

Stock Code: 4566

# GLOBALTEK

時碩工業股份有限公司  
GLOBAL TEK FABRICATION CO., LTD.

## 2022 Annual Report

**Annual Report Inquiry Website:**

**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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# Chapter 1 Letter to Shareholders

## Dear Shareholders:

Continuing from our previous reports, Global Tek started its journey more than a decade later than its peers. Since our inception, we have been contemplating how to compete with differentiated advantages and organic organization (including nurturing more talents with entrepreneurial spirit to facilitate the formation of multiple professional marketing teams) in a relatively enclosed and conservative precision metal manufacturing industry. We focus on innovation and target diverse high-end niche markets globally, providing one-stop comprehensive services for metal products to high-quality customers through resource integration. This will enable us to surpass competitors and accelerate corporate growth. Over the years, in addition to continuously strengthening our engineering technology and improving production efficiency, we have also integrated and refined our supply chain. This has not only enabled us to provide a diversified product service to a wider range of niche customers but also used the strength of our economic scale as an assurance for sustainable and mutually beneficial growth with our customers.

To avoid the risk of significant fluctuations in company sales due to a single concentrated market, Global Tek continues to diversify its product portfolio and expand into more application areas. We also increase multiple integrated solutions to add new sources of revenue growth. In the automotive field, in addition to actively pursuing existing and commercial vehicle product opportunities and unexplored markets, Global Tek also focuses on various applications in the new energy vehicles and autonomous driving ecosystems. Moreover, we have tapped into the electric vehicle market and entered the core supply chain of leading Chinese electric vehicle manufacturers and other emerging new energy vehicle makers, which will undoubtedly greatly benefit this year's and future revenue growth. In the industrial application field, we cover three product areas: semiconductor, oil and gas exploration, and high-end bicycles or electric bicycles, which enabled us to maintain double-digit growth momentum in 2022. The Company is also actively developing new application products. The aerospace application field has shown a strong growth trend with the overall industry revival, while medical material products have also begun to contribute to revenue.

In summary, despite the turmoil and instability caused by domestic and foreign political, economic, and regional conflicts in 2022, Global Tek quickly seized the opportunity of post-pandemic economic recovery through diversified end-product applications and a globally-oriented customer market strategy. Under the Group's optimized operational structure, profit performance was enhanced. With the improvement of the core business and contributions from non-core businesses, the Company has set new records for full-year revenue, net profit, and earnings per share.

### I. Operating results for 2022:

Global Tek's key strategy is to provide a full range of value proposition services for metal products (machining and stamping) with a focus on multiple niche markets around the world, and to establish long-term strategic partnerships with each core customer. In addition to strengthening our own production technology and capacity, we continue to create great momentum in revenue growth through the professional division of labor and resource integration management in a large platform of supply chain clustering. In the automotive industry, besides working on automotive safety and transmission system components, we have also developed various applications in new energy vehicles (including pure electric vehicles/BEV, hybrid vehicles/HEV, and plug-in hybrid vehicles/PHEV) and autonomous driving ecosystems. Moreover, we have successfully tapped into the electric vehicle market and entered the core supply chain of leading Chinese electric vehicle manufacturers and other emerging new energy vehicle makers, such as BSC brake safety control systems, EPS electric power steering systems, etc., providing precision stamping-formed motor housings, motor shafts, and precision machining components. In the industrial application field, the Company maintains growth momentum in semiconductors, oil and gas exploration, and bicycles while actively developing new application products. The aerospace application field has shown a strong growth trend with the overall

industry revival, while medical material products have begun to contribute to revenue, showing promising growth prospects. Despite the impact of COVID-19 globally, especially in Mainland China, where strict pandemic controls have caused significant impacts and burdens over the past three years, Global Tek still managed to continue revenue growth in adversity while benefiting from the devaluation of the Taiwan dollar against the US dollar, with profits significantly improving. This once again demonstrates the correctness of our strategy and the team's commitment to professional management, which has produced tangible results. The Company achieved a 16% revenue growth rate in 2022.

(I) Budget and Operating Results

The Company did not disclose its financial forecast for 2022. The operating revenue for 2022 was NT\$4,986,366 thousand, an increase of NT\$680,426 thousand, or 16%, compared to NT\$4,305,940 thousand for 2021. Due to improved factory efficiency and the benefit of a strong US dollar, the gross profit margin increased significantly from 20.5% in the previous year to 22.7% in 2022. With sustained revenue growth and well-controlled operating expenses, the operating income increased significantly by 72% from NT\$237,618 thousand in the previous year to NT\$407,738 thousand in 2022. Net income after tax for 2022 was NT\$422,850 thousand, an increase of NT\$256,084 thousand, or 154% compared to the NT\$166,766 thousand in 2021. The earnings per share after tax for 2022 was NT\$5.74.

Unit: NT\$1,000

Item	2021	2022	Change ratio (%)
Net Operating Revenue	4,305,940	4,986,366	16%
Gross Profit	884,776	1,132,512	28%
Operating Income	237,618	407,738	72%
Income before Tax	214,324	539,657	152%
Net Income	166,766	422,850	154%
Basic Earnings per Share (NT\$)	2.35	5.74	144%

(II) Financial and Profitability Analysis

Analysis Item	Year	2021	2022
Financial structure	Debt Ratio (%)	63.59%	58.31%
	Long Term Funds to Fixed assets (%)	269.50%	178.11%
Solvency	Current Ratio (%)	141.78%	154.79%
	Quick Ratio (%)	98.57%	104.70%
Profitability	Return on Total Assets (%)	2.97%	6.11%
	Return on Equity (%)	7.13%	14.50%
	Net Profit Margin	3.87%	8.48%
	Earnings per Share (NT\$)	2.35	5.74

### (III) Research Development

Global Tek has been working in the automotive, aerospace, industrial applications, medical industry and other diversified fields for a long time. Unlike the traditional processing industry, we do not only emphasize on abandoning the traditional Me too single-player competition strategy, but also focus on grasping the development of each diversified niche market and grasping the trend well to facilitate early layout to seize the opportunity.

In addition to considering how to utilize VA/VE's expertise from the customer's point of view, we insist on strengthening our one-stop integrated service capability. Besides using precision machining to help our customers optimize their products in terms of cost and function, we also strengthen the integration of related companies and the supply chain, develops the necessary technology for producing high-value-added products, and expands from a single machining solution to a comprehensive solution for metal products (including machining, material forming, precision stamping, deep drawing, and post-processing).

This approach not only enhances and strengthens our capabilities to meet our core customers' needs for precision metal components, but also strengthens our long-term strategic partnership with them. This strategy is critical in response to the trend of energy-saving, weight reduction, and emission reduction in the automotive industry and in building a diversified and long-term market risk mitigation and revenue growth momentum for the Company.

In response to the trend of electrification in the automotive industry, Global Tek actively develops and introduces metal high-precision net shape forming technology to reduce production costs, reduce product weight, simplify part design and manufacturing, and enhance product added value. Net shape manufacturing processes can meet the trend and demand for energy-saving, resource-saving, and high efficiency in industrial competition. Compared with other manufacturing processes, net shape forming has lower production costs and faster production speeds. Conversely, traditional machining methods may produce parts that are heavy, time-consuming, require complex welding and assembly processes, and have higher costs due to structural strength requirements, which are gradually being replaced by advanced forming technologies. Through net shape forming technology and one-piece technology, the production process is simplified. By taking advantage of the lightweight characteristics of stamped/deep drawn parts, these technologies effectively reduce vehicle weight, improve driving range, lower overall vehicle costs, and increase safety. The pursuit of lightweight electric vehicles represents a decrease in battery demand. At the same time, the performance of the vehicle, including driving range and load capacity, will improve. Through the application of lightweight technology, the carbon footprint produced during electric vehicle manufacturing can also be reduced correspondingly.

Electric vehicles bring new challenges and opportunities, and ESG green manufacturing has become a crucial decision-making factor in the global manufacturing industry. Building green factories is not only an inevitable trend but also a challenge that the machinery manufacturing industry cannot avoid. To tackle this challenge, Global Tek has begun to focus on digital transformation and ESG initiatives. We are improving machining performance, intelligent integration and development, introducing metal high-precision net shape forming technology, integrating hardware manufacturing with software and services, and implementing smart production and manufacturing processes in product design, factory operations, and product and service. This optimization of operational processes helps us build our core competitiveness. Global Tek aims to establish a sustainable and lean ecosystem for metal products by building a large platform that integrates online and offline resources, and promotes industry development. By formulating strategies and implementing them step by step, we strive to continually evolve and become an international enterprise that can compete in the ESG trend. Our goal is to establish a long-



term competitive advantage and achieve sustainable development for the Company.

Brief overview of research development:

1. In addition to the existing safety systems and transmission systems, there is a demand for the development and mass production of core components for automobiles (new energy vehicles and autonomous vehicles), with a particular focus on critical components for braking and steering, energy saving, weight reduction and emission reduction systems for new energy vehicles and autonomous driving.
  - (1) Develop key components for steering, braking, and suspension systems.
  - (2) Develop lightweight precision stamping and deep-drawn parts to promote weight reduction in vehicles and emission reduction in the industry, as an alternative to traditional shells.
  - (3) Develop and mass produce laser radar products.
  - (4) Develop key components of vehicle pressure sensor.
  - (5) Develop and mass produce imported motor shaft products.
2. Industrial application: Develop products related to optical applications
3. Aerospace industry: Strengthen the integration and scale effect of the upstream and downstream processes (casting + five-axis machining + NADCAP surface treatment, heat treatment, and NDT testing).
4. Medical equipment: Continue to collaborate with local brand manufacturers in mainland China to provide comprehensive medical equipment material outsourcing services as a contract manufacturer.
5. Production and Manufacturing, and Technology R&D:
  - (1) Continue to strengthen the digital transformation by upgrading the ERP system and gradually strengthening the Industry 4.0 system (including the integration of PDM/MES system). By removing production bottlenecks and integrating work processes, we can reduce labor costs and working hours while achieving balanced processing, thereby strengthening automation and intelligence.
  - (2) Deepen collaboration between Global Tek and domestic academia and industry to carry out research projects in areas such as software simulation, data analysis, and automation applications, and continuously optimize production.

## II. Operation Plan for 2022:

### (I) Management Policy, Implementation Overview

Faced with global market challenges, including inflation, the ongoing conflict between Russia and Ukraine, supply chain restructuring due to electric vehicle development, and geopolitical issues, it is a significant challenge for all business teams. However, we firmly believe that pursuing sustainable development is one of the keys to business success. We may not achieve high growth every year. Still, if we continue to improve and strengthen in the areas of corporate culture, strategy, organization, and talent, we can achieve sustained healthy growth. Furthermore, with the increasing demand for ESG standards globally, promoting sustainable governance has become a key focus for investors and regulators in the global capital market, beyond just emphasizing financial profitability. In addition to continuously strengthening its established policies and plans in production, sales, personnel, R&D, and finance, Global Tek officially established the Sustainability Management Committee and Risk Management Committee at the board of directors on August 11th and November 8th respectively last year. The Company has set higher action goals than required by regulatory authorities to fulfill its responsibilities as a global citizen. This demonstrates our willingness to accept new knowledge, embrace challenges, pursue learning through doing, and continuous improvement, all of which reflect the Company's commitment to sustainable development.

Following the lifting of pandemic lockdowns, the shortage of on-site labor at factories has

not eased, and this issue is compounded by the global phenomenon of labor shortage and the impact of the new generation on workplace culture. In response, the management team will continue to establish internal digital teaching platforms to facilitate online education and training in corporate management and culture, engineering technology, and quality management. This will accelerate internal talent development and enhance overall competitiveness. Additionally, each factory will introduce APS, MES, and PDM systems to achieve production automation and intelligence, extending them to the entire supply chain to truly implement Global Tek's single intelligent management systematization, achieving internal management transparency, visualization, real-time monitoring, and synchronization. The Company will also optimize internal information management systems such as SharePoint, Power BI, and the eHRD human resources development system to enhance talent development and management thinking.

To seize business opportunities arising from the deconstruction of the global supply chain, Global Tek recently completed the construction of its new plant in Wuxi Anzhen (covering an area of 43.5 acres with a floor area of 42,686 square meters). In response to the long-term healthy development and expansion of the Global Tek's Xi'an plant, as well as the zero-emission policy in mainland China, after two years of efforts, the Company received strong support from the government of Tongchuan, Shaanxi to establish a precision casting project in Tongchuan under the "Xi'an manufacturing, Tongchuan supporting" policy. The project is expected to begin trial production in the second half of this year (2023) and have an annual output of 1,500 tons once it enters full-scale production.

In addition to pursuing revenue growth and improving profitability, the control of accounts receivable and inventory levels in internal management will be a key focus for business management in 2023, given the variability of the supply chain. This will improve the Company's operating cash flow and strengthen supply chain management and integration, as well as follow up with and urge customers on accounts receivable.

#### Business Expansion:

In automotive industry, in addition to actively pursuing untapped markets and extending existing and commercial vehicle product opportunities, we are also developing various applications in the new energy vehicles (including pure electric vehicles/BEVs, hybrid electric vehicles/HEVs, and plug-in hybrid electric vehicles/PHEVs) and autonomous driving ecosystem. To seize business opportunities, we establish connections with relevant customers and actively expand our supply chains for Chinese, Korean, and Japanese car manufacturers beyond traditional European, American, or Chinese joint venture companies. Looking ahead, Global Tek aims at the core components of new energy vehicles and autonomous driving vehicles, such as steering systems and braking systems. The Company has successfully tapped into the electric vehicle market and entered into the supply chain of leading Chinese electric vehicle manufacturers and other emerging new energy vehicle manufacturers to establish sustained organic growth momentum.

In industrial application, our products cover three fields: semiconductor, oil and gas exploration, and high-end bicycles or electric bicycles. In 2022, Global Tek benefited from strong sales of high-end and electric bicycle components, as well as continued shipments of semiconductor equipment and oil and gas exploration product components, enabling the Company to maintain double-digit growth momentum. The Company has also actively entered the industry of optical lenses and aiming mirrors and developed new application products, adding another dimension to our industrial product business and maintaining growth momentum.

With the gradual opening of borders in various countries and the revival of the global aviation industry, there is a surge in demand for new aircraft. The world's two major aircraft manufacturers, Boeing and Airbus, have also resumed mass production of passenger planes,

driving demand for upstream components, and we remain optimistic about the aerospace application business. In addition, the medical device components developed last year have begun to contribute to revenue, adding another growth driver for the Group.

(II) Expected sales volume

In the face of the recovery of the economy after the epidemic, the automotive and aerospace industries are expected to recover. Although the demand for bicycles and semiconductor end products in the industrial application field is facing high inventory pressure in the short term, we remain optimistic about the long-term prospects of industrial applications. In addition, we are collaborating with the WEBO investment team from Germany to explore more new business opportunities with higher technological content. As long as there is no systematic adverse impact, our management team maintains a cautious but optimistic outlook on overall sales.

(III) Important Production and Marketing Policies

Production Policy:

1. We continue to improve our quality system, strengthen our quality management capabilities, reduce product defect rates and the frequency of customer complaints, maintain existing customer relationships, and develop new customers and business opportunities.
2. We continuously improve process optimization, remove production bottlenecks and improve production efficiency, integrate work methods to reduce labor costs and work hours, optimize production and output, and reduce inventory and improve manufacturing yields.
3. We continue to optimize the overall policy of self-production and outsourcing. In addition to strengthening the production technology and economic scale of our own manufacturing team, we also strengthen the management of the supply chain, with the relocation of the new factory in Wuxi and the strengthening of the factory-within-a-factory mechanism in the large park of Global Tek, we continue to strengthen the new cooperation platform of diversified specialties and small groups of people, and implement a large platform of offline professional division of labor and online intelligent manufacturing and management networking

Marketing Policy:

Global Tek is committed to a consistent marketing policy of focusing on the development of niche markets and investing more attention and action in advance. At the same time, we believe that in addition to continuing to work on automotive safety systems and transmission systems, we will also participate in the research and development and manufacturing of new energy vehicles with existing customers in the automotive industry, and through long-term strategic partnerships with global system suppliers, we will keep track of changes in new energy vehicle technology and demand, and work together to plan for new energy vehicle business opportunities. We continue to invest in the R&D of EPS electric power steering systems, BSC brake safety control systems, and new energy vehicle and autonomous driving-related components. We also strengthen the production and manufacturing capability for precision stamping and deep-drawn products in order to actively expand our niche customer base. In addition, through diversification in industrial applications such as semiconductor equipment, high-end bicycles, industrial control, etc., even under the impact of the pandemic on the global economy, especially in the aerospace application field, by diversifying our professional layout and working together as a team, we not only maintain the overall vitality of the Group but also demonstrate resilience and accumulate energy. We have gained attention and recognition from major customers

worldwide and look forward to continuing to grow together.

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

The intensification of ideological conflicts among multilateral power has not allowed for a return to a peaceful and efficient global economic system in the post-pandemic era. Technological blockades, trade barriers, and displays of military power are causing unpredictable changes in the external environment. Facing the uncertainty of the global economic environment, it is truly remarkable that Global Tek continues to grow rapidly against the headwinds. After a fruitful year in 2022, Global Tek now faces a year of high uncertainty. However, the ambitious Global Tek team will continue to view adversity as a test of organizational capabilities, using collective wisdom to maintain competitive edge with dedication and hard work, creating another milestone in revenue growth. To ensure the long-term stability and expansion of the Company, the Group has started the construction of new plant since 2019 at the Wuxi plant. In October 2022, the Company successfully relocated to the new plant (43 acres of land and 43,000 square meters of new factory space); The new plant has started mass production and is contributing to the Company's revenue. In 2021, the Taiwan plant also secured a convertible industrial site of 17,000 square meters as a long-term development base, and relevant development procedures are underway. The Xi'an plant has been approved by the board of directors to implement the new dewaxing casting plant project, and is expected to officially start mass production later this year. Sales offices in Europe and North America are closely following local market trends and meeting the demands of international customers. Furthermore, Global Tek will strengthen the integration of related companies and the supply chain, developing the necessary technology for producing high value-added products, and creating the most competitive force. In the face of the chaotic global situation, Global Tek is determined to build its core competitiveness and expand its economic scale through vertical integration and horizontal cooperation as a key partner for the long-term development of key customers in global niche markets, and has started the overall ESG planning to truly build a comprehensive professional integration service platform for metal products and ensure the sustainability of the Group's cluster organization. I would like to thank all of you for your long term support and I hope that you will continue to provide encouragement and guidance to our management team.

**Sincerely,**

**Chairman and 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, experienced the overall development of Taiwan's economy and switched from foreign business to the electronic technology industry, and in 1985, he crossed the border to provide professional international procurement and engineering management services mainly in the precision machining industry. Through the strategy of using our strengths to compensate for our shortcomings, we combined our strengths in marketing, engineering and quality management with the production technology and manufacturing capabilities of several precision machining factories to provide precision machined components to the world's leading disk drive manufacturers at that time, generating high growth and high gross profit every year. Later, due to different business philosophy, the team left the original enterprise and established a new company called Global Tek, which engages in manufacturing and marketing. They initially set up factories in Taiwan, and later set up factories in Wuxi and Xi'an in Mainland China. The Company's main focus is still in the three industries of automotive safety and braking systems, industrial fluid and gas control systems, and aerospace applications. However, the Company has adopted a policy of outsourcing as the mainstay and in-house production as a supplement. Under the early light-asset strategy, it has continued to deliver impressive results with high growth. In the face of the financial tsunami, the Company is further determined to enhance its business threshold and build core competencies in niche markets to maintain its long-term healthy development.

Since its incorporation, the Company has built a professional, systematic and internationalized team in the traditional industry by integrating foreign management experience, the ambition to expand business opportunities in the globalization of electronic technology and the threshold of the precision machining industry, which is not easy to reproduce in large quantities and quickly in the short term. In the early stages of the Company's establishment, a core culture of character was cultivated in the hope of shaping a learning organization and a lean enterprise with the vision of sustainable development, and a dedicated one-stop business unit was established in the global diversified niche markets of automotive, industrial products, and aerospace to cultivate a differentiated competitiveness with a full range of engineering value proposition services.

Technology leadership, management innovation, group effort, joint creation of comprehensive effect, the pursuit of excellence, customer affirmation, shared results, and sustainable growth are the business philosophy of the original mission of the management team. Our mission is to provide a full range of services for precision machined metal products and to be the best strategic partner and industry trend benchmark for global niche markets and core customers. Under the vision of consensus, we have established a core value culture of mutual trust and mutual benefit as a family, and have been cultivating the Company's staff to be united and willing to work hard to win, which is the most crucial core competitiveness of the Company.

