&4)	100%	$(127) (RMB (29)) (Note2&4)	$46,578 (RMB 10,767) (Note2&4)	$-

Investee company	Main Business and Product	Total Amount of Pain-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2023	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023
					Outflow	Inflow						
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	$99,737 (RMB 22,530) (Note2)	(2)D	$-	$-	$-	$-	$(16,155) (RMB(3,675)) (Note2&4)	100%	$(16,155) (RMB(3,675)) (Note2&4)	$81,350 (RMB 18,805) (Note2&4)	$-
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	$469,550 (RMB 111,666)	(2)E	$48,398 (USD 1,575)	$97,872 (USD 3,149)	$-	$146,270 (USD 4,724)	$(112,713) (RMB(25,640)) (Note2&4)	4.11%	$(4,633) (RMB (1,054)) (Note2&4)	$171,431 (RMB 35,870) (Note2&4)	$-

Accumulated Investment in Mainland China as of Dec. 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$759,845 (USD24,745)	$821,259 (USD26,745)	$2,358,251

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland for investment.

(2) Reinvest in mainland China through a third-region company.

A. Global Tek (Xi'An) Co., Ltd. is 100% owned by Global Tek Co., Ltd.

B. Global Tek (Wuxi) Co., Ltd. is invested by Global Tek Co., Ltd. and Global Tek Fabrication Co., Ltd. (HK) to hold 52.98% and 47.02% of the shares respectively.

C. Global Tek Xi'An Machinery Manufacturing Co., Ltd. is 100% owned by Global Tek (Xi'An) Co., Ltd.

D. Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. is 100% owned by Global Tek (Xi'An) Co., Ltd.

E. Top Yes (Suzhou) Precision Industry Co., Ltd. is 4.1095% owned by Global Tek (Wuxi) Co., Ltd.

(3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: It refers to the original investment amount of the original shareholder before the Company acquires the equity of the mainland invested enterprise.

Note 4: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 5: It refers to the original investment amount which the Company acquires the equity of the mainland invested enterprise.

B. Significant transactions with the investees in mainland China:

(a)Purchase and balances of related accounts payable as of December 31, 2023:

	Purchases		Accounts Payables	
	Amount	% to Net Purchase	Amount	% to Account Balance
Global Tek (Xi'An) Co., Ltd.	$222,871	25%	$69,707	32%

The purchase price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of purchchases to third parties.

(b)Sales and balances of related accounts receivable as of Decemder 31,2023:

	Sales		Accounts receivable	
	Amount	% to Net Sales	Amount	% to Account Balance
Global Tek (Xi'An) Co., Ltd.	$46,380	3%	$-	-%
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	3,267	-%	-	-%
Total	$49,647	3%	$-	-%

The sales price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of sales to third parties.

C. Property transaction amounts and resulting gain or loss: None.

D. Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.

E. Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: Please refer to Attachment 1.

F. Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: None.

(4) Information on major shareholders:

Ownership of shares / Name	Number of shares held (shares)	Ownership ratio
Ting, Ling-Chuan	11,523,000	12.65%
Haochi Investment Co., Ltd.	8,128,000	8.92%
Hsingying Investment Co., Ltd.	7,854,000	8.62%
Huang, Ya-Hsing	6,226,695	6.83%

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Financing provided to others

For the Year Ended December 31, 2023

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Other receivables	YES	$92,121 (USD 3,000)	$- (USD 0)	$-	2%	2	$-	Business turnover and factory construction	$-	None	-	$786,084	$1,572,167
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Other receivables	YES	$30,707 (USD 1,000)	$- (USD 0)	$-	2%	2	$-	Business turnover	$-	None	-	$786,084	$1,572,167
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	$34,608 (CNY 8,000)	$17,304 (CNY 4,000)	$17,304	4.57%	2	$-	Business turnover	$-	None	-	$337,130	$674,261
1	Global Tek GmbH	Formtechnology GmbH	Other receivables	NO	$3,738 (EUR 110)	$3,738 (EUR 110)	$3,738	7.50%	2	$-	Business turnover	$-	None	-	$4,445	$8,890

Note 1: Global Tek Fabrication Co. Ltd and subsidiaries are coded as follows:

1.Global Tek Fabrication Co. Ltd is coded "0".

2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note 3: The total amount of the Company's financing provided lent to others shall not exceed 20% of the Company's latest net worth indicated in the financial statements audited or reviewed by independent auditors. The limit for each borrower is determined according to the reason as follows:

(1) For those who have business relationship with the Company, the individual loan amount shall not exceed the higher of the purchase or sales amount of the Company as of the time the loan is extended for the most recent year or the current year.

(2) When there is a need for short-term financing, the amount of financing shall not exceed 40% of the Company's latest net worth indicated in the financial statements audited or reviewed by independent auditors.

The financing amount mentioned in the preceding paragraph refers to the cumulative balance of the Company's short-term financing funds.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Endorsement/Guarantee provided to others

For the Year Ended December 31, 2023

Attachment 2

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Amount Actually Drawn (Note5)	Amount of Endorsement /Guarantee secured by Properties (Note6)	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note3)	Endorsement provided by parent company to subsidiaries (Note7)	Endorsement provided by subsidiaries to parent company (Note7)	Endorsement provided to entities in China (Note7)
		Name	Nature of Relationship(Note2)										
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Subsidiary	$786,084	$475,860	$302,820	$86,520	$-	7.70%	$1,965,209	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi’An) Co., Ltd.	Subsidiary	$786,084	$190,344	$73,542	$43,260	$-	1.87%	$1,965,209	Y	N	Y

Note1：Global Tek Fabrication Co., Ltd. and its subsidiaries are coded as follows:

1.Global Tek Fabrication Co., Ltd. is coded "0".

2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the above table.

Note2：The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: The company should fill in the endorsement guarantee limit for individual objects and the maximum endorsement guarantee limit set by the company in accordance with the endorsement guarantee operation procedures for others.

According to the company's "endorsement guarantee operation procedures", the company's external endorsement amount shall not exceed 50% of the current net value. The amount of endorsement guarantee for a single enterprise shall not exceed 20% of the current net value

Note 4: The maximum balance of endorsement guarantee for others in the current year.

Note 5: In the end of the year, when the company signs an endorsement guarantee contract with the bank or the amount of the bill is approved, it will assume the endorsement or guarantee responsibility; other related endorsement guarantees should be included in the endorsement guarantee balance.

Note 6: The actual expenditure amount of the endorsed guarantee company within the scope of the endorsement guarantee balance should be entered.

Note 7: Y must be filled in only for the endorsement of the parent company of the listed company to the subsidiary, the endorsement of the subsidiary to the parent company of the listed company, and the endorsement certificate of the mainland area.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name	Relationship	Financial Statement Account	As of December 31, 2023				Note
				Shares/Units	Book Value	Percentage of ownership (%)	Fair value	
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Techplasma Technology Co., Ltd.	-	Financial asset at fair value through other comprehensive income,noncurrent	1,266,690	$50,047	3.81%	$50,047	Unlisted company stocks
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Allied Advantage Sdn, Bhd.	-	Financial asset at fair value through other comprehensive income,noncurrent	-	$12,888	7.60%	$12,888	Unlisted company stocks
Global Tek GmbH	<u>Stock</u> Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income,noncurrent	-	$16,990	10.00%	$16,990	Unlisted company stocks
Global Tek Co., Ltd.	Money market funds: Neuberger Investment Fund - NB High Yield Bond Securities Fund T Weekly Dividend Stocks (AUD)	-	Financial assets at fair value through profit or loss	4,749	$553	-%	$553	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