Major Important Developments:

Year/Month	Important Events
November 2008	The Company was established as Global Tek Fabrication Co. with a capital of NT\$10,000,000 at the time of establishment
August 2009	Capital increase of NT\$90,000,000 in cash, with a paid-in capital of NT\$100,000,000 after the capital increase
December 2009	Awarded the global Emerson Group Annual Supplier Award
May 2010	Xinwu precision casting plant was completed and opened
December 2010	Awarded the global Emerson Group Annual Supplier Award Won the Parker Best Supplier Award
July 2011	Qualified by the operation headquarters
August 2011	GLOBAL TEK FABRICATION CO., LTD (Samoa) became a 100%-owned reinvestment company of the Company.
November 2011	Capital increase of NT\$101,000,000 in cash, with a paid-in capital of NT\$203,000,000 after the capital increase Global Tek Co., Ltd. became a 100% owned reinvestment company of the Company with TS16949 international automotive quality and safety certification and AS9100 international aerospace safety and quality certification.
December 2011	Won the Autoliv Annual Best Supplier Award
January 2012	Capital increase of NT\$100,000,000 in cash, with a paid-in capital of NT\$303,000,000 after the capital increase
June 2012	Approved by the Board of Investment as a Tertiary Investment by Global Tek (Wu'Xi) Co., Ltd., Global Tek (Xi'An) Co., Ltd. and Wuxi Global Tek Metal Products Manufacturing Co., Ltd.
July 2012	Capital increase of NT\$61,820,000 in cash, with a paid-in capital of NT\$364,840,000 after the capital increase
December 2012	Won the Emerson Group pressure sensors Best Supplier Award
December 2012	Won the Magna Annual Performance Supplier Award
December 2012	Signed a memorandum of cooperation with Aviation client Goodrich (for key components in the aviation industry)
March 2013	Certified by Nadcap in the aviation industry
April 2013	Capital increase of NT\$76,160,000 in cash, with a paid-in capital of NT\$441,000,000 after the capital increase
December 2013	Won the Litens Annual Merit Supplier Award
February 2015	Capital increase of NT\$110,000,000 in cash, with a paid-in capital of NT\$551,000,000 after the capital increase
December 2015	Won the Litens Annual Merit Supplier Award
November 2016	Won the Mahle Annual Merit Supplier Award
November 2016	Application for public offering
December 2016	Public offering upon approval
January 2017	Issuance of employee stock options upon approval

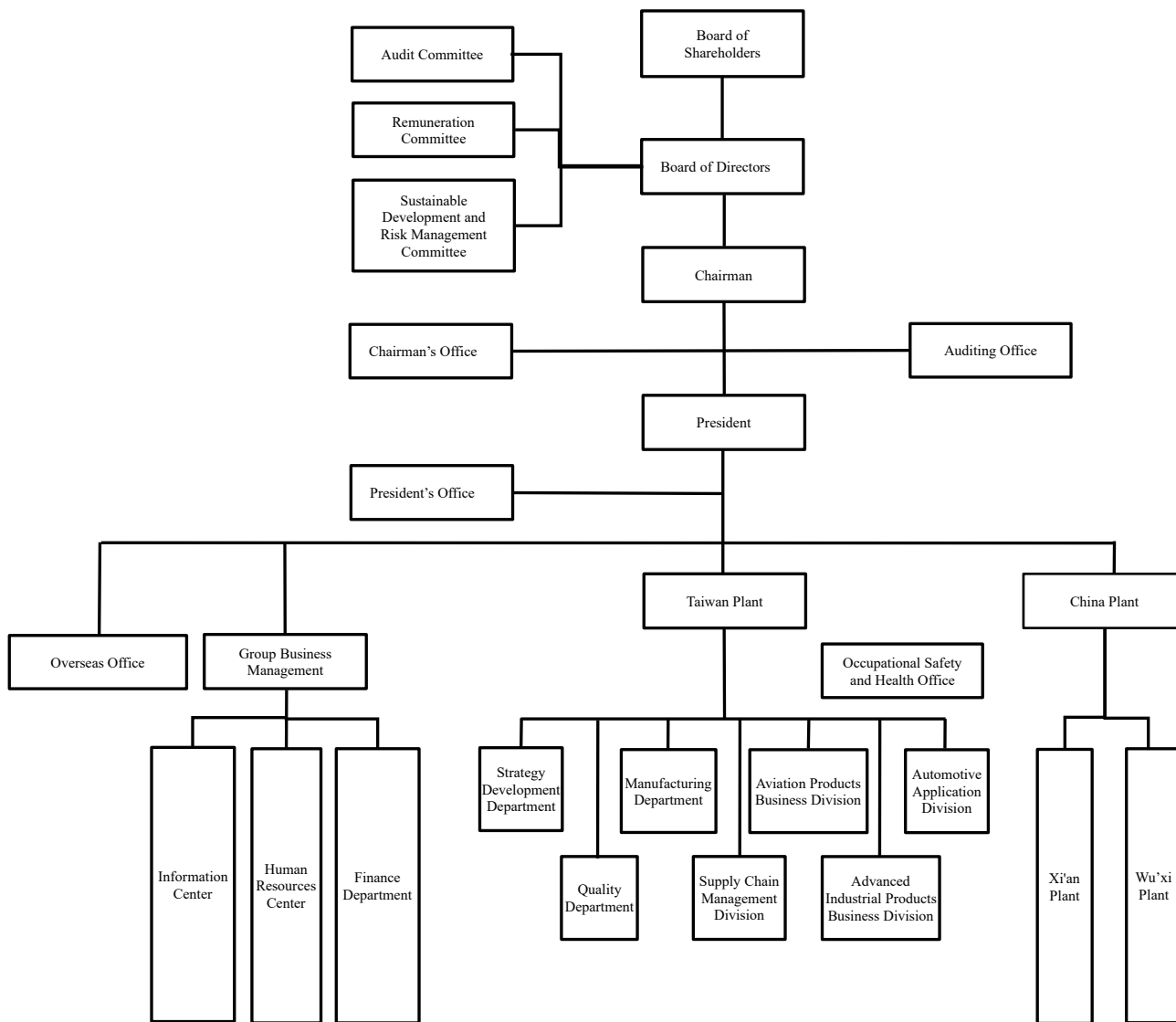
Year/Month	Important Events
February 2017	Listed on Taiwan OTC stock market
May 2017	Capital increase of NT\$49,000,000 in cash, with a paid-in capital of NT\$600,000,000 after the capital increase
February 2018	Listed on TWSE Capital increase of NT\$60,000,000 in cash, with a paid-in capital of NT\$660,000,000 after the capital increase
January 2019	Acquired 19% equity interest of Malaysia-based Allied Advantage Sdn. Bhd.
August 2019	Issued the first domestic unsecured convertible corporate bonds with a total face value of NT\$600,000,000
April 2021	Acquired 36.7% equity interest of AvioCast Inc.
January 2022	Issued the second domestic unsecured convertible corporate bonds with a total face value of NT\$630,000,000
October 2022	Established a 100% owned subsidiary, GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO., LTD., through GLOBAL TEK(XI'AN) CO., LTD.

# Chapter 3. Corporate Governance Report

## I. Organizational System

### (I) Organization Chart

Organization Chart of GLOBAL TEK FABRICATION CO., LTD.





(II) Department Functions

Departments	Responsibilities
Chairman's Office	<ol style="list-style-type: none"> <li>1. Report to the Board of Directors</li> <li>2. Analyze internal and external environments and the industry and provide constructive suggestions for the management's decision-making and innovation</li> <li>3. Formulate and adjust the medium- and long-term strategies for the Company and its subsidiaries and analyze research reports</li> <li>4. Maintain investor relations</li> </ol>
Auditing Office	<ol style="list-style-type: none"> <li>1. Promote the establishment of internal control and internal audit systems and documentation and update and revise them in a timely manner</li> <li>2. Plan and execute internal audits and assist the Board of Directors and management in reviewing and evaluating the effectiveness of the internal control system</li> <li>3. Provide suggestions for improvement in a timely manner and track improvement results to ensure the achievement of internal control goals</li> </ol>
President's Office	<ol style="list-style-type: none"> <li>1. Evaluate and make the Company's policies and business strategies, establish systems, etc.</li> <li>2. Synthesize the daily operation of each department and provide suggestions for improvement</li> <li>3. Plan and execute the management's instructions</li> </ol>
Overseas Office	Make an overall plan for the management of offices in North America and Europe
Human Resources Center	Make an overall plan for the Group's human resources management such as planning human resources strategies and systems, drawing up training and organizational development strategies, and planning and processing salaries and bonuses
Information Center	Manage information management systems, information software and hardware, and information security
Finance Department	<ol style="list-style-type: none"> <li>1. Review financial planning, manage funds, and process financial transactions</li> <li>2. Provide advice and support for the Company's major decisions on investment, financing, mergers and acquisitions, and other business activities and participate in risk assessment and post-investment management</li> <li>3. Handle the Board of directors meetings, information disclosure, and shareholder service</li> <li>4. Coordinate and manage the preparation for financial statements and provide effective financial analysis for the management's decision-making</li> <li>5. Formulate accounting methods and cost plans according to the accounting system, prepare and manage accounting reports, and provide accurate financial data that truthfully reflect the Company's operations</li> </ol>
Occupational Safety and Health Office	Manage the plant environment, workplace safety, occupational safety and health, and other related operations
Supply Chain Management Division	Manage all business related to procurement, logistics, and supply chain management in Taiwan.
Quality Department	<ol style="list-style-type: none"> <li>1. Supplier management: manage suppliers and their product quality</li> <li>2. Quality assurance: establish, maintain, and continuously improve the quality management system; supervise and carry out internal and external quality audits</li> <li>3. Quality control: inspect, analyze, and manage incoming materials, manufacturing processes, and finished products</li> </ol>
Manufacturing Department	<ol style="list-style-type: none"> <li>1. Make production plans, manufacture products, and keep records of production to ensure smooth plant operations</li> <li>2. Manage inventories, arrange shipments, and maintain plants and facilities</li> </ol>
Division	<ol style="list-style-type: none"> <li>1. Generate profits or losses through business, engineering, technology, and other departments as profit centers</li> <li>2. Develop, manage, and maintain products, markets, and customers</li> </ol>

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

### (I) Information on Directors and Supervisors

May 2, 2023; Unit: Share

Job Title	Nationality /Place of Registration	Name	Age Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominees		Experience (Education)	Other Positions Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relationship	
Chairman	R.O.C.	Huang, Ya-Hsing	Male 70~79 years old	2022.6.23	3	2009.12.01	6,226,695	8.68%	6,226,695	7.56%	3,226,665	3.92%	0	0	Founder, the Company Master of International Business (EMBA), National Taiwan University Bachelor of Tax Accounting, Taipei Business University Assistant Vice President of Sales, Primax Electronics Ltd. Vice President, Global PMX Co., Ltd. Procurement Officer, Taiwan International Standard Electronics Ltd.	President, the Company (Note 1) Director, Global Tek (Xi'an) Co., Ltd. Director, Global Tek (Wu'xi) Co. Ltd. Director, Globaltek Xi'an Machinery Manufacturing Co., Ltd. Director, Global Tek Metal Manufacturing (Shaanxi) Co;Ltd Director, Global Tek Co., Ltd. (Samoa) Director, Global Tek Fabrication Co., Ltd. (HK) Director, Global Tek GmbH Director, TOPYES (Suzhou) Precision Metal Products CO., Ltd. Representative of Entity Director, AvioCast Inc.	Representative of entity director	Liu, Tsu-Ying	Spouse	Note 1
Director	R.O.C.	Representative: Liu, Tsu-Ying	Female 60~69 years old	2022.6.23	3	2009.12.01	3,226,665	4.50%	3,226,665	3.92%	6,226,695	7.56%	0	0	EMBA (Executive Master Of Business Administration) of National Taipei University of Business Supplementary Open Junior College For Public Administration National Chengchi University Clerk, Land Bank of Taiwan	Chairman, Global Tek Co., Ltd. Director and Legal Representative, Global Tek (Wu'xi) Co. Ltd. Director and Legal Representative, Global Tek (Xi'an) Co., Ltd. Director and Legal Representative, Globaltek Xi'an Machinery Manufacturing Co., Ltd. Director and Legal Representative, GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD Director, Global Tek Fabrication Co., Ltd. (Samoa)	Chairman	Huang, Ya-Hsing	Spouse	—
	R.O.C.	Hsingying Investment Co., Ltd.	—	2022.6.23	3	2015.01.23	7,854,000	10.95%	7,854,000	9.53%	0	0	0	0	—	—	—	—	—	—
Director	R.O.C.	Ting, Ling-Chuan	Male 50~59 years old	2022.6.23	3	2022.6.23	11,397,000	15.89%	11,523,000	13.98%	8,000	0.01%	0	0	Information Department for Yu Chang Technical & Commercial Vocational Senior High School	Chairman, Chu Yuan Industrial Co., Ltd	—	—	—	—
Independent Director	R.O.C.	Huang, Ming-Zhan	Male 50~59 years old	2022.6.23	3	2017.01.23	0	0	0	0	0	0	0	0	Doctor of Laws, Tunghai University Adjunct Assistant Professor of Business Administration, National Chiayi University Judge, Taiwan Chiayi District Court	Certified Lawyer, Huahong Law Firm Member of Legal Committee of National Science Council Representative of Entity Director, Trade-Van Information Services Co., Ltd. Vice Chairman, Formosa Television Co., Ltd.	—	—	—	—

Job Title	Nationality /Place of Registration	Name	Age Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominees		Experience (Education)	Other Positions Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relationship	
															Lecturer of Judges Academy, Judicial Yuan					
Independent director	R.O.C.	Tsai, Jung-Teng	Male 60-69 years old	2022.6.23	3	2022.6.23	0	0	0	0	0	0	0	0	Bachelor of Business Administration, University of Wisconsin Chairman, Association of Taiwanese Listed Companies Japan Delta Corporation Representative Director Consultant of Joint Research Center, National Central University Vice President, Delta Electronics, Inc.	Senior Consultant, Delta Electronics, Inc. Independent Director, Shine Trend International Multimedia Technology Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Chang, Shih-Chia	Male 60-69 years old	2022.6.23	3	2022.6.23	0	0	0	0	0	0	0	0	Doctor of Business Administration, National Taiwan University Master of Industrial Engineering, University of Texas at Arlington Bachelor of Industrial Management, National Taiwan University of Science and Technology Professor and Dean of Management College, National Taipei University of Business	Professor of Business Administration, National Taipei University of Business	-	-	-	-
Independent Director	R.O.C.	Chen, Hsiang-Ju	Female 50-59 years old	2022.6.23	3	2022.6.23	0	0	0	0	0	0	0	0	Executive Master of Business Administration (EMBA), National Taiwan University Master of Business Administration (MBA), California State University Bachelor of Business Administration, California State University President, First Securities Inc. Director, First Financial Holding Co., Ltd./ First Securities Inc./ First Securities Asia Limited/ First Worldsec Securities Limited Senior Vice President and Top Executive of the Investment Banking Department at CTBC Securities Co., Ltd. and	-	-	-	-	

Job Title	Nationality /Place of Registration	Name	Age Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominees		Experience (Education)	Other Positions Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relationship	
														Director of CTBC Asia Limited Senior Vice President and Top Executive of the Investment Banking Department at CTBC Bank Co., Ltd. Director of the Investment Banking Department, Vice President of Equity Capital Market Department (ECM) at Nomura Securities Vice President of the R&D Department/ Fix Income Department/ Investment Banking Department /Overseas Department at Capital Securities Corp.						

Note 1: Explanation of the necessity for the Chairman to serve as the President: The Chairman has long worked in the metal processing industry and has acquired mastery of industry trends and customer relations. Concurrently serving as the President answered to the Company's goals in terms of business operations and results; in addition, to strengthen corporate governance, more than half of the directors among seven directors (including four independent directors) were not employees or managers of the Company.

1. Major Shareholder of Institutional Shareholder

May 2, 2023

Name of Institutional Shareholder	Major Shareholder of Institutional Shareholder
Hsingying Investment Co., Ltd.	Huang Hao (52.57%), Huang, Ya-Hsing (26.18%), Liu, Tsu-Ying (21.25%)

2. Major shareholders of institutional shareholders with corporations as their major shareholders: None.

3. Disclosure of directors' qualifications and independence of the independent directors

May 2, 2023

Qualifications Name	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Huang, Ya-Hsing	As the founder of the Company, Huang, Ya-Hsing has long worked in the metal processing industry and has acquired mastery of industry trends and customer relations. Professional qualification and experience: business management, leadership, decision-making, knowledge of industry, finance and accounting, and marketing. Circumstances under Article 30 of the Company Act: None.	General director, who concurrently serves as the president and employee and is the spouse of Liu, Tsu-Ying, the representative of the entity director, is one of the top ten natural person shareholders and holds more than 5% of the shares; does not meet the independence criteria.	0
Liu, Tsu-Ying, Representative of Hsingying Investment Co., Ltd.	Having worked in banks, Liu, Tsu-Ying has long worked in the metal processing industry and has acquired mastery of industry trends and customer relations. Professional qualification and experience: business management, leadership, decision-making, knowledge of industry, finance and accounting, and marketing. Circumstances under Article 30 of the Company Act: None.	Representative of the entity director, who concurrently serves as an employee and is the spouse of Huang, Ya-Hsing, one of the top ten natural person shareholders; does not meet the independence criteria.	0

Name	Qualifications Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Ting, Ling-Chuan	Acquiring professional qualifications and experiences in business management, leadership, decision-making, knowledge of industry, finance and accounting, and marketing. Circumstances under Article 30 of the Company Act: None.	General director, who does not serve as an employee but is one of the top ten natural person shareholders and holds more than 5% of the shares, does not meet the independence criteria.	0
Huang, Ming-Zhan	Professional qualification and experiences: law, business management, leadership, decision-making, knowledge of industry, finance and accounting, and marketing. Circumstances under Article 30 of the Company Act: None.	<ol style="list-style-type: none"> <li>In June 23, 2022, the Company reviewed the independence of the independent directors during their terms of office and received the statement given by the independent directors in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act.</li> <li>Conformity with independence</li> </ol>	0
Tsai, Jung-Teng	Acquiring professional qualifications and experiences in business management, leadership, decision-making, knowledge of industry, finance and accounting, and marketing. Circumstances under Article 30 of the Company Act: None.	<ol style="list-style-type: none"> <li>In June 23, 2022, the Company reviewed the independence of the independent directors during their terms of office and received the statement given by the independent directors in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act.</li> <li>Conformity with independence</li> </ol>	1 (Independent Director, Shine Trend International Multimedia Technology Co., Ltd.)

Qualifications Name	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chang, Shih-Chia	Professor of business Administration, National Taipei University of Business. Professional qualification and experiences: business management, leadership, decision-making, knowledge of industry, finance and accounting, and marketing. Circumstances under Article 30 of the Company Act: None.	<ol style="list-style-type: none"> <li>1. In June 23, 2022, the Company reviewed the independence of the independent directors during their terms of office and received the statement given by the independent directors in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act. Their concurrent positions have been approved by their universities.</li> <li>2. Conformity with independence</li> </ol>	0
Chen, Hsiang-Ju	Having experience in the financial industry and expertise in finance and accounting. Professional qualification and experience: business management, leadership, decision-making, knowledge of industry, and marketing. Circumstances under Article 30 of the Company Act: None.	<ol style="list-style-type: none"> <li>1. In June 23, 2022, the Company reviewed the independence of the independent directors during their terms of office and received the statement given by the independent directors in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act.</li> <li>2. Conformity with independence</li> </ol>	0

4. The diversity and independence of the Board

(1) The diversity of the Board:

The Company determines the composition of the board of directors by taking diversity into consideration, including basic requirements (e.g., education, work experience, and shareholding), values (e.g., gender, age, nationality, and culture), and professional knowledge and skills (e.g., finance, accounting, and law). The Board shall have at least one female director and at least one director who is expert in finance and accounting.

The sixth board of Directors of the Company is composed of 7 directors (including 4 independent Directors) whose professional qualifications and experience cover: Different areas such as Laws, business management, leadership, decision-making, knowledge of industry, finance and accounting, marketing, and strategy development. Among the seven directors, two directors, or two-seventh, were female, and four, or four-seventh, were independent directors, to realize a philosophy and management target of diversified members of the board of Directors.

(2) The independence of the Board:

The 6th Board of Directors is composed of seven directors, including four independent directors. Among the seven directors, two directors, or two-seventh, were female, and four, or four-seventh, were independent directors, and two directors, or two-seventh, were in a spousal relationship or within the second degree of kinship. The Board of Directors did not have any circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act and thus conformed to the requirements for independence.