				Original Investment Amount		Investments as of 31 December, 2023					
Investor Company	Investee Company	Address	Main businesses and products	Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value	Net income (loss) of investee company	Investment income (loss) recognized	Note
Global Tek Fabrication Co., Ltd.	Global Tek Co., Ltd.	Taoyuan County, Taiwan	Auto parts precision processing	$200,000	$200,000	20,000,000 shares	100.00%	$296,886	$69,766	$69,766	
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 25,795	USD 19,645	-	100.00%	$2,190,911	$194,051	$187,699 (NOTE 1)	
Global Tek Fabrication Co., Ltd.	Global Tek GmbH	Bavaria, Germany	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	EUR 525	EUR 525	-	100.00%	$22,229 (EUR 818)	$1,585 (EUR 47)	$1,585 (EUR 47)	
Global Tek Fabrication Co., Ltd.	AvioCast INC.	Taiwan	Aerospace aluminum alloy manufacturing sales	$119,088	$119,088	9,842,000 shares	36.72%	$98,204	$15,852	$3,033 (NOTE 2)	
Global Tek Co., Ltd.	GP Tech Inc. (US)	American Little	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	USD 20	USD 20	-	100.00%	$2,813 (USD 92)	$177 (USD 6)	$177 (USD 6)	
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 13,150	USD 10,150	-	100.00%	$1,267,673	$134,426	$134,426	
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	$792,384	$64,285	$59,630	
Global Tek Co., Ltd.(Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	$61,846	$64,285	$4,655	

Note1: Including investment gain recognized under equity method amounted to NT$194,051 thousand and realized profit on transaction between subsidiaries amounted to NT$23,279 thousand and unrealized profit on transaction between subsidiaries amounted to NT$(30,197) thousand and realized profit on transaction between subsidiaries amounted to NT$950 thousand and unrealized profit on transaction between subsidiaries amounted to NT$(748) thousand and realized profit on transaction between subsidiaries amounted to NT$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT$5,438 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT$5,821 thousand and premium amortization of NT$2,788 thousand.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Related party transactions for purchases and sales amount exceeding the lower of NT$100 million or 20 percent of capital stock

For the year ended December 31, 2023

Attachment 5

(In Thousands of New Taiwan Dollars)

			Transactions				Details of non-arm's length transaction		Notes and accounts receivables (payable)		
Purchase (sales) company	Counterparty	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total receivables(payable) (%)	Note
Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Subsidiary	Purchases	$222,871	26%	90 days after monthly dosing	Similar with general trading conditions	Similar with general trading conditions	Account payables $(69,707)	32%	
Global Tek Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Associate	Purchases	$417,371	41%	90 days after monthly dosing	Similar with general trading conditions	Similar with general trading conditions	Account payables $(147,987)	36%	
Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Associate	Sales	$163,582	26%	90 days after monthly dosing	Similar with general trading conditions	Similar with general trading conditions	Accounts receivables $33,641	18%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Receivable from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock

For the year ended December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Company	Counterparty	Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Global Tek (Wuxi) Co., Ltd.	Global Tek Co., Ltd.	Associate	$147,987 (Note1)	2.44	$-	-	$76,171	$-

Note 1: Accounts receivables.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

(In Thousands of Foreign Currency / New Taiwan Dollars)

Item	Description	Amount	Note
Petty cash:		$508	1.Cash and Cash equivalents
			were not pledged.
			2.Exchange Rate
			USD：NTD=30.7070：1
Checking and savings accounts：			CNY：NTD=4.3260：1
Checking		1,446	JPY：NTD=0.2171：1
Savings		32,372	EUR：NTD=33.9800：1
			GBP：NTD=39.1400：1
Foreign savings accounts：			
－USD		112,137	USD 3,652
－JPY		144,470	JPY 665,453
－EUR		6,301	EUR 185
－CNY		20,579	CNY 4,757
－GBP		176	GBP 5
Subtotal		317,481	
Fixed-term deposits:			
Time deposits－USD	rate 5.8%-6.2%	875,149	USD 28,500
Time deposits－CNY	rate 3.1%	64,890	CNY 15,000
Subtotal		940,039	
Total		$1,258,028	

Global Tek Fabrication Co., Ltd.