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

May 2, 2023; Unit: Share

Job Title	Name	Nationality	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Positions Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relationship	
President	Huang, Ya-Hsing	R.O.C.	Male	2008.11.07	6,226,695	7.56%	3,226,665	3.92%	0	0	Founder, the Company Master of International Business (EMBA), National Taiwan University Bachelor of Tax Accounting, Taipei Business University Assistant Vice President of Sales, Primax Electronics Ltd. Vice President, Global PMX Co., Ltd. Procurement Officer, Taiwan International Standard Electronics Ltd.	Chairman, the Company Director, Global Tek (Xi' An) Co., Ltd. Director, Global Tek (Wu'xi) Co. Ltd. Director, Globaltek Xi'an Machinery Manufacturing Co., Ltd. Director, GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD Director, Global Tek Co., Ltd. (Samoa) Director, Global Tek Fabrication Co., Ltd. (HK) Director, Global Tek GmbH Director, TOPYES (Suzhou) Precision Metal Products CO., Ltd. Representative of Entity Director, AvioCast Inc.	—	—	—	Note 2
President, Taiwan plant and Xi'an plant	Lo, Chun-Hao	R.O.C.	Male	2013.09.16	0	0	0	0	0	0	Master of Mechanical Engineering, Feng Jia University Spartan School of Aeronautics (USA) A&P Vice President, Snap-On Manufacturing (Zhejiang) Co., Ltd.	Director, Global Tek (Xi' An) Co., Ltd. Director, Globaltek Xi'an Machinery Manufacturing Co., Ltd. Director, GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	—	—	—	—
President, Global Tek (Wu'xi) Co., Ltd.	Liu, Kuang-Hung	R.O.C.	Male	2003.05.15(Note 1)	2,054,000	2.49%	46,000	0.06%	0	0	Master of Biomedical Engineering, Chung Yuan Christian University Director of Automotive Application Division, Global Tek Co., Ltd.	Director, Global Tek (Wu'xi) Co. Ltd. Director, TOPYES (Suzhou) Precision Metal Products CO., Ltd.	—	—	—	—

Job Title	Name	Nationality	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Positions Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relationship	
Vice president, Taiwan plant	Chan, Chien-Wei	R.O.C.	Male	2014.09.01	76,000	0.09%	215,000	0.26%	0	0	Master of Mechanical Engineering, Imperial College of Science, Technology and Medicine Vice President, Lorum Industrial Co., Ltd.	None	—	—	—	—
Director of Automotive Application Division	Chang, Yang-Chin	R.O.C.	Male	2000.07.11(Note 1)	365,000	0.44%	0	0	0	0	Master of Management, Chang Gung University Manager of Engineering, Global PMX Co., Ltd.	None	—	—	—	—
Director of Manufacturing Department	Chang, Chien-Chung	R.O.C.	Male	2021.03.18	46,070	0.06%	1,000	0.00%	0	0	Bachelor of Mechanical Engineering, Minghsin University of Science and Technology Chief, Shinkong Synthetic Fibers Corp. Head of Equipment Section, Zig Sheng Industrial Co., Ltd. Assistant Manager of Engineering, Freudenberg Far Eastern Spunweb Co., Ltd.	None	—	—	—	—
Supply Chain Management Division Director	Yeh, Chao-Lin	R.O.C.	Male	2022.07.01	10,000	0.01%	0	0	0	0	Industrial Engineering College, Dayeh University Vice Director of the Procurement and Logistics Department at Global Tek Fabrication Co., Ltd. Manager of Quality Department of Suzhou plant at He Chang Electronics Co., Ltd. Vice Manager of Materials Department at Comodon Asia Co., Ltd.	None	—	—	—	—
Director of Chairman's Office	Lian, Rong-Yi	R.O.C.	Male	2018.07.02	0	0	0	0	0	0	Master of Oral Medicine, Taipei Medical University Executive Assistant of President's Office, Fusheng Co., Ltd.	Representative of Entity Director, AvioCast Inc.	—	—	—	—

Job Title	Name	Nationality	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Experience (Education)	Other Positions Concurrently Held at Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relationship	
Chief Financial Officer and Treasurer	Gau, Cheng-Hsing	R.O.C.	Male	2018.12.19	0	0	0	0	0	0	EMBA, National Taiwan University MBA, University of Rochester Chief Financial Officer, Phalanx Biotech Group, Inc. Chief Financial Officer, MicroBase Technology Corporation	None	—	—	—	—
Accounting Manager	Liu, Hsueh-Wei	R.O.C.	Male	2020.11.12	0	0	0	0	0	0	Bachelor of Accounting and Information Technology, National Chung Cheng University Accounting Officer, Brightking Electronics Co., Ltd. Audit Officer, HiTi Digital Inc. Assistant Manager, Deloitte & Touche	Accounting Officer, Global Tek Co., Ltd.	—	—	—	—
Audit Manager	Gau, Dong-Ling	R.O.C.	Female	2021.12.01	15,000	0.02%	0	0	0	0	Bachelor of Library and Information Science, Fu Jen University Manager of Logistics Center, Global Tek Fabrication Co., Ltd. Manager of Logistics Center, Global Tek Co., Ltd.	None	—	—	—	—

Note 1: The date of assuming office at Global Tek Co., Ltd.

Note 2: Explanation of the necessity for the Chairman to serve as the President: The Chairman has long worked in the metal processing industry and has acquired mastery of industry trends and customer relations. Concurrently serving as the President answered to the Company's goals in terms of business operations and results; in addition, to strengthen corporate governance, more than half of the directors among seven directors (including four independent directors) were not employees or managers of the Company.

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

#### (I) Remuneration Paid to Directors and Independent Directors

Unit: NT\$1,000; %

Job Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received by Directors who Are Also Employees						Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income		Remuneration from Investee Companies Other than Subsidiaries or the Parent Company				
		Base Compensation (A)		Severance Pay and Pension (B)		Remuneration of Directors (C)		Business Execution Expenditure (D)		The Company (total Amount/ Ratio)	All Companies in Consolidated Financial Statements (total Amount/ Ratio)	Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)		The Company (total Amount/ Ratio)	All Companies in Consolidated Financial Statements (total Amount/ Ratio)					
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements			The Company	All Companies in Consolidated Financial Statements	Cash	Stock	Cash	Stock				Cash	Stock		
Chairman	Huang, Ya-Hsing																							
Director	Hsingying Investment Co., Ltd. Legal Representative: Liu, Kuang-Hung (Note 1) Representative: Liu, Tsu-Ying (Note 2)	0	0	0	0	4,882	4,882	128	128	5,010 1.18%	5,010 1.18%	3,555	8,424	0	0	0	0	0	0	8,565 2.03%	13,434 3.18%	0		
	Director	Haochi Investment Co., Ltd. (Note 1) Representative: Liu, Tsu-Ying (Note 1)																						
Director	Ting, Ling-Chuan (Note 2)																							
Independent Director	Li, Xian-Yuan (Note 1)																							
Independent Director	Cai, Yu-Xiu (Note 1)																							
Independent Director	Huang, Ming-Zhan	2,213	2,213	0	0	0	0	232	232	2,445 0.58%	2,445 0.58%	0	0	0	0	0	0	0	0	2,445 0.58%	2,445 0.58%	0		
Independent director	Tsai, Jung-Teng (Note 2)																							
Independent Director	Chang, Shih-Chia (Note 2)																							
Independent Director	Chen, Hsiang-Ju (Note 2)																							

Note 1: The 5th board of directors resigned after the re-election held in the general meeting of shareholders on June 23, 2022.

Note 2: The 6th board of directors assume office after the re-election held in the general meeting of shareholders on June 23, 2022.

- The independent director remuneration policy, system, standard, and structure, as well as the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:  
According to the “Regulations Governing the Remuneration of Directors and Functional Committee Members” formulated by the Company, the remuneration of independent directors shall be paid every month at a fixed amount from the date of election based on their responsibilities, risks; independent Directors shall be paid at a fixed remuneration every quarter if they serve as members of functional committee; the remuneration of directors shall not be distributed to independent directors. Travel allowances shall be paid to independent directors according to the number of their attendance at the Board meetings.
- Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as non-employees for the Company/all companies in consolidated financial statements/investee companies) in the most recent year: None.

### Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies Listed in Financial Statements (H)	The Company	All Companies Listed in Financial Statements (I)
Less than NT\$1,000,000	Liu, Kuang-Hung (Note 1), Liu, Tsu-Ying, Ting, Ling-Chuan (Note 2), Li, Xian-Yuan (Note 1), Cai, Yu-Xiu (Note 1), Huang, Ming-Zhan, Tsai, Jung-Teng (Note 2), Chang, Shih-Chia (Note 2), Chen, Hsiang-Ju (Note 2)	Liu, Kuang-Hung (Note 1), Liu, Tsu-Ying, Ting, Ling-Chuan (Note 2), Li, Xian-Yuan (Note 1), Cai, Yu-Xiu (Note 1), Huang, Ming-Zhan, Tsai, Jung-Teng (Note 2), Chang, Shih-Chia (Note 2), Chen, Hsiang-Ju (Note 2)	Liu, Kuang-Hung (Note 1), Liu, Tsu-Ying, Ting, Ling-Chuan (Note 2), Li, Xian-Yuan (Note 1), Cai, Yu-Xiu (Note 1), Huang, Ming-Zhan, Tsai, Jung-Teng (Note 2), Chang, Shih-Chia (Note 2), Chen, Hsiang-Ju (Note 2)	Ting, Ling-Chuan (Note 2), Li, Xian-Yuan (Note 1), Cai, Yu-Xiu (Note 1), Huang, Ming-Zhan, Tsai, Jung-Teng (Note 2), Chang, Shih-Chia (Note 2), Chen, Hsiang-Ju (Note 2)
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Huang, Ya-Hsing	Huang, Ya-Hsing	None	None
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	None	None	None	Liu, Kuang-Hung (Note 1), Liu, Tsu-Ying,
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	None	None	Huang, Ya-Hsing	Huang, Ya-Hsing
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	None	None	None	None
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	None	None	None	None
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	None	None	None	None
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	None	None	None	None
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	10 people	10 people	10 people	10 people

Note 1: The 5th board of directors resigned after the re-election held in the general meeting of shareholders on June 23, 2022.

Note 2: The 6th board of directors assume office after the re-election held in the general meeting of shareholders on June 23, 2022.

(II) Remuneration Paid to Supervisors: Not applicable (the Company has established the Audit Committee in place of supervisors).

(III) Remuneration Paid to the President and Vice Presidents

Unit: NT\$1,000

Job Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income(%)		Remuneration from Investee Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company (total Amount/ Ratio)	All Companies in Consolidated Financial Statements (total Amount/ Ratio)	
								Cash	Stock	Cash	Stock			
President	Huang, Ya-Hsing	8,439	12,099	0	0	4,685	5,106	0	0	0	0	13,124 3.10%	17,205 4.07%	0
President, Taiwan plant and Xi'an plant	Lo, Chun-Hao													
President, Global Tek (Wu'xi) Co., Ltd.	Liu, Kuang-Hung													
Vice president, Taiwan plant(Note 1)	Chan, Chien-Wei													

Note 1: Promoted to be the vice president on July 1, 2022

### Range of Remuneration

Range of Remuneration Paid to the President and Vice Presidents	Name of President and Vice President	
	The Company	All Companies Listed in Financial Statements (E)
Less than NT\$1,000,000	None	None
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	None	None
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	None	None
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Huang, Ya-Hsing, Chan, Chien-Wei(Note 1)	Huang, Ya-Hsing, Liu, Kuang-Hung, Chan, Chien-Wei(Note 1)
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Lo, Chun-Hao	Lo, Chun-Hao
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	None	None
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	None	None
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000 (inclusive)~NT\$100,000,000 (exclusive)	None	None
Over NT\$100,000,000	None	None
Total	3 people	4 people

Note 1: Promoted to be the vice president on July 1, 2022

(IV) Remuneration Paid to Each of Its Top Five Management Personnel: Not applicable.

Manager's Name and the Distribution of Employee Bonus

Unit: NT\$1,000

	Job Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	President	Huang, Ya-Hsing	0	0	0	0%
	President, Taiwan plant and Xi'an plant	Lo, Chun-Hao				
	President, Global Tek (Wu'xi) Co., Ltd.	Liu, Kuang-Hung				
	Vice president, Taiwan plant	Chan, Chien-Wei				
	Director of Automotive Application Division	Chang, Yang-Chin				
	Supply Chain Management Division Director	Yeh, Chao-Lin				
	Director of Manufacturing Department	Chang, Chien-Chung				
	Director of Chairman's Office	Lian, Rong-Yi				
	CFO	Gau, Cheng-Hsing				
	Accounting Manager	Liu, Hsueh-Wei				
Audit Manager	Gau, Dong-Ling					

(V) Comparison and Description of the Proportion of Total Remuneration Paid to the Directors, Supervisors, President, and Vice Presidents by the Company and All Companies Listed in the Consolidated Financial Statements in the Most Recent Two Years to Net Income in Individual Financial Statements, and the Policies, Standards and Packages for Payment of Remuneration, as Well as the Procedures Followed for Determining Remuneration, and Their Linkages to Business Performance and Future Risk

1. Total remuneration, as a percentage of net income stated in the parent company only financial statements or individual financial statements, paid to the directors, supervisors, president, and vice presidents in the most recent two years:

Unit: NT\$1,000; %

Analysis Item	Ratio of Total Remuneration to Net Income (Loss) of 2021				Ratio of Total Remuneration to Net Income (Loss) of 2022			
	The Company		All Companies in Consolidated Financial Statements		The Company		All Companies in Consolidated Financial Statements	
	Total Amount	by Percentage	Total Amount	by Percentage	Total Amount	by Percentage	Total Amount	by Percentage
Director	7,612	4.56%	14,416	8.64%	11,010	2.61%	15,879	3.76%
Supervisor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
President and Vice Presidents	12,863	7.71%	17,494	10.49%	13,124	3.10%	17,205	4.07%



The total remuneration paid to Directors in 2022 was higher than that in 2021 due to the increase in net profit after tax. Remuneration paid to the president and vice president in 2022 is less than that in 2021. The reason is that the vice president was just promoted on July 1, 2022, and has been paid at a vice president's level for only half of the year.

2. Policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk:

- (1) Principal of Remuneration Paid to Directors

The remuneration of the directors shall be determined by the Board of Directors according to the industry standards. In accordance with the "Regulations Governing the Remuneration of Directors and Functional Committee Members" and the "Regulations Governing the Evaluation of Board Performance" formulated by the Company, the remuneration of independent directors shall be paid every month at a fixed amount from the date of election based on their responsibilities, risks, and independence status; the remuneration of directors shall not be distributed to independent directors. According to Article 18 of Articles of Incorporation, if there is a profit in a year, the Company shall set aside no more than 2% of the profit as the remuneration of directors, which shall be proposed by the Remuneration Committee to the Board of Directors for resolution and adoption and reported to the shareholders' meeting; the remuneration of directors shall be paid by taking into account the directors' participation in and contributions to the Company's operations and the Company's long-term business results and operating risks. If a director concurrently holds another position in the Company, the Company will pay for the position in accordance with the relevant regulations. The reasonableness of his or her remuneration shall be reviewed and submitted to the board of Directors by the Remuneration Committee.

- (2) Remuneration paid to president and vice president

The remuneration of presidents, vice presidents, and managers in the Company includes salary, bonuses, and compensation and is paid in accordance with relevant laws and regulations. The standard of their remuneration is decided by the HR department, considering the responsibilities of operation management, attracting and keeping excellent management talents, and the standard of the industry. Managers' performance is a comprehensive result after evaluating the Company's annual operation results, responsibilities of their positions, achievements of annual targets of the departments, contribution, department management, talent nurturing, and implementation of the Company's culture, etc. According to Article 18 of the Articles of Incorporation, if there is a profit in a year, the Company shall set aside 1%~10% of the profit as compensation to employees. Bonuses and compensation shall be paid in accordance with the result of a comprehensive performance evaluation so as to encourage employees. The reasonableness of remuneration shall be reviewed and submitted to the board of Directors by the Remuneration Committee.

- (3) Relationship with operational performance and future risk

The Company's remuneration policy is mainly based on overall operation of the Company, and the standard is decided according to personal talent, contribution,

achievements of annual targets. Besides, factors such as the standard of the industry, ensuring a competitive remuneration for managers, and keeping excellent management talent have a positive relationship with operational performance. Managers' performance targets are combined with risk control. The overall remuneration includes salary, bonus, and employees' compensation. Salary is determined according to the competitiveness of managers' positions in the market and the Company's regulation; bonuses and employees' compensation are decided according to managers' personal performance, achievements of annual targets of the departments and the Company's operational performance.

#### IV. Implementation of Corporate Governance

##### (I) State of Operations of the Board of Directors

A total of seven meetings of the Board of Directors were held in 2022 (A). The attendance of the directors is as follows:

Job Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A]	Remark
Chairman	Huang, Ya-Hsing	7	0	100%	Number of attendance required: 7 Re-elected on June 23, 2022
Director	Liu, Kuang-Hung, Representative of Hsingying Investment Co., Ltd.	3	0	100%	Number of attendance required: 3 Left Office after Re-election on June 23, 2022
Director	Liu, Tsu-Ying, Representative of Hsingying Investment Co., Ltd.	3	1	75%	Number of attendance required: 4 Newly elected on June 23, 2022
Director	Liu, Tsu-Ying, Representative of Haochi Investment Co., Ltd.	3	0	100%	Number of attendance required: 3 Left Office after Re-election on June 23, 2022
Director	Ting, Ling-Chuan	4	0	100%	Number of attendance required: 4 Newly elected on June 23, 2022
Independent director	Li, Xian-Yuan	3	0	100%	Number of attendance required: 3 Left Office after Re-election on June 23, 2022
Independent director	Cai, Yu-Xiu	3	0	100%	Number of attendance required: 3 Left Office after Re-election on June 23, 2022
Independent director	Huang, Ming-Zhan	7	0	100%	Number of attendance required: 7 Re-elected on June 23, 2022
Independent director	Tsai, Jung-Teng	4	0	100%	Number of attendance required: 4 Newly elected on June 23, 2022
Independent director	Chang, Shih-Chia	4	0	100%	Number of attendance required: 4 Newly elected on June 23, 2022
Independent director	Chen, Hsiang-Ju	4	0	100%	Number of attendance required: 4 Newly elected on June 23, 2022

Other matters to be recorded:

- I. With regard to the implementation of the Board of Directors, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all independent directors' opinions and the Company's handling of such opinions shall be specified:
  - (I) Matters referred to in Article 14-3 of the Securities and Exchange Act  
The Company established the Audit Committee. Refer to the state of operations of the Audit Committee.
  - (II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None.
- II. In regard to the recusal of directors from voting due to conflict of interests, the name of the directors, proposal contents, the reasons for recusal due to conflict of interests and voting condition:
  - (I) In the 18th meeting, the 5th Board of Directors discussed the proposal of investing Top Yes (Suzhou) Precision Industry Co., Ltd. Directors Huang, Ya-Hsing, Liu, Tsu-Ying and Liu, Kuang-Hung, recused themselves from the voting due to the conflict of interests among the directors themselves.
  - (II) In the 19th meeting, the 5th Board of Directors discussed the distribution of performance bonuses to managerial officers for the fourth quarter of 2021. Directors Huang, Ya-Hsing, Liu, Tsu-Ying and Liu, Kuang-Hung, recused themselves from the voting due to the conflict of interests among the directors themselves.
  - (III) In the 1st meeting, the 6th Board of Directors discussed the proposal of entering into a contract of Cooperation and Academic feedback with National Taipei University of Business. Directors Chang, Shih-Chia recused himself from the voting due to the conflict of interests.
  - (IV) In the 2nd meeting, the 6th Board of Directors discussed the distribution of remuneration to directors of 2021, the performance bonuses paid to managers of the first half of 2022 and the amendment to "Reward Regulations". Directors Huang, Ya-Hsing and Liu, Tsu-Ying recused themselves from the voting due to the conflict of interests and the directors themselves or the entities they represented.
- III. TWSE/TPEX listed companies shall disclose the information of self-evaluation (or peer evaluation) of the Board of Directors, such as evaluation cycle, period, scope, method and contents:

### Evaluation of the Board

Frequency	Period	Scope	Method	Content
Once a year	January 1, 2022~December 31, 2022	The respective performances of the Board, individual directors, and functional committees (including Audit Committee and Remuneration Committee)	Internal Board evaluation and self-evaluation by Board members	<p>(1) The evaluation of the Board performance: participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control. Result of evaluation: Excellent.</p> <p>(2) The evaluation of the Board member performance: alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control. Result of evaluation: Excellent.</p> <p>(3) The evaluation of the functional committee (including Audit Committee and Remuneration Committee) performance: participation in the operation of the company, awareness of the duties of the functional committee, the quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control. Result of evaluation: Excellent.</p>

#### IV. Targets for enhancing the function of Board of Directors in the current year and the most recent year, and implementation assessment:

On March 23, 2023, the Company reported to the Board of Directors on the respective evaluations of the operation of the Board of Directors, individual directors, and functional committees (including the Audit Committee and Remuneration Committee) in 2022, and the evaluation results were excellent. The average attendance rate of directors was 98% in 2022. To increase the attendance rate of directors, the Company will advance the planning of the meeting agenda.

(II) The State of Operations of the Audit Committee or the State of Participation in the Board Meetings by Supervisors

1. The state of operations of the Audit Committee: In 2022, the Audit Committee met six times (A). The attendance status of the independent directors is as follows:

Job Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Independent Director	Li, Xian-Yuan	3	0	100%	Number of attendance required: 3, left office after the re-election on June 23, 2022.
Independent director	Cai, Yu-Xiu	3	0	100%	Number of attendance required: 3, left office after the re-election on June 23, 2022.
Independent director	Huang, Ming-Zhan	6	0	100%	Number of attendance required: 6, re-elected on June 23, 2022.
Independent director	Tsai, Jung-Teng	3	0	100%	Number of attendance required: 3, newly elected on June 23, 2022.
Independent director	Chang, Shih-Chia	3	0	100%	Number of attendance required: 3, newly elected on June 23, 2022.
Independent director	Chen, Hsiang-Ju	3	0	100%	Number of attendance required: 3, newly elected on June 23, 2022.

Annual tasks of the Audit Committee:

After the Audit Committee's deliberation and approval, powers conferred in accordance with Article 14-5 of the Securities and Exchange Act and Article 6 of the Audit Committee Charter shall be submitted to the Board of Directors for resolution.

The main function of the Audit Committee is to supervise the following matters:

- (I) Fair presentation of the Company's financial statements
- (II) Hiring (and dismissal), independence, and performance of the Company's certificated public accountants
- (III) Effective implementation of the Company's internal control system
- (IV) Compliance with relevant laws and regulations by the Company
- (V) Management of the Company's existing or potential risks

The Audit Committee held six meetings in 2022 and discussed matters including financial reports, extension of monetary loans to others, provision of endorsement and guarantee, appointment of CPAs etc. Please refer to other recorded matters for the details and results of deliberation.

Other matters to be recorded:

- I. With regard to the state of operations of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, independent directors' objections, reservations, or recommendations, the Audit Committee's resolutions, and the Company's handling of such resolutions shall be specified:
  - (I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Term of Meeting	Contents of Resolution	Independent Directors' Objections, Reservations, or Recommendations	Resolution Made by the Audit Committee	The Company's Reaction towards Audit Committee's Opinions
2022/11/17	2nd term 16th	<p>Item I: Issuance of new shares by employee stock options and reference date for cash capital.</p> <p>Item II: The Company proposed to determine reference date for treasury stock cancellation.</p> <p>Item III: The Company's proposal of investing TOPYES (Suzhou) Precision Metal Products Co., Ltd.</p>	<p>Recommendations on the Company's proposal of investing TOPYES (Suzhou) Precision Metal Products Co., Ltd.</p> <ol style="list-style-type: none"> <li>1. The Chairman was authorized to negotiate for the investment within RMB30 million and in three installments within one year.</li> <li>2. AR and AP of TOPYES' stakeholders should be cleared first;</li> <li>3. AR of non-stakeholders should be updated to December 31, 2021. Analyze the status of customers' structure and collections after the period and review the adequacy of the allowance for bad debts.</li> </ol>	Approved by all members present at the meeting	Adopted by the Board of Directors.

Date of Meeting	Term of Meeting	Contents of Resolution	Independent Directors' Objections, Reservations, or Recommendations	Resolution Made by the Audit Committee	The Company's Reaction towards Audit Committee's Opinions
2022/3/25	2nd term 17th	<p>Item I: Issuance of new shares by employee stock options and reference date for cash capital.</p> <p>Item II: The Company's endorsement/guarantee for the application for the extension of the short-term credit limit to the Shanghai Commercial &amp; Savings Bank, Ltd.</p> <p>Item III: The Company's business report and individual and consolidated financial statements for 2021.</p> <p>Item IV: Proposal not to remit earnings from overseas investee companies for 2021 back to Taiwan</p> <p>Item V: Distribution of earnings for 2021</p> <p>Item VI: Proposal of amendment to the Company's Corporate Social Responsibility Best Practice Principles.</p> <p>Item VII: Proposal of amendment to the Company's Operational Procedures for Acquisition and Disposal of Assets.</p>	Finance departments are responsible for planning the tax issues related to not remitting earnings from overseas investee companies for 2021 back to avoid a large tax bill in the future.	Approved by all members present at the meeting	Adopted by the Board of Directors.



Date of Meeting	Term of Meeting	Contents of Resolution	Independent Directors' Objections, Reservations, or Recommendations	Resolution Made by the Audit Committee	The Company's Reaction towards Audit Committee's Opinions
		<p>Item VIII: Proposal of the Company's statement of internal control system from January 1, 2021 to December 31, 2021.</p> <p>Item IX: Proposed to change the initial way of investing directly by the Company to conducting investment by a third party, GLOBAL TEK FABRICATION CO., LIMITED (Samoa).</p> <p>Item X: Proposal of changing certified public accountants since the first quarter of 2022.</p>			
2022/5/11	2nd term 18th	<p>Item I: The Company's consolidated financial statements of the first quarter of 2022.</p> <p>Item II: Proposal of the Company's 100% shareholding subsidiary Global Tek (Wu'xi) Co., Ltd (hereafter referred to as Wu'xi) lending money to its associate company TOPYES (Suzhou) Precision Metal Products Co., Ltd.</p>	None.	Approved by all members present at the meeting	Adopted by the Board of Directors.

Date of Meeting	Term of Meeting	Contents of Resolution	Independent Directors' Objections, Reservations, or Recommendations	Resolution Made by the Audit Committee	The Company's Reaction towards Audit Committee's Opinions
		Item III: The Company's proposal of lending USD 3 million to Wu'xi subsidiary (about NT\$88,500 thousand) and USD 1 million to Xi'an subsidiary (about NT\$29,500 thousand).			
2022/8/11	3rd term 1st	<p>Item I: The Company's consolidated financial statements of the second quarter of 2022.</p> <p>Item II: Proposal of the update of the building budget of the Company's important subsidiary Global Tek(Wu'xi) Co., Ltd Zhaqiao plant.</p> <p>Item III: To satisfy the demand of its 100% shareholding subsidiary, Global Tek (Xi'an) Co., Ltd., for establishing an investment casting factory, the Company proposed to increase its investment in Global Tek(Xi'an) Co., Ltd by USD 500 million, adding the latter's registered capital from USD 210 million to USD 710 million.</p>	None.	Approved by all members present at the meeting	Adopted by the Board of Directors.

Date of Meeting	Term of Meeting	Contents of Resolution	Independent Directors' Objections, Reservations, or Recommendations	Resolution Made by the Audit Committee	The Company's Reaction towards Audit Committee's Opinions
		<p>Item IV: The Company's proposal of endorsement/guarantee for investee business.</p> <p>Item V: Proposal of amendment to the Company's Internal Control System.</p>			
2022/11/8	3rd term 2nd	<p>Item I: The Company's consolidated financial statements of the third quarter of 2022.</p> <p>Item II: Proposal of amendment to the Company's Accounting System.</p> <p>Item III: Issuance of new shares for the Company's 1st and 2nd domestic unsecured convertible bonds in the third quarter of 2022</p> <p>Item IV: The Company's proposal of endorsement/guarantee for investee business.</p> <p>Item V: Proposal of formulating new internal control system-Practices of Preparation and Verification of Sustainable Report.</p> <p>Item VI: Proposal of amendment to the Company's Internal Audit Implementation Rules.</p>	None.	Approved by all members present at the meeting	Adopted by the Board of Directors.

Date of Meeting	Term of Meeting	Contents of Resolution	Independent Directors' Objections, Reservations, or Recommendations	Resolution Made by the Audit Committee	The Company's Reaction towards Audit Committee's Opinions
2022/12/27	3rd term 3rd	Item I: The internal audit plan for 2023 Item II: Proposal of the Company's 100% shareholding subsidiary Global Tek(Wu'xi) Co., Ltd (hereafter referred to as Wu'xi) participation in its associate company TOPYES (Suzhou) Precision Metal Products Co., Ltd cash capital increase.	It is recommended that the next time the Audit Committee asks the management to report on the financial status and the price per share to shareholding ratio of TOPYES.	Approved by all members present at the meeting	Adopted by the Board of Directors.

(II) Other than the above-mentioned items, the resolutions passed by over two-thirds of all directors but not approved by the Audit Committee: None.

II. In regard to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, proposal contents, the reasons for recusal due to conflict of interests and voting condition: None.

III. Communication among independent directors, internal auditor officers, and accountants (including important matters, methods, and results of the Company's finance and operations):  
The internal audit officer attended the meetings of the Audit Committee and the Board of Directors to report the implementation of internal audits, and regularly sent audit reports and follow-up reports to independent directors for review.  
The certified public accountants attended the meetings of the Audit Committee and the Board of Directors to communicate and discuss matters in relation to financial reporting.  
In the meetings of the Audit Committee held on March 25, May 11, August 11, and November 8, 2022, no directors and management were present during the communication between independent directors, the internal audit officer, and certified public accountants. Such communication should be conducted at least once a quarter.

2. The state of participation in board meetings by the supervisors: Not applicable (the Company has established the Audit Committee in place of supervisors).

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has adopted the “Corporate Governance Best Practice Principles,” which were amended in accordance with the amendments to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" on December 27, 2022 and March 23, 2023. The Corporate Governance Best Practice Principles are available on the company website and the Market Observation Post System (MOPS).	No significant discrepancy
II. Shareholding structure & shareholders' rights				
(I) Does the company establish and implement internal operating procedures to deal with shareholders’ suggestions, doubts, disputes, and litigations?	✓		The Company has a spokesperson and an acting spokesperson in place to communicate with shareholders, and has entrusted shareholders' suggestions, doubts, disputes, and litigation matters to a shareholder services agent (KGI Securities Co., Ltd.).	No significant discrepancy
(II) Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		The Company possesses a list of shareholders based on the shareholder register provided by the shareholder services agent, as well as a list of ultimate owners by interacting with major shareholders.	No significant discrepancy
(III) Does the company establish and execute a risk management and firewall system within its affiliates?	✓		The Company has established business relationships and transactions with affiliates in accordance with the relevant regulations of the competent authorities and also taken measures to manage potential risks.	No significant discrepancy
(IV) Does the company establish internal rules against insiders using undisclosed information to trade in securities?	✓		The Company’s Operating Procedures for Preventing Insider Trading stipulate that insiders shall not use undisclosed information to trade in securities. Training has also been organized to ban insider trading.	No significant discrepancy
III. Composition and responsibilities of the Board of Directors				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
(I) Does the board of directors draw up and implement diversity policies and specific management objectives?	✓		<p>The Company determines the composition of the board of directors by taking diversity into consideration, including basic requirements (e.g., education, work experience, and shareholding), values (e.g., gender, age, nationality, and culture), and professional knowledge and skills (e.g., finance, accounting, and law). The Board shall have at least one female director and at least one director who is expert in finance and accounting.</p> <p>The sixth board of Directors of the Company is composed of 7 directors (including 4 independent Directors) whose professional qualifications and experience cover: Different areas such as Law, business management, leadership, decision-making, knowledge of industry, finance and accounting, marketing, and strategy development. Among the seven directors, two directors, or two-seventh, were female, and four, or four-seventh, were independent directors, to realize a philosophy and management target of diversified members of the board of Directors.</p> <p>The Company determines the composition of the board of directors by taking diversity into consideration, including basic requirements (e.g., education, work experience, and shareholding), values (e.g., gender, age, nationality, and culture), and professional knowledge and skills (e.g., finance, accounting, and law). (See the table: Board Diversity)</p>	No significant discrepancy
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	✓		<p>The Company has established the Audit Committee and Remuneration Committee. The ESG Committee was set up on August 11, 2022 and added risk management function on November 8, 2022 with its name changed to Sustainable Development and Risk Management Committee. The above committees are all composed of 4 independent Directors. Other functional committees will be established whenever necessary.</p>	In the future, the Company will establish other functional committees as needed.
(III) Does the company establish standards and	✓		The Company has adopted the “Regulations Governing the Evaluation of Board	No significant discrepancy

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?			Performance” and put the Remuneration Committee in place to evaluate the key performance indicators (KPIs) of the directors and managerial officers and set the content and amount of individual remuneration. According to the evaluation results, the Board's performance was excellent in 2022. The evaluation results were submitted to the Board of Directors on March 23, 2023.	
(IV) Does the company regularly evaluate the independence of the CPAs?	✓		To ensure the reliability of the Company’s financial statements, the Board of Directors reviews the independence of the certified public accountants every year (on March 25, 2022, the Audit Committee and the Board of Directors passed the evaluation of the certified public accountants’ independence in 2022); in addition, the certified public accountants were required to provide a statement of independence, confirming that they had no other financial interests and business relationships with the Company except for auditing and attestation of financial statements and tax returns and that they and their spouses and dependents complied with the requirements for independence. Evaluation procedures and standards: 1. Check whether the chairman, president, or any managerial officer in charge of finance or accounting matters in the most recent fiscal year holds a position at the CPAs' accounting firm or an affiliate of the accounting firm. 2. Check the size and reputation of the accounting firm; 3. Check the education and work experience of the CPAs and whether there is any lawsuit or reprimand or punishment by the competent authority that relates to the CPAs; 4. Check whether the CPAs serve as directors, supervisors, or managerial officers of any companies or hold positions of significant influence and are involved in a conflict of interest; 5. Check whether the Company has	No significant discrepancy

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			appointed the CPAs for seven consecutive years (the reappointment of the CPAs shall be at least two years apart); 6. Check whether the Company obtains the statement of independence from the CPAs every year; 7. Check whether the CPAs meet the requirements for annual continuing education; 8. Review the quality and timeliness of auditing and tax services. In addition, the evaluation of the independence of CPAs in 2023 was approved by the Audit Committee and the board of Directors on March 23, 2023. The evaluation referred to the audit quality indexes (AQIs), which include 5 parts such as professionalism, independence, quality control, supervision, and creativity, and 13 indexes to evaluate the professionalism, independence, and capacity of CPAs and ensure they do not hold any share of the Company or any position in the Company.	
IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)?		✓	The Finance Department and Chief Financial Officer are responsible for corporate governance affairs. According to the relevant regulations, the Company is required to designate a corporate governance officer before June 30, 2023.	A corporate governance officer will be designated before June 30, 2023.
V. Does the company establish the channels for communication with	✓		The Company has a spokesperson who acts as a contact for communication with stakeholders. The sections, Investor Relations and Social	No significant discrepancy



Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
interested parties (including but not limited to shareholders, employees, customers and suppliers), and set up special space for interested parties on the official website, and properly respond to the important corporate social responsibility issues concerned by interested parties?			Responsibility, are also available on the company website for stakeholders and the general public.	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has entrusted shareholder affairs to KGI Securities Co. Ltd.	No significant discrepancy
VII. Information disclosure				
(I) Does the company have a website to disclose the financial operations and corporate governance status?	✓		The Company has a website in both Chinese English to update the financial operations and corporate governance status.	No significant discrepancy
(II) Does the company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?	✓		The Company has appointed designated people to handle information collection and disclosure, created a spokesman system (one spokesperson and one acting spokesperson), and made the process of investor conferences available on the company website. Designated people are also responsible for disclosing material information and other company information on the MOPS.	No significant discrepancy
(III) Does the company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and		✓	The Company publicly announced and filed the annual financial statements within the prescribed time limit, but did not announce them in advance.	In the future, the Company will adjust the announcement of the financial statements

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof												
	Yes	No	Description													
publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?				according to the accounting schedule.												
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	✓		<p>Attaching great importance to the rights and interests of employees, the Company has put in place relevant personnel rules and reward systems to help perfect the employees' self-government organization and organize employee activities; in addition to implementing strict controls over procurement, plant operations, and finance, the Company has clear standards for the selection of suppliers, job rotations, and work substitutions. The directors were required to attend advanced training courses according to laws and regulations (see the table: Directors' Training Records in the Most Recent Year) and took out liability insurance on July 1, 2022.</p> <table border="1"> <thead> <tr> <th>The Insured</th> <th>Insurance Company</th> <th>Amount of Insurance (NTD)</th> <th>Insurance Policy Period</th> <th>Date of Reporting to the Board of Directors</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>All directors</td> <td>Shinkong Insurance Co., Ltd.</td> <td>89,175,000</td> <td>2022/07/01~2023/06/30</td> <td>2022/08/11</td> <td>US\$3,000,000 (exchange rate: 29.725)</td> </tr> </tbody> </table>	The Insured	Insurance Company	Amount of Insurance (NTD)	Insurance Policy Period	Date of Reporting to the Board of Directors	Remark	All directors	Shinkong Insurance Co., Ltd.	89,175,000	2022/07/01~2023/06/30	2022/08/11	US\$3,000,000 (exchange rate: 29.725)	No significant discrepancy
The Insured	Insurance Company	Amount of Insurance (NTD)	Insurance Policy Period	Date of Reporting to the Board of Directors	Remark											
All directors	Shinkong Insurance Co., Ltd.	89,175,000	2022/07/01~2023/06/30	2022/08/11	US\$3,000,000 (exchange rate: 29.725)											
<p>IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.</p> <p>The 8th corporate governance evaluation (the year of evaluation: 2021), the Company was ranked 66%~80%. The 9th corporate governance evaluation (the year of evaluation: 2022), the Company was ranked 51%~65%. Continuous improvement will be made to increase the ranking.</p> <p>Improvement: The Company has disclosed the communication between independent directors, the internal audit officer, and CPAs on the company website. and training on the prevention of insider trading on the company website. Interim financial reports were passed by the Audit Committee and submitted to the board of Directors. Education and training on prevention of insider trading.</p> <p>Improvement measures and priorities: In compliance with laws and regulations and the Company's business needs, the Company will continue to improve items that are yet to answer to the governance evaluation indicators.</p>																

Table: Board Diversity

Job Title	Name	Gender	Age	Service Year of Independent Director	Business Administration	Decision-making	Industrial Knowledge	Finance and Accounting	Marketing	Law
Chairman	Huang, Ya-Hsing	Male	70~79	-	V	V	V	V	V	
Representative of entity director	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	3-9 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 Records in the Most Recent Year

Job Title	Name	Date of Education		Organized by	Name of Course	Hours of Education	Total Training Hours
		From	To				
Director	Huang, Ya-Hsing	2022/4/22	2022/4/22	Taiwan Institute for Sustainable Energy (TAISE)	Taishin 30 Sustainable Net Zero Summit Forum-"Conscientiousness and Sustainability"	3	6
		2022/5/20	2022/5/20	Securities & Futures Institute	Awareness Session of Prevention of Insider Trading in 2022	3	
Representative of entity director	Liu, Tsu-Ying	2022/4/22	2022/4/22	Taiwan Institute for Sustainable Energy (TAISE)	Taishin 30 Sustainable Net Zero Summit Forum-"Conscientiousness and Sustainability"	3	6
		2022/5/20	2022/5/20	Securities & Futures Institute	Awareness Session of Prevention of Insider Trading in 2022	3	
Director	Ting, Ling-Chuan (new)	2022/10/14	2022/10/14	Securities & Futures Institute	Awareness Session of Prevention of Insider Trading in 2022	3	12
		2022/10/19	2022/10/19	Securities & Futures Institute	Legal Compliance Briefing for Insider Stock Transactions in 2022	3	
		2022/10/25	2022/10/25	Taiwan Investor Relations Institute	Core issues about ESG which the Board of Directors should care about	3	
		2022/11/29	2022/11/29	Taiwan Investor Relations Institute	Succession strategies of family business under the trend of digitalization	3	
Independent director	Huang, Ming-Zhan	2022/7/7	2022/7/7	Taiwan Stock Exchange and Taipei Exchange (TWSE/TPEX)	Promotion Meeting of Sustainable Development Action Plan and the Theme of Industry	2	8

Job Title	Name	Date of Education		Organized by	Name of Course	Hours of Education	Total Training Hours
		From	To				
		2022/7/20	2022/7/20	Taiwan Investor Relations Institute	The impact on operation of the board of Directors and the execution of the duties of Directors posed by the Intellectual Property Court	3	
		2022/8/22	2022/8/22	Taiwan Investor Relations Institute	The ESG trend of the Sustainable finance and investment	3	
Independent director	Tsai, Jung-Teng (new)	2022/6/29	2022/6/29	Securities & Futures Institute	The legal risks and responses of directors and supervisors exposed in major corporate malpractice cases	3	12
		2022/10/5	2022/10/5	Securities & Futures Institute	Legal Compliance Briefing for Insider Stock Transactions in 2022	3	
		2022/11/16	2022/11/16	Taiwan Institute for Sustainable Energy (TAISE)	Sustainability formula: implementation of low-carbon sustainability x development of green trust	3	
		2022/11/17	2022/11/17	Taiwan Institute for Sustainable Energy (TAISE)	Net zero: Co-Create a Future of Decarbonisation and Sustainability Ecosystem	3	
Independent director	Chang, Shih-Chia (new)	2022/7/15	2022/7/15	Taiwan Investor Relations Institute	Global and Taiwan Tax Reform and Corporate Tax Governance Against the Backdrop of ESG Trends in the Pandemic Environment	3	12
		2022/7/20	2022/7/20	Taiwan Investor Relations Institute	The impact on operation of the board of Directors and the execution of the duties of Directors posed by the Intellectual Property Court	3	
		2022/8/10	2022/8/10	Taiwan Investor Relations Institute	Cross-area Governance Practice of Net Zero Carbon Emission	3	
		2022/9/29	2022/9/29	Taiwan Stock Exchange	Press conference of the Reference Guide for Independent Directors and the Audit Committee on the Exercise of Powers and Functions and Directors and supervisors' Advocacy Meeting in 2022	3	
Independent director	Chen, Hsiang-Ju (new)	2022/10/14	2022/10/14	Securities & Futures Institute	Awareness Session of Prevention of Insider Trading in 2022	3	6
		2022/11/18	2022/11/18	Taiwan Institute for Sustainable Energy (TAISE)	New energy	3	

(IV) The Composition and Operation of the Remuneration Committee or Nomination Committee, if Any

If the Company has a Remuneration Committee in place only, it shall disclose the composition and operation thereof:

1. Professional qualification and independence of the Remuneration Committee members:

May 2, 2023

Identity	Qualifications	Professional Qualification and Experience	Independence	Number of Other Public Companies where the Individual Concurrently Serves as a Member of the Remuneration Committee
	Name			
Independent Director/Convener	Tsai, Jung-Teng	The Company's Remuneration Committee is composed of four independent directors. For their professional qualifications, experience, and independence, please refer to the Company's annual report III. Corporate Governance Report /II. Information on Directors and Supervisors, II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units /I.Information on Directors and Supervisors/ Chapter 3. Disclosure of directors' qualifications and independence of the independent directors.		1
Independent Director	Huang, Ming-Zhan			0
Independent Director	Chang, Shih-Chia			0
Independent Director	Chen, Hsiang-Ju			0

2. Responsibilities of the Remuneration Committee:

According to Article 7 of the Company's Remuneration Committee Charter:

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

- (1) Periodically reviewing this Charter and making recommendations for amendments;
- (2) Policies, systems, standards, and structure of the performance evaluation and remuneration of directors (including chairman) and managerial officers namely president and vice president were formulated according to the Company's goal, operation performance, and competitive environment and will be reviewed regularly.
- (3) Periodically assessing the degree to which performance goals for the directors, chairman and managerial officers. Setting the types and amounts of their compensation according to their individual performance assessment results.