2. Statetment of Note Receivable, net

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	$3,767	1.The amount of individual client included
Client B	3,172	in others does not exceed 5% of the account balance.
Client C	1,853	2.Non related parties.
Client D	875	
Others	299	
Subtotal	9,966	
Less: loss allowance	-	
Net	$9,966	

Global Tek Fabrication Co., Ltd.

3. Statetment of Accounts Receivables, net

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client E	$48,904	1.The amount of individual client included
Client F	53,346	in others does not exceed 5% of the account balance.
Client G	30,927	2.Non related parties.
Client H	25,145	
Client I	15,667	
Others	132,471	
Subtotal	306,460	
Less: loss allowance	(1,985)	
Net	$304,475	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

4.Statement of Other Receivables

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Vat Refund	$4,175	
Income receivable	5,259	
Others	5,881	
Total	$15,315	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

5.Statement of Inventories

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	$122,866	$123,326	1.Inventories are valued at lower of cost or net realizable value item by item.
Work in progress	154,021	337,543	
Finished goods	292,898	452,577	
Merchandises	68,361	210,806	2.Inventories were not pledged.
Subtotal	638,146	$1,124,252	
Less: allowance for inventory valuation losses	(115,508)		
Net	$522,638		

Global Tek Fabrication Co., Ltd.

6. Statement of Prepayments

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepayment for purchases	$8,367	
Other prepaid expense	6,061	
Office supplies	3,551	
Prepaid insurance expenses	1,907	
Prepaid rent expenses	48	
Prepayment for Investments	3,805	
Other prepayments	209	
Total	$23,948	

Global Tek Fabrication Co., Ltd.

7.Statement of Other current Assets

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary payments	$6,322	

Global Tek Fabrication Co., Ltd.

8.Statement of Changes in Financial Assets at Fair Value through other comprehensive income - Non Current

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	As of January 1, 2023		Additions		Decrease		As of December 31, 2023		Provide a guarantee pledge situation	
Financial Instruments	Shares	book value	Shares	Amount	Shares	Amount	Shares	book value		Note
Financial asset at fair value through other comprehensive income, non-current										
Techplasma Technology Co., Ltd.	1,102,500	$30,000	164,190	$5,193	-	$-	1,266,690	$35,193	None	
Allied Advantage Sdn Bhd		39,098	-	-	-	23,459		15,639	None	
Total		69,098		5,193		23,459		50,832		
Add：Unrealized gain (loss) on equity instrument investment at fair value through other comprehensive income		2,766		9,337		-		12,103		
Net		$71,864		$14,530		$23,459		$62,935		

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

9.Statement of Financial Assets Measured at Amortized Cost - Non Current

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Amount	Note
Land Bank	Time deposits	2		$1,700	1.5750%	$1,700	Security deposit to custom authority

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

10.Statement of Changes in Investment Accounted for Under the Equity Method

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

	As of January 1, 2023		Additions		Decrease		As of December 31, 2023			Fair Value/Net assets value			
Investee companies	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount	Collateral	Note
GLOBAL TEK CO., LTD.	2,000,000	$321,216	-	$-	-	$(24,330) (Note1)	2,000,000	100.00%	$296,886	-	$296,886	None	
GLOBAL TEK FABRICATION CO., LTD.(Samoa)	-	1,855,443	-	335,468 (Note2)	-	-	-	100.00%	2,190,911	-	2,208,882	None	
GLOBAL TEK Gmbh	-	19,866	-	2,363 (Note3)	-	-	-	100.00%	22,229	-	22,229	None	
AVIOCAST INC.	9,842,000	95,171		3,033 (Note4)	-	-	9,842,000	36.72%	98,204	-	40,088	None	
Total		$2,291,696		$340,864		$(24,330)			$2,608,230		$2,568,085		

Note1: Including investment gain recognized under equity method amounted to NT$69,766 thousand and foreign currency statements translation adjustments amounted to NT$(3) thousand and the remeasurement amount of defined benefit plans amounted to NT$(3,361) thousand and received cash dividend amounted to NT$90,732 thousand.