Disclosure of the performance assessment results of directors and managerial officers in the annual report and the reasonableness and connection between the types and amounts of their compensation and the performance assessment results.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- A. Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
- B. Performance assessments and compensation levels of directors, chairman, president, and vice president shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also, to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.
- C. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
- D. For directors, chairman, president, and vice president, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
- E. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.
- F. Determining the types and amounts of the compensation of directors, chairman, and managerial officers shall take into account reasonableness, which should not have a big discrepancy with financial performance. The compensation should not be higher than that of the previous year if there is a recession or a long-term deficit, or the reasonableness should be disclosed in the annual report.

"Compensation" includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors, chairman, and managerial officers as set out in the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the Board of Directors of the Company, the Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

3. The state of operations of the Remuneration Committee:

- (1) There are a total of four members on the 3rd Remuneration Committee
- (2) The term of office of the current Remuneration Committee is from June 23, 2022 to June 22, 2025. A total of four meetings of the Remuneration Committee were held in 2022 (A), with the qualifications of members and attendance records described as follows:

Job Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Convener of the 2nd term	Cai, Yu-Xiu	2	0	100%	Number of attendance required: 2, left office after the re-election on June 23, 2022.
Member of Committee	Li, Xian-Yuan	2	0	100%	Number of attendance required: 2, left office after the re-election on June 23, 2022.
Member of Committee	Huang, Ming-Zhan	4	0	100%	Number of attendance required: 4, re-elected on June 23, 2022.
Convener of the 3rd term	Tsai, Jung-Teng	2	0	100%	Number of attendance required: 2, newly elected on June 23, 2022.
Member of Committee	Chang, Shih-Chia	2	0	100%	Number of attendance required: 2, newly elected on June 23, 2022.
Member of Committee	Chen, Hsiang-Ju	2	0	100%	Number of attendance required: 2, newly elected on June 23, 2022.
Other matters to be recorded:					
I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.					
II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.					
III. Content of the proposals, resolutions, and the Company's handling of the opinions of the Remuneration Committee in the meetings in the most recent year:					

Term and the date of meeting	Proposal and Resolution
2nd term 12th March 25, 2022	<p>I. Proposal:</p> <ol style="list-style-type: none"> <li>1. The distribution of employee compensation and directors' remuneration for 2021.</li> <li>2. The payment of managerial officers' performance bonuses for the fourth quarter of 2021</li> </ol> <p>II. Members' opinion: No objection or reservation</p> <p>III. Resolution: Approved by all members present at the meeting upon the chairperson's inquiry</p> <p>IV. The Company's response to the Remuneration Committee's opinion: The proposal shall be submitted to the Board of Directors and approved by all directors present.</p>
2nd term 13th May 11, 2022	<p>I. Proposal:</p> <ol style="list-style-type: none"> <li>1. The change in managerial officers of the Company.</li> </ol> <p>II. Members' opinion: No objection or reservation</p> <p>III. Resolution: Approved by all members present at the meeting upon the chairperson's inquiry</p> <p>IV. The Company's response to the Remuneration Committee's opinion: The proposal shall be submitted to the Board of Directors and approved by all directors present.</p>
3rd term 1st August 11, 2022	<p>I. Proposal:</p> <ol style="list-style-type: none"> <li>1. The distribution of remuneration of directors for 2021</li> <li>2. The payment of managerial officers' performance bonuses for the first half of 2022</li> <li>3. The change in managerial officers of the Company in 2022.</li> <li>4. Amendment to the "Reward Regulations"</li> </ol> <p>II. Members' opinion: No objection or reservation</p> <p>III. Resolution: Approved by all members present at the meeting upon the chairperson's inquiry</p> <p>IV. The Company's response to the Remuneration Committee's opinion: The proposal shall be submitted to the Board of Directors and approved by all directors present.</p>
3rd term 2nd November 8, 2022	<p>I. Proposal:</p> <ol style="list-style-type: none"> <li>1. Proposal of the formulation of the General Measures for Governing Rewards.</li> </ol> <p>II. Members' opinion: No objection or reservation</p> <p>III. Resolution: Approved by all members present at the meeting upon the chairperson's inquiry</p> <p>IV. The Company's response to the Remuneration Committee's opinion: The proposal shall be submitted to the Board of Directors and approved by all directors present.</p>



(V) The Composition and Operation of Sustainable Development and Risk Management Committee

1. The information of the members of Sustainable Development and Risk Management Committee:

May 2, 2023

Identity	Qualifications	Professional Qualification and Experience	Independence
	Name		
Independent Director/ Convener	Chang, Shih-Chia	The Company's Sustainable Development and Risk Management Committee is composed of four independent directors. For their professional qualifications, experience, and independence, please refer to the Company's annual report III. Corporate Governance Report /II. Information on Directors and Supervisors, II. Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units /I.Information on Directors and Supervisors/ Chapter 3. Disclosure of directors' qualifications and independence of the independent directors.	
Independent director	Huang, Ming-Zhan		
Independent director	Tsai, Jung-Teng		
Independent director	Chen, Hsiang-Ju		

2. Responsibilities of Sustainable Development and Risk Management Committee :

According to Article 3 of the Company's Sustainable Development and Risk Management Committee Charter:

The committee is to assist the Company in promoting the corporate sustainable development and risk management mechanisms, aiming to achieve the goal of implementing sustainable operations. Its responsibilities are as follows:

- (1) Formulating policies of sustainable development and risk management.
- (2) Supervising the implementation of ethical corporate management.
- (3) Supervising the implementation of risk management mechanisms to constantly advance risk management quality.
- (4) Promote material matters related to sustainable development and risk management resolved by the board of Directors and specified by competent authorities for businesses.

3. The Operation of Sustainable Development and Risk Management Committee :

- (1) The Company resolved to establish the ESG Committee on August 11, 2022, which added a risk management function on November 8, 2022, with its name changed to Sustainable Development and Risk Management Committee. The committees are all composed of four committee members.
- (2) The term of office of the current Sustainable Development and Risk Management Committee is from August 11, 2022 to June 22, 2025. A total of one meeting was held in 2022 (A), with the qualifications of members and attendance records described as follows:

Job Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Convener	Chang, Shih-Chia	1	0	100%	Number of attendance required: 1
Member of Committee	Huang, Ming-Zhan	1	0	100%	Number of attendance required: 1
Member of Committee	Tsai, Jung-Teng	1	0	100%	Number of attendance required: 1
Member of Committee	Chen, Hsiang-Ju	1	0	100%	Number of attendance required: 1

- (3) Content of the proposals, resolutions, and the Company's handling of the opinions of the Sustainable Development and Risk Management Committee in the meetings in the most recent year:

Term and the date of meeting	Proposal and Resolution
1st term 1st November 8, 2022	<p>I. Proposal:</p> <p>1. Proposal of changing the name of ESG Committee to the Sustainable Development and Risk Management Committee.</p> <p>II. Members' opinion: No objection or reservation</p> <p>III. Resolution: Approved by all members present at the meeting upon the chairperson's inquiry</p> <p>IV. The Company's Reaction towards Committee's Opinions</p> <p>The proposal shall be submitted to the Board of Directors and approved by all directors present.</p>

(VI) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Does the company establish a governance structure to promote sustainable development, set up an exclusively (or concurrently) dedicated unit to implement sustainable development, and have management appointed by the Board of Directors to be in charge of corporate social responsibility and supervised by the Board of Directors?	✓		<p>(I) The sixth board of Directors of GLOBAL TEK FABRICATION CO., LTD (hereinafter referred to as TEK) approved to establish ESG Committee in its second meeting held on August 11, 2022 and formulate ESG Committee Chapter. The Committee is responsible for formulating major policies for the future development of ESG and supervising the effectiveness of ESG practices.</p> <p>(II) To practice ESG, the Company has set up the "ESG Task Force" under ESG Committee. The President concurrently serves as its convener. Five teams (i.e., Sustainable Governance Team, Workplace Wellbeing Team, Value Creation and Supplier Sustainability Team, Green Process Team, and Information Security Team) were set up as well. Each team sets and implements the short-, medium- and long-term action plans and KPIs based on the established ESG strategies.</p> <p>(III) On November 8, 2022, TEK's first ESG Committee held its first meeting and changed its name to Sustainable Development and Risk Management Committee in accordance with Risk Management Best-Practice Principles for TWSE/TPEX Listed Companies. In addition, the Company defined organizational regulation and Risk Management Procedures and established "Risk Management Force" paralleling with "ESG Task Force", whose convener was also concurrently held by the president. Under the "Risk Management Force", five teams were set up (i.e., Operational Risk Team, Financial Risk Team, Compliance Risk Team, Environment</p>	No significant discrepancy

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>and Climate Team, and Human Resource (including human right) Risk Team. The organization is clearly clarified into three levels: the first level: chief officers of each business units, the second level: the "ESG Task Force" and the "Risk Management Force", and the third level: the "Sustainable Development and Risk Management Committee", a functional organization under the Board of Directors.</p> <p>(IV) In 2022, TEK voluntarily launched major projects such as implementing the Group's greenhouse gas inventory and issuing an ESG report. The greenhouse gas inspection was totally reported four times to the board of Directors, which happened on May 11, 2022, August 11, 2022, November 8, 2022, and December 27, 2022, respectively. The implementation status of sustainable development was reported to the board of Directors on December 27, 2022.</p>	
<p>II. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?</p>	✓		<p>(I) The Company communicates with stakeholders about the risks concerned by the international metal processing industry and the future impacts of climate change. By collecting and reviewing information and identifying and confirming the materiality of environmental, social, and governance (ESG) risks, the Company develops strategies and controls for the types of risks identified and potential risks that may face the Company in the future.</p> <p>(II) As aforementioned I.</p> <p>(III) To achieve stable and sustainable development, the Company established the sustainable Development and Risk Management Committee on November 8, 2022, the same level with the board of Directors, with "Risk Management Force" as its subordinate unit. The Company has put in place the "Risk Management Procedures" as the highest guidelines for risk management.</p>	No significant discrepancy

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			The Risk Management Procedures specify the following types of risks: operational risk, financial risk, compliance risk, environment and climate changing risk, environment and climate risk, and human resource (including human right) risk. Business, finance and accounting, production, human resources and other related departments are responsible for collecting and reviewing, identifying, confirming, and assessing the factors in each type of risk, and develop relevant strategies and controls accordingly. A performance management system is also taken into account which is formed by braking down the group's goal of 2023 into different units' OGSM to specify the objectives, actions and achievements review method. All of these are combined to build an highly effective team.	
III. Environmental issues				
(I) Does the company establish an environmental management system proper to its industry's characteristics?	✓		The Company has formulated and implemented an environmental management system according to the characteristics of the metal processing industry. The Company has gotten certified to ISO-14001. Other subsidiaries have planed to get such certification and implemented the environmental management according to ISO-14001 as a responsible corporate citizen. In addition, although the Company and its subsidiaries are companies implementing the greenhouse gas inventory at the third stage, they still voluntarily started the ISO 14064-1 system inventory ahead of schedule, with 2022 as the base year. It is expected that the report and third-party verification will be completed in 2023 and publicly disclosed in ESG report and on the Company's website.	No significant discrepancy
(II) Does the company endeavor to improve energy efficiency and use renewable materials that have low impact on the	✓		(I) The Company is actively promoting various energy reduction measures, using equipment with high energy efficiency and energy saving design, such as: investing in complex mechanical automation equipment, using	No significant discrepancy

Item	Implementation Status		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
environment?			<p>LED lights and water saving facilities in all plants and offices, installing intelligent lighting control devices, regularly reviewing and improving the efficiency of water cooled water chiller unit, reducing corporate and product energy consumption, and optimizing energy usage efficiency.</p> <p>(II) The Company uses raw materials that comply with EU RoHS and REACH regulations and has established a recycling system of integrating resources, including the recycling of high quality environmentally friendly materials, in order to reduce pollution in the manufacturing process and reduce the impact on the environment.</p> <p>(III) In the green manufacturing process, the Company reduces unnecessary waste of resources, and seeks waste reduction and the development of reuse technology; the upstream and downstream of the value chain make joint efforts to recycle packaging materials, to maximize the benefits of a circular economy.</p> <p>(IV) In 2022, the Company established the Sustainable Development and Risk Management Committee and gradually implemented promoting measures with 2022 as the base year. Targets and action plans are set to demonstrate the actual results of improving the efficiency of renewable energy use year by year.</p>	
(III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures?	✓		(I) The Company established sustainable Development and Risk Management Committee in November 2022 which is the top organization of climate change management. Chang, Shih-Chia, an independent Director, is the chairman of the committee. "Risk Management Force" is the subordinate body of the committee, with the president of the group as its top executive. It reviews the Company's climate strategy and objectives, manages climate change risks	No significant discrepancy

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof								
	Yes	No	Description									
			<p>and opportunities, reviews the implementation status and discusses future plans, and reports to the Board of Directors annually.</p> <p>(II) Before this, the Company's practices are as follows:</p> <ol style="list-style-type: none"> <li>Through discussions and identification of major climate risks and opportunities in the group's meetings every half of the year, the Company assesses the potential impacts on business operations and finances and develops response measures accordingly.</li> <li>The plans for responding to the risk of climate change and the results of operational execution mentioned above are periodically reported to the board of Directors.</li> </ol> <p>(III) The Company is expected to publicly issue the first version of ESG report in 2023. It will introduce Climate-Related Financial Disclosures (TCFD) to make stakeholders fully understand the Company's efforts to address climate change.</p>									
(IV) Does the company calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down greenhouse gas emissions, water consumption or waste production?	✓		<p>(I) All the plants and subsidiaries of the Company has started the ISO 14064-1 inventory, with 2022 as the base year. It is expected that the ESG report and third-party verification will be completed in 2023, and the greenhouse gas reduction policy will be made based on the results of the inventory.</p> <p>The results of the Company's greenhouse gas emissions are as follows</p> <p style="text-align: right;">Unit: Metric Ton CO<sub>2</sub>e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Category I</th> <th>Category II</th> <th>Category III to VI</th> <th>Total volume of emission</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">124.51</td> <td style="text-align: center;">5,873.71</td> <td style="text-align: center;">1,353.42</td> <td style="text-align: center;">7,351.64</td> </tr> </tbody> </table> <p>The total green gas emission of category I and category II from the plants within above-mentioned scope in 2022 is 5,998.22 Metric Ton Co<sub>2</sub>e, mainly from electricity usage in Category II , accounting for 79.90% of the total emissions.</p> <p>(II) Emissions of major water, electricity, and</p>	Category I	Category II	Category III to VI	Total volume of emission	124.51	5,873.71	1,353.42	7,351.64	No significant discrepancy
Category I	Category II	Category III to VI	Total volume of emission									
124.51	5,873.71	1,353.42	7,351.64									

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof						
	Yes	No	Description							
			<p>waste of the Company in 2022 were as follows:</p> <p>1. Information of Taiwan Plant</p> <table border="1"> <thead> <tr> <th>Water consumption (Ton)</th> <th>Power Consumption (Ton)</th> <th>Weight of wastes emission (Ton)</th> </tr> </thead> <tbody> <tr> <td>21,885</td> <td>11,539,696</td> <td>358.637</td> </tr> </tbody> </table> <p>2. The Company has focused on the issues of water conservation and environmental protection for many years. In terms of water conservation, the Company conserves water for domestic use and maximizes the benefits of available water resources.</p> <p>3. The Company is committed to environmental protection. It formulates waste reduction KPI, reviews performance, and implements internal and external audits every year. All the plants and subsidiaries are managed according to ISO 14001. To achieve sustainable reuse of resources, the Company's principle of waste disposal is that waste should be reused in the plant first to reduce the use of raw materials, then to be recycled, and finally to be incinerated or buried.</p>	Water consumption (Ton)	Power Consumption (Ton)	Weight of wastes emission (Ton)	21,885	11,539,696	358.637	
Water consumption (Ton)	Power Consumption (Ton)	Weight of wastes emission (Ton)								
21,885	11,539,696	358.637								
IV. Social issues										
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		<p>(I) The Company respects the protections set forth in human rights treaties. With reference to international human rights standards such as the United Nations Universal Declaration of Human Rights, the Company has formulated its Human Rights and Employee Policy, which are posted on the Company's website.</p> <p>(II) The Company regularly reviews its activities by paying attention to major social issues, participating in surveys on working conditions and salary, implementing employee satisfaction surveys to assess and identify potential risks, prepare working control plans which are continuously supervised and improved.</p>	No significant discrepancy						



Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>Such as:</p> <ol style="list-style-type: none"> <li>1. Provide a fair working environment: <ol style="list-style-type: none"> <li>(1) Employees, male or female, enjoy equal pay for equal work; the ratio of male managers to female managers is about 3:1.</li> <li>(2) Foreign migrants hold management positions.</li> <li>(3) Overseas plants employ outstanding local talents.</li> </ol> </li> <li>2. Provide a safe and healthy working environment: <ol style="list-style-type: none"> <li>(1) Purchase better quality protective gear for employees.</li> <li>(2) Provide breastfeeding rooms.</li> <li>(3) Organize staff health examination every year.</li> <li>(4) Regularly arrange physicians to plant's resident clinic six times in 2022.</li> <li>(5) Annual weight loss competitions are held to encourage the practice of physical and mental exercise.</li> </ol> </li> <li>3. Respect human rights in working environment: <ol style="list-style-type: none"> <li>(1) Encourage taking vacation and not to work on compensatory offs.</li> <li>(2) Set up suggestion box and reporting system.</li> </ol> </li> <li>4. Personal information protection; implement information security: <ol style="list-style-type: none"> <li>(1) Internal auditors are included in the annual audit plan; check the implementation status on site.</li> <li>(2) Implement mechanism of installing firewall and anti-virus software and the protection of data access.</li> <li>(3) Regularly advocate internal E-mail information security, and disclose various invasion channels to enhance employees' security awareness.</li> </ol> </li> <li>5. freedom of employment and freedom of association: <ol style="list-style-type: none"> <li>(1) Employees have the right to leave or terminate their employment freely and to</li> </ol> </li> </ol>	

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			<p>join the organization of their choice without being subject to unwarranted reprimand or retaliation.</p> <p>6. Employee development:</p> <p>(1) In 2022, we built a digital education and training system with the goal of integrating performance evaluation and personal career development to implement the company's policy of a learning organization.</p> <p>(2) The group trained 2,448 person-times for 10,339 hours in 2022.</p> <p>7. Provides a smooth channel for grievance: The Company has set up a suggestion box, a method for reporting "illegal, unethical or dishonest behavior" and a complaint channel for sexual harassment prevention to protect the rights of employees.</p>	
(II) Does the company appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	✓		<p>In addition to the fixed salaries, the Company offers year-end bonuses and performance bonuses that are distributed based on the employees' seniority and performances at work to motivate all employees to work together toward the Company's goals. According to the Articles of Incorporation, employee compensation shall not be less than 2% of the Company's profit in a year. In addition, the Employee Welfare Committee has been established to plan and provide various benefits for employees, including travel allowances, birthday gift vouchers, marriage allowances, maternity allowances, funeral allowances, health examinations, and group insurance.</p> <p>At the Company, employees have equal pay for equal work and equal opportunities for promotion. In 2022, female employees and female senior executives respectively accounted for 33.0% and 22.7% of all employees on average. During the pandemic period in 2022, employees were allowed to work from home so that they could settle work and take care of families. The Company conducts salary surveys and adjusts salaries or grants bonuses based on market</p>	No significant discrepancy

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			standards, economic trends, and its business performances. The Company's operating results are reflected on employees' salaries to remain competitive.	
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		<p>(I) The Company provides employees with a safe and healthy work environment, including training employees a culture of workplace safety, formulating and demonstrating workplace safety regulations, purchasing work protective gear with better performance, and providing training on occupational safety and health.</p> <p>(II) The company not only pays attention to the safety of the working environment, but also spends money on health promotion activities, such as the consultation service of resident doctors, seminars, occupational disease prevention, etc.; in addition, it provides incentives for healthy weight loss and smoking cessation. The Company's first three-year "Workplace Health Promotion" certification was granted by the Health Promotion Administration in 2019, and the three-year certification was renewed in 2023.</p> <p>(III) Hazard risk identification and evaluation: Every quarter, the occupational safety unit will identify the risk level of the safety matters inspected and observed on site, and draw up improvement measures; every quarter, a regular meeting of the labor safety committee will be held to discuss and resolve the safety matters to be improved, and improvement or preventive measures will be taken immediately to maintain the operational safety of employees according to the inspection results.</p> <p>(IV) Goal of occupational safety: expect to build a zero-hazard working environment The Company's disabling injury frequency rate in 2022 was 1.35, much lower than 6.67 in 2021. In 2022, there were three occupational injuries (one was disable injury</p>	No significant discrepancy

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			and two were minor wounds), which accounted for 0.91% of total employees at the end of the year. (V) The Company complies with occupational safety and health regulations and promotes the management system in accordance with CNS45001.	
(IV) Does the company establish effective career development and training plans for its employees?	✓		(I) The Company and its subsidiaries regard employees as important assets, attach importance to talent cultivation, arrange professional on-the-job training courses and management courses for employees according to their functional needs, including: providing internal or external education and training according to different levels and majors, Lectures, etc., integrate internal and external resources of the enterprise, provide employees with complete professional skills and inspiration for self-growth, and cultivate rich professional abilities and challenging talents in an organized way. The group trained 2,448 person-times for 10,339 hours in 2022. (II) In 2022, the Company has built an online learning platform that allows employees to learn anytime, anywhere, amid the pandemic, achieving the efficiency of distance learning.	No significant discrepancy
(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	✓		(I) The Company is an original equipment manufacturer (OEM). To ensure that the quality of products meets customers' expectations, the Company has gotten certified to ISO-9001 and IATF16949/AS9100. (II) Based on customer satisfaction, the Company strives to increase customers' trust by optimizing product performance and enhancing service. The Company has put in place the Procedures for Managing Customer Satisfaction (including conducting and analyzing customer satisfaction surveys, developing corrective measures, and	No significant discrepancy

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
			controlling improvements) and the Procedures for Handling Customer Complaints (including setting up a customer complaint hotline, registering causes of customer complaints, setting the time limit for handling customer complaints, responding to customers, and developing corrective measures and controlling their effectiveness).	
(VI) Does the company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	✓		(I) The Company has formulated and implemented a supplier management system (including supplier screening, supplier selection, and supplier evaluation). (II) The Company requests suppliers to cooperate in the implementation of ESG as follows: 1. Formulate the ESG guidelines. 2. Include the indicators of the ESG guidelines in the supplier evaluation. 3. Organize ESG consensus building meetings to impart ESG concepts and practices to suppliers.	No significant discrepancy
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?		✓	It was the first time that the Company planned to voluntarily prepare the 2022 ESG report with 2022 as the base year in accordance with the GRI Standards, the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development (OECD), the United Nations' Sustainable Development Goals (SDGs), ISO-26000 Guidance on Social Responsibility, and the non-financial reporting directive of the Sustainability Accounting Standards Board (SASB).	The Company is expected to publicly disclose the first version of ESG report in September, 2023.
VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles: None.				
VII. Other important information to facilitate a better understanding of sustainable development practices: None.				