Note2: Including acquired cost to NT$189,599 thousand and investment gain recognized under equity method amounted to NT$194,051 thousand and foreign currency statements translation adjustments amounted to NT$(41,830) thousand and realized profit on transaction between subsidiaries amounted to NT$23,279 thousand and unrealized profit on transaction between subsidiaries amounted to NT$(30,197) thousand and realized profit on transaction between subsidiaries amounted to NT$950 thousand and unrealized profit on transaction between subsidiaries amounted to NT$(748) thousand and realized profit on transaction between subsidiaries amounted to NT$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT$5,438 thousand.

Note3: Including investment gain recognized under equity method amounted to NT$1,585 thousand and foreign currency statements translation adjustments amounted to NT$778 thousand.

Note4: Including investment gain recognized under equity method amounted to NT$5,821 thousand and premium amortization of NT$2,788 thousand.

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Global Tek Fabrication Co., Ltd.

11.Statement of Accounts Payable

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Client C	$34,653	1.The amount of individual vendor included in "others" does not exceed 5% of the account balance.
Client A	13,794	
Supplier A	13,338	
Supplier B	8,687	2. All accounts are not related parties.
Supplier C	8,375	
Supplier D	8,264	
Supplier E	7,935	
Supplier F	7,442	
Others	46,070	
Total	$148,558	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

12.Statement of Other Payables

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued payroll	$59,684	
Accrued employee compensation	5,719	
Accrued compensation to directors	2,845	
Accrued utilities expense	2,471	
Service fee payable	4,916	
Accrued processing fees	40,103	
Accrued interest payable	506	
Others	48,854	
Payables on equipment	3,464	
Total	$168,562	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

13.Statement of Changes in Current Tax Liablities

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2023	$37,836	
Add: Income tax accrual for 2023	23,043	
Surtax on undistributed earnings accrual for 2022	11,328	
Adjustments in respect of current income tax of prior periods	(64)	
Less: Income tax payment for 2023	(3,258)	
Income tax payment for 2022	(37,761)	
Approved tax payment for previous years	(11)	
As of December 31, 2023	$31,113	

Global Tek Fabrication Co., Ltd.

14.Statement of Lease Liabilities

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Period	Discount rate	Amount
Land	2022.01.01-2027.12.31	1.15%	$6,451
Buildings	2019.02.01-2032.02.28	1.15%	104,898
Transport equipment	2019.04.17-2026.09.14	1.15%	4,819
Office equipment	2022.03.26-2024.05.12	1.15%	48
Less: Current portion of lease liabilities			(15,700)
Non-Current portion of lease liabilities			$100,516

Global Tek Fabrication Co., Ltd.

15.Statements of Bonds Payable

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Description	Trustee.	Issue Date	Interest Payment Date	Interest Rates	Amount			Repayment Method	Collateral	Note
					Issue Amount	Converted or Redeemed Amount	As of December 31, 2023			
First Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2019.08.27	-	-%	$600,000	$(518,400)	$81,600	According to the terms of conversion, please refer to Note 6(15).	None	
Second Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2022.01.03	-	-%	630,000	(549,300)	80,700			
Third Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2023.11.27	-	-%	800,000	-	800,000			
Less: Discounts on bonds payable							(43,670)			
Net							918,630			
Less: Current portion of bonds payable							(81,088)			
Non-Current portion of bonds payable							$837,542			

Global Tek Fabrication Co., Ltd.

16. Statement of Long-Term Loans

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Lenders	Description	Amount	Year maturity	Interest Rates	Collateral	Note
Bank of Taiwan	Secured loans	$272,000	2026.10.20	1.78%	Please refer to Note 8	
Bank of Taiwan	Secured loans	256,000	2028.02.15	1.35%	Please refer to Note 8	
Bank of Taiwan	Secured loans	9,550	2024.06.27	1.96%	Please refer to Note 8	
Land Bank of Taiwan	Secured loans	870,000	2027.03.28	2.06%	Please refer to Note 8	
Total		1,407,550				
Less: Current portion of long-term loans		(86,883)				
Non-current portion of long-term loans		$1,320,667				

Global Tek Fabrication Co., Ltd.