(VII) Implementation Status of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company establish the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		The Company has put in place the “Ethical Corporate Management Best Practice Principles” and the “Ethical Management and Guidelines for Conduct,” which have been adopted by the Board’s resolution and reported to the shareholders’ meeting, to implement ethical corporate management.	No significant discrepancy
(II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		The Company established sustainable Development and Risk Management Committee in November 8, 2022. “Risk Management Force” is the subordinate body of the committee, with the president of the group as its top executive. It has five teams (i.e., Operational Risk Team, Financial Risk Team, Compliance Risk Team, Environment and Climate Team, and Human Resource (including human right) Risk Team. According to the “Ethical Management and Guidelines for Conduct,” an effective accounting system and an internal control system were established to manage business activities which are at a higher risk of being involved in unethical conduct, and reviews the systems from time to time to ensure their effectiveness. All of these are to be reported regularly to the Sustainable Development and Risk Management Committee.	No significant discrepancy

Evaluation Item	Implementation Status					Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof																																							
	Yes	No	Description																																										
(III) Does the company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		<p>The Company has the ethical corporate management policy clearly prescribed in the “Ethical Management and Guidelines for Conduct” and publicly announced for implementation.</p> <p>In 2022, apart from promoting the code of conduct for honest management through internal emails, the Company also conducted digital education training and tests on honest management, including reporting systems and channels, so that employees have a system to clearly follow and report. Training status is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Plant:</th> <th rowspan="2">Number of Employees</th> <th rowspan="2">Number of Employees Advocated</th> <th colspan="2">Number of Employees Tested</th> <th rowspan="2">Pass Percentage</th> </tr> <tr> <th>V</th> <th>X</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Taiwan</td> <td>Local Employee</td> <td>278</td> <td>278</td> <td>244</td> <td>34</td> <td rowspan="3">89.1%</td> </tr> <tr> <td>Foreign Employee</td> <td>135</td> <td>135</td> <td>124</td> <td>11</td> </tr> <tr> <td>Subtotal</td> <td>413</td> <td>413</td> <td>368</td> <td>45</td> </tr> <tr> <td>Wu'xi</td> <td></td> <td>404</td> <td>404</td> <td>359</td> <td>45</td> <td>88.9%</td> </tr> <tr> <td>Xi'an</td> <td></td> <td>152</td> <td>152</td> <td>133</td> <td>19</td> <td>87.5%</td> </tr> </tbody> </table>			Plant:	Number of Employees	Number of Employees Advocated	Number of Employees Tested		Pass Percentage	V	X	Taiwan	Local Employee	278	278	244	34	89.1%	Foreign Employee	135	135	124	11	Subtotal	413	413	368	45	Wu'xi		404	404	359	45	88.9%	Xi'an		152	152	133	19	87.5%	No significant discrepancy
Plant:	Number of Employees	Number of Employees Advocated	Number of Employees Tested		Pass Percentage																																								
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Wu'xi		404	404	359	45	88.9%																																							
Xi'an		152	152	133	19	87.5%																																							
II. Fulfillment of ethical corporate management																																													
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		<p>According to the “Ethical Corporate Management Best Practice Principles,” if counterparties are found to be unethical, the Company will cease the business dealings or transactions immediately and blacklist the counterparties to implement the ethical corporate management policy.</p>			No significant discrepancy																																							
(II) Does the company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis	✓		<p>The Company has established the sustainable Development and Risk Management Committee, under which “ESG Task Force” and "Risk Management Force” were set up. Sustainable Governance Team was established under the ESG Task Force to promote ethical corporate management, risk management and compliance matters and report the implementation status to the board of Directors. The most recent report date was</p>			No significant discrepancy																																							

Evaluation Item	Implementation Status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
(at least once a year)?			<p>December 27, 2022.</p> <p>The Company's "Ethical Corporate Management Best Practice Principles" and the "Ethical Management and Guidelines for Conduct" were formulated by business units, the amendment and cancellation of which should be approved by the board of Directors. The Company's Board of Directors is responsible for supervising the Company to prevent dishonest acts and to ensure the implementation of the policy of honest management by exercising due diligence as a good administrator.</p> <p>Ethical corporate management status of 2022 was as follows:</p> <ol style="list-style-type: none"> <li>1. Sign the statement: <ol style="list-style-type: none"> <li>(1) New independent director signs Statement of Compliance of Ethical Management Policy</li> <li>(2) New employees should sign the Management Regulations Review Confirmation, which includes ethical management and guidelines for conduct.</li> </ol> </li> <li>2. Education and Training: <p>The Human Resources Center is responsible for education, training and advocacy. In 2022, local employees took online training courses on ethical management, anti-corruption, ethical behavior, sexual harassment in the workplace, human rights and employee policies, and ways to report illegal and unethical or dishonest behavior. Foreign employees were advocated through intermediaries who translated the content into their home country's language. The total education and Training time was 826 hours.</p> </li> <li>3. Compliance Advocacy: <p>In 2022, the Company's affairs unit was dedicated to preventing insider trading, including important rules for handling internal material information and organizing officers of all levels to watch education</p> </li> </ol>	



Evaluation Item	Implementation Status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
			<p>films and read documents about cases, especially the matters that insider managerial officers should pay attention to.</p> <p>4. Annual test: In 2022, local Employees took the online test on education and training system, and foreign Employees took the test through Google Form. The content of the test was mainly about above 2. The scope of education and training.</p> <p>5. Regular review: The Company achieves effective control and implementation through the annual implementation of internal control self-assessment which is independently audited by the internal audit unit to ensure the operation of the overall mechanism. Joint efforts are made to prevent dishonest acts. There was no corruption or violation of insider trading in 2022.</p> <p>6. Whistle-blowing system and whistle-blowers protection: The Company has formulated Illegal and Unethical or Dishonest Behavior Reporting Measures to encourage whistle-blowing from inside and outside. The Chairman's Office, the Audit Office and the Human Resources Center are specified as the dedicated units to handle reports. whistle-blowers may report unethical conduct through email, hotline, mail and in person. The Corporate Governance section of the Company's website also provides details of the policies about internal and external stakeholder. The information of whistle-blowers and whistle-blowing will keep secret to protect whistle-blowers against receiving improper treatment due to whistle-blowing. There was no complaint in 2022.</p>	
(III) Does the company establish policies to prevent conflicts of interest, provide	✓		The Company has the policies to prevent conflicts of interest prescribed in the "Ethical Corporate Management Best	No significant discrepancy

Evaluation Item	Implementation Status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
appropriate communication channels, and implement them accordingly?			Practice Principles.” If employees find any violations of the policies, they may report them to the Audit Committee, the internal audit officer, and managerial officers. The Company has formulated Illegal and Unethical or Dishonest Behavior Reporting Measures to provide proper report channels. There was no complaint in 2022.	
(IV) Does the company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit?	✓		The company has established an effective accounting system and an internal control system. The internal audit unit is responsible for devising internal audit plans based on the results of assessment of any unethical conduct risks. In the event of special circumstances, ad-hoc audits will be conducted. The number of review report of 2022: 11134& 11135.	No significant discrepancy
(V) Does the company regularly hold internal and external training on ethical corporate management?	✓		The Company communicates the Ethical Corporate Management Best Practice Principles in meetings and day-to-day business activities, calling employees' attention to the implementation of ethical corporate management. Training status is as I, (III)	No significant discrepancy
III. Operation of the whistle-blowing system				
(I) Does the company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		The Company has put in place the “Regulations Governing the Reporting of Illegal and Unethical or Dishonest Conduct,” which stipulates that whistle-blowers may report unethical conduct through email, hotline, and correspondence and in person. Appropriate personnel have also been assigned to process and respond	No significant discrepancy

Evaluation Item	Implementation Status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
			to the reported cases.	
(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?	✓		The Company has put in place the "Regulations Governing The Reporting of Illegal and Unethical or Dishonest Conduct," which stipulates that documents and materials in relation to reported cases are regarded as confidential and that all personnel involved in the processing of the reported cases are under obligation to keep the entire process completely confidential.	No significant discrepancy
(III) Does the company provide protection for whistle-blowers against receiving improper treatment?	✓		The Company is responsible for keeping whistle-blowers confidential and free of improper treatment.	No significant discrepancy
IV. Enhanced disclosure of ethical corporate management information				
(I) Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?	✓		The Company has disclosed the ethical corporate management policies and the results of its implementation on the company website and the MOPS.	No significant discrepancy
V. If the company has established the ethical corporate management best-practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from the Principles: None.				
VI. Other important information to facilitate a better understanding of the company's ethical corporate management practices: None.				

(VIII) If the Company Has Adopted Corporate Governance Best-practice Principles or Related Bylaws, Disclose How These Are to Be Searched: Refer to the MOP

S<http://mops.twse.com.tw> and the company website <http://www.globaltek.com.tw>

(IX) Other Significant Information that Will Provide a Better Understanding of the State of the Company's Implementation of Corporate Governance May Also Be Disclosed

The Company has informed all employees, managerial officers, and directors of the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to avoid violations of the regulations. Information is also available on the MOPS (website: <http://mops.twse.com.tw>).

(X) Status of Internal Control System

1. Statement on Internal Control

GLOBAL TEK FABRICATION CO., LTD.  
Statement on Internal Control System

Date: March 23, 2023

The Company's internal control system in 2022; according to the results of self evaluation, the statement is as follows:

- I. The Company confirms that the establishment, implementation and maintenance of an internal control system is the responsibility of the board of Directors and the managerial officers of the Company and that the Company has established such a system. The purpose is to reasonably assure the achievement of objectives covering the effectiveness and efficiency of operations (including profitability, performance and safety of assets), reliability, timeliness, and transparency of reporting, and compliance with relevant laws and regulations.
- II. No matter how well designed, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives; moreover, the effectiveness of the internal control system may change as circumstances and conditions change. However, the Company's internal control system has a self-monitoring mechanism. Once deficiencies are identified, the Company will take corrective action.
- III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Rules of Handling the Establishment of Internal Control Systems for Public Companies" (hereinafter referred to as the "Rules of Handling"). The judgmental items of the internal control system adopted in the "Rules of Handling" are based on the process of management control. The internal control system is divided into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component includes several items. Please refer to the "Rules of Handling" for the aforementioned items.
- IV. The Company has adopted the judgment items of above internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the results of the preceding evaluation, the Company believes that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, including the understanding of the extent to which operational effectiveness and efficiency objectives have been achieved, the reporting of such internal control system is reliable, timely, transparent and in compliance with relevant laws and regulations, and the design and implementation of such internal control system is effective, and the system can reasonably ensure the achievement of the above objectives.
- VI. This statement will be an important part of the Company's annual report and prospectus and will be disclosed to the public. If the contents of the above-mentioned disclosed are false, concealed, or otherwise unlawful, legal liability under Article 20, 32, 171, and 174 of the Securities and Exchange Act will be incurred.
- VII. It is certified that the statement was approved by the board of Directors on March 23, 2023. Seven directors attended the meeting, no one opposed it, and all agreed with the statement.

GLOBAL TEK FABRICATION CO., LTD.

Chairman: Huang,  
Ya-Hsing

President:  
Huang, Ya-  
Hsing

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(XI) Punishment Imposed on the Company and Its Internal Personnel in Accordance with Law, Penalty Imposed by the Company on Its Employees for Violation of Internal Control System and Main Omission and Improvement in the Past Fiscal Year and as of the Date of Publication of the Annual Report: None.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

1. Shareholders' Meeting

Date	Type of Shareholders' Meeting	Important Resolutions	Implementation Status
2022/6/23	General meeting of shareholders	<ol style="list-style-type: none"> <li>1. To adopt the business report and financial statements for 2021</li> <li>2. To adopt the distribution of earnings for 2021</li> <li>3. To adopt the amendment to the "Articles of Incorporation".</li> <li>4. To adopt the amendment to Operational Procedures for Acquisition and Disposal of Assets.</li> <li>5. To adopt the amendment to the "Rules of Procedure for Board Directors Meeting" and cancellation of previous "Rules of Procedure for Board Directors Meeting".</li> <li>6. Proposal of re-electing directors (including independent Directors).</li> <li>7. To adopt the release of new directors (including independent directors) and their representatives from the prohibition of competition.</li> </ol>	<ol style="list-style-type: none"> <li>1. Adopted as proposed</li> <li>2. Adopted as proposed</li> <li>3. Announced on the company website and implemented as amended. The Ministry of Economic Affairs has completed the change of registration on July 8, 2022.</li> <li>4. &amp; 5. Announced on the MOPS and the company website and implemented as amended</li> <li>6. The announcement of new directors on MOPS was completed on June 23, 2022. The Ministry of Economic Affairs has completed the Change of registration on July 8, 2022.</li> <li>7. The announcement was completed on June 23, 2022.</li> </ol>

			Adopted as proposed.
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## 2. Board of Directors

Date	Term	Important Resolutions	
2022/1/17	5th term 18th	Item I	Issuance of new shares by employee stock options and reference date for cash capital.
		Item II	The Company proposed to determine reference date for treasury stock cancellation.
		Item III	The Company's proposal of investing TOPYES (Suzhou) Precision Metal Products Co., Ltd.
		Item IV	The Company issues a letter of commitment according to the land loan requests of the Land Bank of Taiwan.
2022/3/25	5th term 19th	Item I	Issuance of new shares by employee stock options and reference date for cash capital
		Item II	The Company's endorsement/guarantee for the application for the extension of the short-term credit limit to the Shanghai Commercial & Savings Bank, Ltd.
		Item III	The Company's business report and individual and consolidated financial statements for 2021.
		Item IV	Proposal not to remit earnings from overseas investee companies for 2021 back to Taiwan
		Item V	Distribution of earnings for 2021
		Item VI	Proposal of amendment to the Company's Corporate Social Responsibility Best Practice Principles.
		Item VII	Proposal of amendment to the Company's Operational Procedures for Acquisition and Disposal of Assets.
		Item VIII	The Company's statement of internal control system from January 1, 2021 to December 31, 2021
		Item IX	Proposed to change the initial way of investing directly by the Company to conducting investment by a third party, GLOBAL TEK FABRICATION CO., LIMITED (Samoa).
		Item X	Proposal of changing certified public accountants since the first quarter of 2022.
		Item XI	Amendment to the "Corporate Governance Best Practice Principles"
		Item XII	Amendment to the "Articles of Incorporation"
		Item XIII	To adopt the amendment to the "Rules of Procedure for Board Directors Meeting" and cancellation of previous "Rules of Procedure for Board Directors Meeting".
		Item XIV	Proposal of re-electing directors (including independent Directors).
		Item XV	Proposal of nomination of the 6th directors (including independent Directors) and review of the independence of the independent Directors.
		Item XVI	Proposal of the release of new directors (including independent directors) and their representatives from the prohibition of competition.
		Item XVII	The proposal for convening the 2022 general meeting of shareholders

Date	Term	Important Resolutions
		<p>Item XVIII The distribution of employee compensation and directors' remuneration for 2021.</p> <p>Item XIX The payment of managerial officers' performance bonuses for the fourth quarter of 2021</p>
2022/5/11	5th term 20th	<p>Item I The Company's consolidated financial statements of the first quarter of 2022.</p> <p>Item II Proposal of the Company's 100% shareholding subsidiary Global Tek(Wu'xi) Co., Ltd (hereafter referred to as Wu'xi) lending money to its associate company TOPYES (Suzhou) Precision Metal Products Co., Ltd.</p> <p>Item III The Company's proposal of lending USD 3 million to Wu'xi subsidiary (about NT\$88,500 thousand) and USD 1 million to Xi'an subsidiary (about NT\$29,500 thousand).</p> <p>Item IV Proposal of Bank loans</p> <p>Item V Proposal of the change in President</p>
2022/6/23	6th term 1st	<p>Item I Proposal of election of Chairman</p> <p>Item II Proposal of entering into a contract of Cooperation and Academic feedback with National Taipei University of Business.</p>
2022/8/11	6th term 2nd	<p>Item I The Company's consolidated financial statements of the second quarter of 2022.</p> <p>Item II Proposal of the update of the building budget of the Company's important subsidiary Global Tek(Wu'xi) Co., Ltd Zhaqiao plant.</p> <p>Item III To satisfy the demand of its 100% shareholding subsidiary, Tek (Xi'an) Co., Ltd., for establishing an investment casting factory, the Company proposed to increase its investment in Global Tek(Xi'an) Co., Ltd by USD 500 million, adding the latter's registered capital from USD 210 million to USD 710 million.</p> <p>Item IV The Company's proposal of endorsement/guarantee for investee business.</p> <p>Item V Proposal of amendment to the Company's Internal Control System.</p> <p>Item VI Proposal of Bank loans</p> <p>Item VII To keep in line with the international trend and achieve sustainable operation, the Company actively responds to the risk assessment of stakeholders on environment, society and corporate governance with countermeasures. It proposes to establish ESG Committee and elect committee members and formulate ESG Committee Chapter.</p> <p>Item VIII The distribution of remuneration of directors for 2021</p> <p>Item IX The payment of managerial officers' performance bonuses for the first half of 2022</p> <p>Item X Proposal of the change in managerial officers in 2022.</p> <p>Item XI Amendment to the "Reward Regulations"</p>
2022/11/8	6th term 3rd	<p>Item I The Company's consolidated financial statements of the third quarter of 2022.</p> <p>Item II Proposal of amendment to the Company's Accounting System.</p> <p>Item III Issuance of new shares for the Company's 1st and 2nd domestic unsecured convertible bonds in the third quarter of 2022</p> <p>Item IV The Company's proposal of endorsement/guarantee for investee business.</p>

Date	Term	Important Resolutions	
		Item V	Proposal of formulating new internal control system-Practices of Preparation and Verification of Sustainable Report.
		Item VI	Proposal of amendment to the Company's Internal Audit Implementation Rules
		Item VII	Proposal of changing the name of ESG Committee to the Sustainable Development and Risk Management Committee.
		Item VIII	Proposal of Bank loans
		Item IX	Proposal of amendment to the "Rules of Procedure for Board Directors Meeting"
		Item X	Proposal of amendment to the Company's Operational Procedures for handling internal material information.
		Item XI	Proposal of the formulation of the General Measures for Governing Rewards.
2022/12/27	6th term 4th	Item I	The internal audit plan for 2023
		Item II	Proposal of the Company's 100% shareholding subsidiary Global Tek(Wu'xi) Co., Ltd (hereafter referred to as Wu'xi) participation in its associate company TOPYES (Suzhou) Precision Metal Products Co., Ltd cash capital increase.
		Item III	The Company's 2023 budget.
		Item IV	Amendment to the "Corporate Governance Best Practice Principles"

(XIII) The Main Contents of Any Different Opinions of Directors or Supervisors against the Important Resolutions Passed in the Meeting of the Board of Directors which Recorded or Stated in Written in the Past Fiscal Year and as of the Date of Publication of the Annual Report: None.

(XIV) A Summary of Resignations and Dismissals of the Chairman, President, Accounting Manager, Financial Manager, Chief Internal Auditor, Corporate Governance Officer or Research and Development Officer during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

## V. Information on CPA Professional Fees

Unit: NT\$1,000

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	CPA Hong, Mao-Yi	2022.1.1~2	4,890	574	5,464	Note
	CPA Cheng, Ching-Piao	022.12.31				

Note: Non-audit fees included the transfer pricing report (NT\$450 thousand), typing and printing fees (NT\$54 thousand), postage (NT\$20 thousand).

(I) When the company changes its accounting firm and the amount of public audit fees paid in the year of the change is less than that in the year preceding the change, the amount of public audit fees before and after the change and the reasons thereof shall be disclosed:



None.

- (II) When public audit fees are reduced by over 10% compared to last year, the amount, percentage, and reason thereof shall be disclosed: None in 2022.

## VI. Information on Replacement of CPAs

### (I) Former CPAs:

Date of Replacement	Adopted by the Board of Directors on March 25, 2022.		
Replacement Reasons and Explanations	Due to the Company's internal management needs, the former CPAs, Ms. Li, Li-Huang and Mr. Chih, Jui-Chuan of Deloitte & Touche for the financial statements shall be changed to CPAs, Mr. Hong, Mao-Yi and Cheng, Ching-Piao of Ernst & Young for the financial statements with effect from the first quarter of 2022.		
Termination of Appointment by the Company or Refusal of Appointment by CPAs	Condition of the Party	CPA	Client
	Termination by the Company	–	✓
	Termination by the CPAs (Continue) the Appointment	–	–
Opinions (Other than Unmodified Opinions) in the Past Two Years and Reasons	None.		
Deviation from the Issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or procedures
		-	Others
	None	✓	
Description	N/A		
Other Disclosures (should be disclosed under Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)	None.		

Date of Replacement	Adopted by the Board of Directors on March 23, 2023.		
Replacement Reasons and Explanations	Due to the Company's internal management needs, the former CPAs, Mr. Hong, Mao-Yi and Cheng, Ching-Piao of Ernst & Young shall be changed to CPAs, Mr. Cheng, Ching-Piao and Ms. Fuh, Wen-Fang of Ernst & Young for the financial statements with effect from the first quarter of 2023.		
Termination of Appointment by the Company or Refusal of Appointment by CPAs	Condition of the Party	CPA	Client
	Termination by the Company	✓	–
	Termination by the CPAs	–	–
Opinions (Other than Unmodified Opinions) in the Past Two Years and Reasons	None.		
Deviation from the Issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or procedures
		-	Others
	None	✓	
Description	N/A		
Other Disclosures (should be disclosed under Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)	None.		

(II) Successive CPAs:

Name of CPA Firm	Ernst & Young
Name of CPA	CPA Hong, Mao-Yi and CPA Cheng, Ching-Piao
Date of Appointment	Adopted by the Board of Directors on March 25, 2022.
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None.
Succeeding CPA's written opinion of disagreement toward the former CPA	None.

Name of CPA Firm	Ernst & Young
Name of CPA	Cheng, Ching-Piao and Fuh, Wen-Fang
Date of Appointment	Adopted by the Board of Directors on March 23, 2023.
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None.
Succeeding CPA's written opinion of disagreement toward the former CPA	None.

(III) Reply Made by Former CPAs to the Issues Specified in Items 1 and 2-3, Subparagraph 6, Article 10 of the “Regulations Governing Information to be Published in Annual Reports of Public 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) Transfer of Equity Interests and Pledge of or Change in Equity Interests by Directors, Supervisors, Managerial Officers, and Major Shareholders

Unit: Share

Job Title	Name	2022		As of 2023 May 2	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman and President	Huang, Ya-Hsing	(600,000)	0	0	0
Director and Major Shareholder (Note 3)	Hsingying Investment Co., Ltd.	600,000	0	0	0
Representative of entity director	Liu, Tsu-Ying	(600,000)	0	0	0
Director and Major Shareholder (Note 1)	Ting, Ling-Chuan	60,000	4,282,000	(7,000)	(10,000)
Independent Director (Note 2)	Li, Xian-Yuan	0	0	N/A	N/A
Independent Director (Note 2)	Cai, Yu-Xiu	0	0	N/A	N/A
Independent director	Huang, Ming-Zhan	0	0	0	0
Independent Director (Note 1)	Tsai, Jung-Teng	0	0	0	0
Independent Director (Note 1)	Chang, Shih-Chia	0	0	0	0
Independent Director (Note 1)	Chen, Hsiang-Ju	0	0	0	0
Major Shareholder (Notes 2 & 3)	Haochi Investment Co., Ltd.	600,000	0	0	0
President, Taiwan plant and Xi'an plant	Lo, Chun-Hao	0	0	0	0
President, Wu'xi plant	Liu, Kuang-Hung	0	0	0	0
Vice president, Taiwan plant	Chan, Chien-Wei	0	0	0	0
Director of Automotive Application Division	Chang, Yang-Chin	0	0	0	0
Director of Manufacturing Department	Chang, Chien- Chung	0	0	0	0

Supply Chain Management Division Director(Note 4)	Yeh, Chao-Lin	7,000	0	0	0
Director of Chairman's Office	Lian, Rong-Yi	0	0	0	0
Chief Financial Officer and Treasurer	Gau, Cheng-Hsing	0	0	0	0
Accounting Manager	Liu, Hsueh-Wei	0	0	0	0
Audit Manager	Gau, Dong-Ling	0	0	0	0

Note 1: Director assume office after the re-election held in the general meeting of shareholders on June 23, 2022.

Note 2: Left office as Director after the re-election held in the general meeting of shareholders on June 23, 2022.

Note 3: Shareholding Ratio was less than 10%, released the position of major Shareholder in March, 2023.

Note 4: Assumed office as division Director on July 1, 2022.

(II) Where the Counterparty in Any Such Transfer of Equity Interests Is a Related Party, Disclose the Counterparty's Name, Its Relationship between That Party and the Company, as Well as the Company's Directors, Supervisors, Managerial Officers, and Ten-percent Shareholders and the Number of Shares Transferred

Name	Reason for Transfer of Equity Interest	Date	Counterparty	Relationship between the Counterparty and the Company and Its Directors, Supervisors, and Ten-percent Shareholders	Number of Shares	Transaction Price
Huang, Ya-Hsing	Gift	2022/3/11	Huang Hao	Father and daughter	600,000	42.4
Liu, Tsu-Ying	Gift	2022/3/11	Huang Chi	Mother and daughter	600,000	42.4
Huang Hao	Capital increase at share price	2022/4/18	HSingying Investment Co., Ltd.	Entity director	600,000	44.8
Huang Chi	Capital increase at share price	2022/4/18	Haochi Investment Co., Ltd.	Entity director	600,000	44.8

(III) Where the Counterparty in Any Such Pledge of Equity Interests Is a Related Party, Disclose the Counterparty's Name, Its Relationship between That Party and the Company, as Well as the Company's Directors, Supervisors, Managerial Officers, and Ten-percent Shareholders and the Number of Shares Pledged: None.

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

May 2, 2023; Unit: Share/%

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Ting, Ling-Chuan	11,523,000	13.98%	8,000	0.01%	0	0	-	-	-
Haochi Investment Co., Ltd. Representative: Huang Chi	8,128,000	9.86%	0	0	0	0	Huang, Ya-Hsing	Director	-
							Liu, Tsu-Ying	Supervisor	
							Huang Hao	Director	
							Huang Chi	Chairman	

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
	2,628,618	3.19%	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	9.53%	0	0	0	0	Huang, Ya-Hsing	Director	-
							Liu, Tsu-Ying	Supervisor	
							Huang Hao	Director	
							Huang Chi	Supervisor	
	3,211,000	3.90%	0	0	0	0	Huang, Ya-Hsing	Director	-
							Liu, Tsu-Ying	Chairman	
							Huang Chi	Sisters	
Huang, Ya-Hsing	6,226,695	7.56%	3,226,665	3.92%	0	0	Liu, Tsu-Ying	Spouse	
							Huang Hao	Father and daughter	
							Huang Chi	Father and daughter	
Liu, Tsu-Ying	3,226,665	3.92%	6,226,695	7.56%	0	0	Huang, Ya-Hsing	Spouse	-
							Huang Hao	Mother and daughter	
							Huang Chi	Mother and daughter	
Huang Hao	3,211,000	3.90%	0	0	0	0	Huang, Ya-Hsing	Father and daughter	-
							Liu, Tsu-Ying	Mother and daughter	
							Huang Chi	Sisters	
Huang Chi	2,628,618	3.19%	0	0	0	0	Huang, Ya-Hsing	Father and	-

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Among ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remark
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
								daubhter	
							Liu, Tsu-Ying	Mother and daubhter	
							Huang Hao	Sisters	
Gains Investment Corporation Representative: Wu,Chun-Hui	2,431,620	2.95%	0	0	0	0	Eminence Investment Corporation	Subsidiary	-
	0	0	0	0	0	0	Eminence Investment Corporation	Representative of entity director	-
Liu, Kuang-Hung	2,054,000	2.49%	46,000	0.06%	0	0	-	-	-
Eminence Investment Corporation Representative: Wu,Chun-Hui	1,720,943	2.09%	0	0	0	0	Gains Investment Corporation	Parent company	-
	0	0	0	0	0	0	Gains Investment Corporation	Representative of entity director	-



**X. The 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, 2022 Unit: 1,000 shares; %

Investee Company	Ownership by the Company		Investment by Directors and Supervisors, Managerial Officers, and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
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: A limited company.

## Chapter 4. Capital Overview

### I. Capital and Shares

#### (I) Source of Capital

May 2, 2023; Unit: 1,000 shares; NT\$1,000

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2008.11	10	10,000	100,000	1,000	10,000	Capital stock	-	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	Issuance of new shares by employee stock options	-	Note 10
2019.08	23.2	100,000	1,000,000	66,656	666,560	Issuance of new shares by employee stock options	-	Note 11
2019.11	23.2&22.1	100,000	1,000,000	66,781.5	667,815	Issuance of new shares by employee stock options	-	Note 12
2020.01	22.1	100,000	1,000,000	66,817	668,170	Issuance of new shares by employee stock options	-	Note 13
2020.05	22.1	100,000	1,000,000	67,252	672,520	Issuance of new shares by employee stock options	-	Note 14
2020.08	22.1	100,000	1,000,000	67,305	673,050	Issuance of new shares by employee stock options	-	Note 15
2020.12	22.1&21.2	100,000	1,000,000	67,428	674,280	Issuance of new shares by employee stock options	-	Note 16

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2021.04	21.2	100,000	1,000,000	67,533	675,330	Issuance of new shares by employee stock options	-	Note 17
2021.06	21.2	100,000	1,000,000	67,616	676,165	Issuance of new shares by employee stock options	-	Note 18
	47.90			71,516	715,162	Issuance of new shares by convertible bonds		
2021.09	21.2	150,000	1,500,000	71,548	715,482	Issuance of new shares by employee stock options	-	Note 19
	47.90			71,823	718,238	Issuance of new shares by convertible bonds		
2021.11	21.2&20.7	150,000	1,500,000	71,876	718,763	Issuance of new shares by employee stock options	-	Note 20
2022.02	20.7	150,000	1,500,000	71,895	718,953	Issuance of new shares by employee stock options	-	Note 21
	42.72			71,648	716,483	Retirement of treasury shares		
2022.04	20.7	150,000	1,500,000	71,744	717,443	Issuance of new shares by employee stock options	-	Note 22
2022.11	45.6&45.8	150,000	1,500,000	76,515	765,151	Issuance of new shares by convertible bonds		Note 23
2023.04	45.6&45.8	150,000	1,500,000	81,006	810,063	Issuance of new shares by convertible bonds		Note 24

Note 1: The capital stock was approved by the Central Region Office, Ministry of Economic Affairs in the Letter Jing-Shou-Zhong-Zi No. 09733397340.

Note 2: The cash capital increase of NT\$90,000 thousand was approved by the Central Region Office, Ministry of Economic Affairs in the Letter Jing-Shou-Zhong-Zi No. 09832840150.

Note 3: The capital increase of NT\$103,000 thousand by assets other than cash was approved by the New Taipei City in the Letter Jing-Deng-Zi No. 1005074950.

- Note 4: The cash capital increase of NT\$100,000 thousand was approved by the New Taipei City in the Letter Jing-Shou-Zi No. 1015003103.
- Note 5: The cash capital increase of NT\$61,840 thousand was approved by the New Taipei City in the Letter Jing-Shou-Zi No. 1015044257.
- Note 6: The cash capital increase of NT\$76,160 thousand was approved by the New Taipei City in the Letter Jing-Si-Zi No. 1025023943.
- Note 7: The cash capital increase of NT\$110,000 thousand was approved in the Letter Jing-Shou-Shang-Zi No. 10401011980.
- Note 8: The cash capital increase of NT\$49,000 thousand was approved in the Letter Jing-Shou-Shang-Zi No. 10601059290.
- Note 9: The cash capital increase of NT\$60,000 thousand was approved in the Letter Jing-Shou-Shang-Zi No. 10701016660.
- Note 10: The issuance of 608,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10801058400.
- Note 11: The issuance of 48,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10801097860.
- Note 12: The issuance of 125,500 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10801164200.
- Note 13: The issuance of 35,500 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10901011860.
- Note 14: The issuance of 435,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10901082900.
- Note 15: The issuance of 53,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10901158820.
- Note 16: The issuance of 123,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 10901222500.
- Note 17: The issuance of 105,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 11001057470.
- Note 18: The issuance of 3,983,233 new shares by employee stock options and the 1st domestic unsecured convertible bonds was approved in the Letter Jing-Shou-Shang-Zi No. 11001091390.
- Note 19: The issuance of 307,571 new shares by employee stock options and the 1st domestic unsecured convertible bonds was approved in the Letter Jing-Shou-Shang-Zi No. 11001147240.
- Note 20: The issuance of 52,500 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 11001212000.
- Note 21: The issuance of 19,000 new shares by employee stock options and the retirement of 247,000 treasury shares were approved in the Letter Jing-Shou-Shang-Zi No. 11101016570.
- Note 22: The issuance of 96,000 new shares by employee stock options was approved in the Letter Jing-Shou-Shang-Zi No. 11101055850.
- Note 23: The issuance of 4,770,825 new shares by convertible bonds was approved in the Letter Jing-Shou-Shang-Zi No. 11101218740.
- Note 24: The issuance of 4,491,143 new shares by convertible bonds was approved in the Letter Jing-Shou-Shang-Zi No. 11230056530.

May 2, 2023; Unit: Share

Share Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common stock	82,395,846(Note)	67,604,154	150,000,000	Listed stocks

Note :1,389,574 shares have not applied the change of registration.

## (II) Shareholder Structure

May 2, 2023

Shareholder Structure \ Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institution and Outsider	Total
Number of shareholders	0	2	33	7,289	23	7,347
Number of Shares Held (share)	0	322,000	23,262,240	57,913,754	897,852	82,395,846
Shareholding Ratio (%)	0	0.39	28.23	70.29	1.09	100

## (III) Shareholding Distribution Status

May 2, 2023

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 to 999	665	80,591	0.10
1,000 to 5,000	5,663	10,462,820	12.70
5,001 to 10,000	570	4,709,132	5.72
10,001 to 15,000	136	1,769,031	2.15
15,001 to 20,000	89	1,685,755	2.05
20,001 to 30,000	85	2,220,919	2.70
30,001 to 40,000	31	1,131,367	1.37
40,001 to 50,000	24	1,122,116	1.36
50,001 to 100,000	48	3,632,920	4.41
100,001 to 200,000	14	1,936,589	2.35
200,001 to 400,000	10	2,824,065	3.43
400,001 to 600,000	1	416,000	0.50
600,001 to 800,000	0	0	0
800,001 to 1,000,000	0	0	0
More than 1,000,001	11	50,404,541	61.16
Total	7,347	82,395,846	100.00

## (IV) List of Major Shareholders

All shareholders with a stake of five percent or greater or all shareholders who rank in the top ten in the shareholding percentage (specify the number of shares and stake held by each shareholder on the list):

May 2, 2023

Name of Major Shareholders	Shareholding	Number of Shares Held (share)	Shareholding Ratio (%)
Ting, Ling-Chuan		11,523,000	13.98
Haochi Investment Co., Ltd.		8,128,000	9.86
Hsingying Investment Co., Ltd.		7,854,000	9.53
Huang, Ya-Hsing		6,226,695	7.56
Liu, Tsu-Ying		3,226,665	3.92
Huang Hao		3,211,000	3.90
Huang Chi		2,628,618	3.19
Gains Investment Corporation		2,431,620	2.95
Liu, Kuang-Hung		2,054,000	2.49
Eminence Investment Corporation		1,720,043	2.06

(V) Market Price per Share, Net Value per Share, Earnings per Share, Dividends per Share, and Related Information over the Past Two Years

Unit: NTD

Item		Year	2021	2022
Market Price Per Share	Highest		78.40	63.50
	Lowest		40.95	40.00
	Average		50.30	49.02
Net Value Per Share	Before distribution		34.52	41.32
	After distribution		33.34	39.19
Earnings per share	Weighted average number of shares (in thousands)		71,055	73,724
	Earnings per share		2.35	5.74
Dividends per Share	Cash dividends		1.18476304	2.09962041(Note 1)
	Stock dividends	Stock dividends appropriated from earnings	0	0
		Stock dividends appropriated from capital surplus	0	0
	Accumulated unpaid dividends		0	0
Return on Investment	P/E Ratio		21.40	8.54
	Price/Dividend Ratio		42.46	23.35
	Cash dividend yield		2.36%	4.28%

Note 1: The total amount of cash dividends to be distributed to shareholders is NT\$173,000,000 at NT\$2.09962041 per share held by shareholders on the record date of cash dividends. On March 23, 2023, the Board of Directors resolved to set May 2, 2023 as the record date and May 19, 2023 as the distribution date of cash dividends.

(VI) Dividend Policy and Its Implementation

1. The dividend policy under the Articles of Incorporation:

If earnings are found after closing the fiscal year, the Company shall first pay income taxes and make up for any accumulated losses, and then reserve 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the paid-in capital of the Company, the Company no longer has to reserve, and the rest may be reserved or reversed as special surplus reserve; if there is any remaining balance, together with the accumulated undistributed earnings, the Board of Directors shall propose the distribution of earnings and submit it to the shareholders' meeting for resolution.

As referred to in the preceding paragraph, the distribution of earnings, legal reserve, and capital reserve in cash shall be passed by the Board of Directors through a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and reported to the shareholders' meeting.

The Company is currently in a stage of mature development. The dividend policy depends on the Company's financial structure, operating conditions, and budgets and takes the interests of shareholders and other factors into account. Every year, no less than 10% of the distributable earnings shall be set aside to distribute dividends to shareholders; when the distributable earnings are less than 1% of the paid-in capital, they may not be distributed. Earnings may be distributed in the form of stock or cash, of which cash dividends shall not be less than 10% of the total dividends but may be adjusted as needed.

2. The distribution of dividends proposed in the shareholders' meeting:

If the Articles of Incorporation stipulate that earnings shall be distributed in cash, the distribution of earnings shall be approved through a resolution by more than half of the directors present in a meeting attended by more than two-thirds of the directors and reported to the general meeting of shareholders. On March 23, 2023, the Board of Directors passed the distribution of earnings for 2022 through cash dividends of NT\$173,000,000 in total and set May 6, 2023 as the record date and May 19, 2023 as the distribution date of cash dividends which will be reported in the 2023 general meeting of shareholders.

(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting

On March 23, 2023, the Board of Directors resolved to distribute cash dividends rather than stock dividends, which had no impact on the Company's operating performance and earnings per share.

(VIII) Remuneration of Employees, Directors and Supervisors

1. Amount or scope of remuneration of employees, Directors and Supervisors as prescribed in the Articles of Incorporation:

If the Company makes a profit in a year (i.e., profit before tax after the deduction of employee compensation and remuneration of directors), it shall set aside 1%~10% of the profit as employee compensation and authorize the Board of Directors to resolve to distribute stock or cash dividends; the Company may authorize the Board of Directors to resolve to set aside no more than 2% of the said profit as remuneration of directors. Proposals for the distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses. The Company shall then distribute employees and directors compensation according to aforementioned ratios.

Employees entitled to treasury shares, employee stock options, purchase of new shares, restricted employee shares, and employee compensation may include the employees of parents or subsidiaries of the Company meeting certain specific requirements.

2. The basis for estimating the amount of employee compensation and remuneration of directors and supervisors, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

After the end of the year, if there is a significant change in the amount of distribution approved by the Board of Directors before the date of the publication of the consolidated financial statements, the original expense accrued shall be adjusted for the change. If there is still a change in the amount after the date of publication of the consolidated financial statements, it shall be treated according to the change in accounting estimates and recorded in the following year.

3. Distribution of remuneration approved by the Board of Directors:

- (1) Employee compensation and remuneration of directors and supervisors in the form of cash or stock:

The Board of Directors resolved to pass the distribution of remuneration of directors and employee compensation for 2022 on March 23, 2023; NT\$4,882,046 was distributed as remuneration of directors and NT\$9,764,092 as employee compensation, which were not different from the amounts accrued.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and the total employee compensation:

On March 23, 2023, the Board of Directors resolved to pass the distribution of employee compensation for 2023 in cash only; no employee compensation is to be distributed in the form of stock: Not applicable.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and directors and supervisors (including number and amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and directors and supervisors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated:

The Company reported the distribution of employee compensation and remuneration of directors for 2021 at the general meeting of shareholders on June 23, 2022; NT\$1,860,863 was distributed as remuneration of directors and NT\$3,721,727 as employee compensation, which were not different from the amounts recognized.