17.Statement of Operating Revenues

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Quanity(thousand)	Amount	Note
Sales revenue			
Industrial Products	8,127	$1,431,346	
Aerospace products	614	231,716	
Total		$1,663,062	

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Global Tek Fabrication Co., Ltd.

18.Statement of Operating Costs

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	$93,555	
Add: Raw materials purchased	256,710	
Transfer from work in process	14,407	
Transfer from finished goods	68,497	
Transfer from merchadise	-	
Others	15,113	
Less: Ending balance	(122,866)	
Transfer to work in process	(16,114)	
Procurement	(41,910)	
Sales	(879)	
Loss from inventory physical count	35	
Raw materials scrapped	(124)	
Direct materials used	266,424	
Direct labor	53,304	
Manufacturing overhead (Detailed list 19)	338,255	
Manufacturing cost	657,983	
Add: Work in process, beginning balance	257,691	
Supplies and parts purchased	84,838	
Transfer from finished goods	199,538	
Transfer from raw materials	16,114	
Less: Work in process, ending balance	(154,021)	
Transfer to merchadise	(3,246)	
Transfer to raw materials	(14,407)	
Transfer to finished goods	(361)	
Loss from inventory physical count	(252)	
Work in process scrapped	(16,442)	
Others	(22,504)	
Cost of finished goods	1,004,931	
Add: Finished goods, beginning balance	362,305	
Finished goods purchased	266,261	
Transfer from work in process	361	
Less: Finished goods, ending balance	(292,898)	
Transfer to work in process	(199,538)	
Transfer to raw materials	(68,497)	
Procurement	(39,035)	
Loss from inventory physical count	935	
Finished goods scrapped	(1,832)	
Others	(2,292)	
Cost of goods sold at normal production level	1,030,701	
Add: Merchadise beginning balance	57,669	
Merchadise purchased	263,329	
Transfer from work in process	3,246	
Less: Merchadise ending balance	(68,361)	
Loss from inventory physical count	(33)	
Merchadise scrapped	(11)	
Others	(135)	
Cost of merchandise sold	255,704	
Other costs	63,507	
Loss from inventory valuation	13,436	
Loss (Gain) from inventory physical count	(685)	
Loss from inventory scrapped	18,409	
Total	$1,381,072	

Global Tek Fabrication Co., Ltd.

19.Statement of Manufacting Overhead

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Indirect labor	$54,845	
Shipping	4,572	
Repair and maintenance	9,793	
Utilities	12,888	
Insurance	12,114	
Processing fees	152,577	
Depreciation	51,011	
Amortization	177	
Meal expense	3,756	
Employee benefits	1,553	
Comsumption	16,480	
Miscellaneous purchases	2,328	
Others	16,161	
Total	$338,255	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

20.Statement of Sales and Marketing Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$97,829	
Travels	2,426	
Utilities	2,799	
Insurance	8,349	
Depreciation	16,469	
Amortization	378	
Meal expense	1,983	
Shipping	12,028	
Professional service fees	15,599	
Others	9,755	
Total	$167,615	

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Global Tek Fabrication Co., Ltd.

21 Statement of General and Administrative Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$48,801	
Employee Bonus	5,690	
Compensation to Directors And Supervisors	2,845	
Repair and maintenance	1,712	
Utilities	4,393	
Insurance	4,275	
Entertainment fee	2,271	
Meal expense	1,023	
Depreciation	9,607	
Amortization	2,242	
Employee benefits	1,595	
Miscellaneous purchase	1,951	
Professional service fees	21,332	
Others	15,789	
Total	$123,526	

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Global Tek Fabrication Co., Ltd.

22.Statement of Research and Development Expenses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$11,741	
Depreciation	501	
Commissioned research fee	9,948	
Others	1,226	
Total	$23,416	

Global Tek Fabrication Co., Ltd.

Chairman: Liu, Tsu-Ying