## (IX) Share Repurchases

### 1. Repurchased:

Times	2018 1st
Purpose	To transfer shares to employees
Period	November 15, 2018~January 9, 2019
Price Range	41.50~46.35
Type and Number of Shares Repurchased	247,000 new common shares
Amount of Shares Repurchased	NT\$10,551,056
Ratio of the Purchased Amount to the Expected Repurchase Amount (%)	12.35%
Number of Shares Retired and Transferred	247,000
Cumulative Number of Shares Held	0
Ratio of Cumulative Number of Shares Held to Total Issued Shares (%)	0%

### 2. In progress: None.

## II. Issuance of Corporate Bonds

### (I) Issuance of Corporate Bonds

Type of Corporate Bonds	1st domestic unsecured convertible bonds
Date of Issuance	August 27, 2019
Par Value	NT\$100,000
Location of Issuance and Trading	Domestic/TPEX
Issue Price	101% of par value
Total Amount	NT\$600 million
Interest Rate	Coupon rate: 0%
Term	Five-year, mature on August 27, 2024
Guarantee Institution	None
Trustee	Land Bank of Taiwan
Underwriting Institution	KGI Securities Co., Ltd.
Certified Lawyer	Handsome Attorneys-at-Law Lawyer Peng, Yi-Cheng
CPA	Deloitte & Touche CPAs Chen, Hui-Ming and Li, Li-Huang
Repayment Method	Unless the bondholders convert into the Company's common shares in accordance with Article 10 of the Regulations or exercise put options in accordance with Article 19 of the Regulations, or the Company redeems the bonds in advance in accordance with Article 18 of the Regulations or repurchases the bonds from securities firms for retirement, the Company shall repay the convertible bonds held by the bondholders in cash in one lump sum according to the face value plus interest compensation when the convertible bonds mature.
Outstanding Principal	NT\$273,600,000
Terms of Redemption or Early Repayment	Refer to the "Regulations Governing the Issuance and Conversion of the 1st Domestic Unsecured Convertible Bonds"

Restrictions	None	
Name of Credit Rating Agency, Date of Rating, and Bond Rating	None	
Other Rights	Amount of common shares, overseas depositary receipts, or other marketable securities converted (exchanged or subscribed) as of the date of publication of the annual report	None
	Regulations for issuance and conversion (exchange or subscription)	Refer to the “Regulations Governing the Issuance and Conversion of the 1st Domestic Unsecured Convertible Bonds”
Regulations for Issuance and Conversion, Exchange or Subscription, Dilution of Equity by Issuance Conditions, and Impact on Existing Shareholders' Equity		<p>Converting bonds does not have a dilutive effect on equity before the creditors request the execution of conversion. Creditors may choose to convert at a more favorable time point during the convertible period, which defers and disperse the dilutive effect on equity. The conversion to common shares can reduce liabilities and increase shareholders' equity, thereby increasing the net value per share.</p> <p>As of April 30, 2023, the face value of bonds converted totaled NT\$326,400 thousand, and a total of 6,947,051 common shares were converted; the face value of outstanding bonds not yet converted totaled NT\$273,600 thousand, which would be equivalent to 6,000,000 common shares converted at NT\$45.60.</p>
Name of Custodian Institution for Exchange		None

Type of Corporate Bonds	2nd domestic unsecured convertible bonds
Date of Issuance	January 3, 2022
Par Value	NT\$100,000
Location of Issuance and Trading	Domestic/TPEX
Issue Price	111.8% of par value
Total Amount	NT\$630 million
Interest Rate	Coupon rate: 0%
Term	Three-year, mature on January 3, 2025
Guarantee Institution	None
Trustee	Land Bank of Taiwan
Underwriting Institution	KGI Securities Co., Ltd.
Certified Lawyer	Handsome Attorneys-at-Law Lawyer Peng, Yi-Cheng
CPA	Deloitte & Touche: CPAs Li-Huang, Li and Chih, Jui-Chuan
Repayment Method	Unless the bondholders convert into the Company's common shares in accordance with Article 10 of the Regulations, or the Company redeems the bonds in advance in accordance with Article 18 of the Regulations or repurchases the bonds from securities firms for retirement, the Company shall repay the convertible bonds held by the bondholders in cash in one lump sum within five business days after the convertible bonds mature.

Outstanding Principal	NT\$269,100,000	
Terms of Redemption or Early Repayment	Refer to the “Regulations Governing the Issuance and Conversion of the 2nd Domestic Unsecured Convertible Bonds”	
Restrictions	None	
Name of Credit Rating Agency, Date of Rating, and Bond Rating	None	
Other Rights	Amount of common shares, overseas depositary receipts, or other marketable securities converted (exchanged or subscribed) as of the date of publication of the annual report	None
	Regulations for issuance and conversion (exchange or subscription)	Refer to the “Regulations Governing the Issuance and Conversion of the 2nd Domestic Unsecured Convertible Bonds”
Regulations for Issuance and Conversion, Exchange or Subscription, Dilution of Equity by Issuance Conditions, and Impact on Existing Shareholders' Equity	<p>Converting bonds does not have a dilutive effect on equity before the creditors request the execution of conversion. Creditors may choose to convert at a more favorable time point during the convertible period, which defers and disperse the dilutive effect on equity. The conversion to common shares can reduce liabilities and increase shareholders' equity, thereby increasing the net value per share.</p> <p>As of April 30, 2023, the face value of bonds converted totaled NT\$360,900 thousand, and a total of 7,879,795 common shares were converted; the face value of outstanding bonds not yet converted totaled NT\$269,100 thousand, which would be equivalent to 5,875,545 common shares converted at NT\$45.80.</p>	
Name of Custodian Institution for Exchange	None	

**(II) Information on Convertible Corporate Bonds**

Type of Corporate Bonds		1st domestic unsecured convertible bonds	
Year		2022	As of April 30, 2023
Market Price of Convertible Bonds	Highest	136.05	147.35
	Lowest	103.30	112.00
	Average	118.40	131.15
Conversion Price		NT\$46.80 and NT\$45.60 (Note)	45.60(Note)
Date of Issuance and Issue Price		Date of Issuance: August 27, 2019 Conversion Price at Issue: NT\$50	
Performance of Conversion Obligations		Issuance of new shares	

Note: Since August 5, 2020, the conversion price has been adjusted from NT\$50.00 to NT\$47.90; Since August 5, 2021, the conversion price has been adjusted from NT\$47.90 to NT\$46.80; Since August 5, 2022, the conversion price has been adjusted from NT\$46.80 to NT\$45.60; Since May 6, 2023, the conversion price has been adjusted from NT\$45.60 to NT\$43.90.

Type of Corporate Bonds		2nd domestic unsecured convertible bonds	
Year		2022	As of April 30, 2023
Market Price of Convertible Bonds	Highest	135.25	146.90
	Lowest	105.00	113.00
	Average	117.14	130.47
Conversion Price		NT\$47 and NT\$45.80 (Note)	45.80(Note)
Date of Issuance and Issue Price		Date of Issuance: January 3, 2022 Conversion Price at Issue: NT\$47	
Performance of Conversion Obligations		Issuance of new shares	

Note: Note: Since August 5, 2022, the conversion price has been adjusted from NT\$47.00 to NT\$45.80. Since May 6, 2023, the conversion price has been adjusted from NT\$45.80 to NT\$44.10.

**III. Preferred Shares:** None.

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

## V. Employee Stock Options

### (I) Unexpired Employee Stock Options Issued by the Company in Existence as of the Date of Publication of the Annual Report

May 2, 2023

Type of Employee Stock Options	1st (session) employee stock options
Effective Date and Total Options	January 10, 2017 4,000 (1,000 common shares to be subscribed per option)
Date of Issuance	January 23, 2017
Subscription Period	Five years
Issued Number	4,000 (1,000 common shares to be subscribed per option)
Number of Employee Stock Options Can be Issued	0
Proportion of Issued Options in Total Issued Shares	4.85%
Subscription Period	From the date of the expiry of the vesting period to the date of the expiry of the subscription period
Performance Method	Issuance of new common shares
Restricted Subscription Period and Ratio (%)	From the date of grant, the stock options can be executed up to a maximum of 50% within two years and a maximum of 100% within three years.
Number of Shares Obtained	1,816,000 (void: 2,184,000)
Amount of Subscribed Shares	NT\$40,441,800
Number of Shares Not Subscribed	0
Subscription Price per Share for the Subscriber without Subscribed Shares	N/A (Note)
Number of Shares Not Subscribed as a Percentage of Total Issued Shares (%)	0%
Influence on Shareholders	The purpose of the employee stock options is to attract and retain talents needed by the Company and to motivate and enhance workplace cohesion for the best interests of the Company and shareholders. It has a positive impact on shareholders' equity.

Note: The subscription price per share was adjusted from NT\$25 to NT\$24.70 on April 28, 2017, from NT\$24.7 to NT\$24.30 on February 1, 2018, from NT\$24.30 to NT\$23.20 on July 10, 2018, from NT\$23.20 to NT\$22.10 on July 10, 2019, from NT\$22.10 to NT\$21.20 on July 15, 2020, from NT\$21.20 to NT\$20.70 on July 14, 2021. The subscription period expired on January 22, 2022.

(II) Names, Acquisition, and Subscription of Managerial Officers who Have Obtained Employee Stock Options and the Employees who Rank among the Top Ten in Terms of the Number of Shares Available for Subscription via Employee Stock Options

May 2, 2023 Unit: 1,000 shares, NT\$1,000

	Job Title	Name	Number of Subscribed Shares	Number of Shares Obtained as a Percentage of Total Issued Shares	Subscribed			Not Subscribed				
					Number of Subscribed Shares	Price of Shares Subscribed	Amount of Shares Subscribed	Number of Shares Subscribed as a Percentage of Total Issued Shares	Number of Subscribed Shares	Price of Shares Subscribed (Note2)	Amount of Shares Subscribed	Number of Shares Subscribed as a Percentage of Total Issued Shares
Managerial Officers	CFO	Yeh, Chun-Yen (Note 4)	252	0.31%	252	23.2, 22.1, and 21.2	5,641.90	0.31%	0	0	0	0
	Financial Manager	Chiu, Li-Chun (Note 3)										
	Accounting Manager	Lin, Shao-Ying (Note 4)										
	Audit Manager	Wang, Shu-Yuan (Note 3)										
Employee (Note 1)	Division Director	Yang, Hsiao-Yong	915	1.11%	415	23.2, 22.1, and 21.2	9,372.75	0.50%	500 (Not 6)	0	0	0
	Vice Division Director	Meng, Yun-Ju										
	Vice Division Director	Li, Guang-Tien										
	Division Director	Yeh, Chao-Lin										
	Manager	Chen, Chih-Hsiung										
	Audit Manager	Gau, Dong-Ling (Note 5)										
	Manager	Kuo, Shang-Long										
	Division Director	Chang, Cheng-Yao (Note 4)										
	Vice Division Director	Chang, Jen-Shu (Note 4)										
Manager	Yeh, Chao-Hua											

Note 1: The rank did not fall into the Company's managerial officers on the issue date (January 23, 2017).

Note 2: Note: The subscription price per share was adjusted from NT\$25 to NT\$24.70 on April 28, 2017, from NT\$24.7 to NT\$24.30 on February 1, 2018, from NT\$24.30 to NT\$23.20 on July 10, 2018, from NT\$23.20 to NT\$22.10 on July 10, 2019, from NT\$22.10 to NT\$21.20 on July 15, 2020, from NT\$21.20 to NT\$20.70 on July 14, 2021. The subscription period expired on January 22, 2022.

Note 3: Not a managerial officer due to work adjustment.

Note 4: Left office.

Note 5: Assume office as Audit Officer on December 1, 2021.

Note 6: Including the number of void shares due to separation.

(III) Privately Placed Employee Stock Options during the Most Recent Three Years and during the Current Year Up to the Date of Publication of the Annual Report: None.

**VI. New Restricted Employee Shares: 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**

The plans, status of implementation, and actual benefits with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits:

(I) Issuance of the 1st Domestic Unsecured Convertible Bonds

1. Description of the plan:

- (1) Approval date and letter number: Letter Jin-Guan-Zheng-Fa-Zi No. 1080318706 dated June 12, 2019.
- (2) Total amount required for the plan: NT\$606,000 thousand.
- (3) Source of capital: The Company issued 6,000 unsecured convertible bonds for the first time in Taiwan, each with a face value of NT\$100 thousand, with a total face value of NT\$600,000 thousand. Issued at 101% of the face value, the bonds amounted to NT\$606,000 thousand, with a five-year period of issuance.
- (4) Progress of the capital allocation plan:

Unit: NT\$1,000

Plan	Scheduled Completion Time	Total Amount Required	Scheduled Progress of Fund Utilization
			Third Quarter of 2019
Replenishing working capital	Third quarter of 2019	246,000	246,000
Repaying bank loans	Third quarter of 2019	360,000	360,000
Total		606,000	606,000

(5) Projected potential benefits:

A. Replenishing working capital:

The funds raised to replenish working capital in this plan amounted to NT\$246,000 thousand, which was mainly for future business growth. Based on the Company's average borrowing rate of 0.93%, interest expenses can be reduced by NT\$953 thousand in 2019 and NT\$2,288 thousand in 2020 onward.

B. Repaying bank loans:

This plan was expected to raise funds of NT\$606,000 thousand in the third quarter of 2019, which would be used to repay bank loans of NT\$360,000 thousand. Based on the Company's borrowing rate, interest expenses can be reduced by NT\$1,383 thousand in 2019 and NT\$3,320 thousand in 2020 onward. This plan would moderately reduce the Company's financial burden and enhance the solvency, the financial structure, and the overall business development. The Company's schedule of the repayment of bank loans is as follows:

Lending Institution	Interest Rate (%)	Contract Period	Purpose of Initial Loan	Initial Loan Amount (NTD)	Proposed Repayment Amount (NTD)	Saving on Interest Expenses (NTD)	
						2019	2020 (Onward)
Citibank	0.90	2018.8.13~2019.8.13	Working capital	260,000	260,000	975	2,340
Bank Sinopac	0.98	2018.6.24~2019.6.30 (Note)		100,000	100,000	408	980
Total				360,000	360,000	1,383	3,320

Note: Extendable after expiry

## 2. Implementation status:

Unit: NT\$1,000; %

Plan	Implementation Status		Total Amount Required	Third Quarter of 2019	As of Third Quarter of 2019
Repaying bank loans	Amount used	Scheduled	360,000	360,000	360,000
		Actual		360,000	360,000
	Progress (%)	Scheduled		100%	100%
		Actual		100%	100%
Replenishing working capital	Amount used	Scheduled	246,000	246,000	246,000
		Actual		246,000	246,000
	Progress (%)	Scheduled		100%	100%
		Actual		100%	100%

The Company raised funds of NT\$606,000 thousand on August 26, 2019. As of the third quarter of 2019, the Company repaid bank loans of NT\$360,000 and replenished working capital of NT\$246,000 thousand. The saving on interest expenses started to roll in. Therefore, there was no significant difference between the expected benefits and the actual benefits.

- Any and all changes to the plan, the source of funds and the manner of their utilization, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, the date on which the change to the plan was reported at a shareholders' meeting, and the date on which such information was uploaded to the information disclosure website specified by the Securities and Futures Bureau: None.

## (II) Issuance of the 2nd Domestic Unsecured Convertible Bonds

### 1. Description of the plan:

- Approval date and letter number: Financial Supervisory Commission Letter Jin-Guan-Zheng-Fa-Zi No. 1100348105 dated July 8, 2021 (effective declaration) and Letter Jin-Guan-Zheng-Fa-Zi No. 1100145178 dated September 22, 2021 (approval).
- Total amount required for the plan: NT\$704,314 thousand.
- Source of capital: The Company issued 6,300 unsecured convertible bonds for the second time in Taiwan, each with a face value of NT\$100 thousand. The coupon rate was 0%, with a five-year period of issuance. The face value of the bonds totaled NT\$630,000 thousand, publicly underwritten in a competitive auction. Issued at 111.8% of the face value, the bonds amounted to NT\$704,314 thousand.



## (4) Progress of the capital allocation plan:

Unit: NT\$1,000

Plan	Scheduled Completion Time	Total Amount Required	Scheduled Progress of Fund Utilization
			First Quarter of 2022
Replenishing working capital	Fourth quarter of 2021	74,314	74,314
Repaying bank loans	Fourth quarter of 2021	630,000	630,000
Total		704,314	704,314

## (5) Projected potential benefits:

## A. Replenishing working capital:

The funds raised to replenish working capital in this plan amounted to NT\$74,314 thousand, which was mainly for future business growth. Based on the Company's average borrowing rate of 0.91%, interest expenses can be reduced by NT\$676 thousand in 2022 onward.

## B. Repaying bank loans:

The Company raised funds of NT\$630,000 thousand in this plan to repay bank loans. Based on the Company's borrowing rate, interest expenses can be reduced by NT\$5,911 thousand in 2022 onward. This plan would moderately reduce the Company's financial burden and enhance the solvency, the financial structure, and the overall business development. The Company's schedule of the repayment of bank loans is as follows:

Unit: NT\$1,000

Lending Institution	Interest Rate (%)	Contract Period	Purpose of Initial Loan	Initial Loan Amount (NTD)	Proposed Repayment Amount (NTD)	Saving on Interest Expenses (NTD)
						2022 (Onward)
Taishin Bank	0.88	2020/11/18-2022/02/18	Working capital	100,000	100,000	880
Bank Sinopac	0.89	2021/05/17-2023/05/31		250,000	180,000	1,602
Bank of Taiwan	0.98	2021/7/20-2022/7/20		150,000	150,000	1,470
Land Bank of Taiwan	0.98	2020/8/19-2023/8/19		200,000	200,000	1,959
Total				700,000	630,000	5,911

## 2. Implementation status:

Unit: NT\$1,000; %

Plan	Implementation Status		Total Amount Required	As of First Quarter of 2022	
	Amount used	Scheduled		630,000	630,000
Repaying bank loans			Actual		74,314
	Actual		74,314		
	Progress (%)	Scheduled	100%		
		Actual	100%		
Replenishing working capital	Amount used	Scheduled	74,314	74,314	
		Actual		74,314	
	Progress (%)	Scheduled		100%	
		Actual		100%	

The Company raised funds of NT\$704,314 thousand on December 30, 2021. As of the first quarter of 2022, the Company repaid bank loans of NT\$630,000 thousand and replenished working capital of NT\$74,314 thousand, which could reduce interest expenses, moderately reduce the Company's financial burden, and enhance the financial structure and flexible utilization of funds. Therefore, there was no significant difference between the expected benefits and the actual benefits.

3. Any and all changes to the plan, the source of funds and the manner of their utilization, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, the date on which the change to the plan was reported at a shareholders' meeting, and the date on which such information was uploaded to the information disclosure website specified by the Securities and Futures Bureau: None.

## 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 Industry
- (4) CA01090 Aluminum Manufacturing Industry
- (5) CA01100 Aluminum Rolling, Stretch and Extrusion Industry
- (6) CA01120 Copper Foundry Industry
- (7) CA01990 Other Nonferrous Metal Basic Industry
- (8) CA02010 Metal Structure and Building Element Manufacturing Industry
- (9) CA02030 Products Manufacturing Industry of Screws, Nuts, Bolts and Rivets
- (10) CA02040 Spring Manufacturing Industry
- (11) CA02050 Valve Manufacturing Industry
- (12) CA02070 Lock Industry
- (13) CA02080 Metal Forging Industry
- (14) CC01010 Power Generation, Transmission and Distribution Machinery Manufacturing Industry
- (15) CC01020 Wire and Cable Manufacturing Industry
- (16) CC01030 Electrical and Audio-visual Electronics Manufacturing Industry
- (17) CC01040 Lighting Equipment Manufacturing Industry
- (18) CC01060 Wired Communication Machinery and Equipment Manufacturing Industry
- (19) CC01070 Wireless Communication Machinery and Equipment Manufacturing Industry
- (20) CC01080 Electronic Components Manufacturing Industry
- (21) CC01090 Battery Manufacturing Industry
- (22) CC01110 Computer and Peripheral Equipment Manufacturing Industry
- (23) CC01120 Data Storage Media Manufacturing and Reproduction Industry
- (24) CD01020 Rail Vehicles and Parts Manufacturing Industry
- (25) CD01030 Automobile and Parts Manufacturing Industry
- (26) CE01010 General Instrument Manufacturing Industry
- (27) CP01010 Hand Tools Manufacturing Industry
- (28) CQ01010 Mold Manufacturing Industry
- (29) CR01010 LPG Equipments and Parts Manufacturing Industry
- (30) F106010 Hardware Wholesale Industry
- (31) F106020 Daily Necessities Wholesale Industry
- (32) F106030 Mold Wholesale Industry
- (33) F107200 Chemical Raw Materials Wholesale Industry
- (34) F113010 Machinery Wholesale Industry
- (35) F113020 Electrical Appliances Wholesale Industry
- (36) F113030 Precision Instruments Wholesale Industry
- (37) F113050 Computer and Transactional Machinery Equipments Wholesale

- Industry
- (38) F113070 Telecommunications Equipments Wholesale Industry
  - (39) F113110 Battery Wholesale Industry
  - (40) F114030 Automobiles Parts and Locomotive Parts Equipments Wholesale Industry
  - (41) F114080 Rail Vehicles and Parts Wholesale Industry
  - (42) F115020 Mineral Wholesale Industry
  - (43) F117010 Fire Safety Equipments Wholesale Industry
  - (44) F118010 Consulting Software Wholesale Industry
  - (45) F119010 Electronic Materials Wholesale Industry
  - (46) F206010 Hardware Retail Industry
  - (47) F206020 Daily Necessities Retail Industry
  - (48) F206030 Mold Retail Industry
  - (49) F207200 Chemical Raw Materials Retail Industry
  - (50) F213010 Electrical Appliances Retail Industry
  - (51) F213030 Computer and Transactional Machinery Equipment Retail Industry
  - (52) F213040 Precision Instruments Retail Industry
  - (53) F213060 Telecommunications Equipments Retail Industry
  - (54) F213110 Battery Retail Industry
  - (55) F214030 Automobiles Parts and Locomotive Parts Equipments Retail Industry
  - (56) F214080 Rail Vehicles and Parts Retail Industry
  - (57) F215020 Mineral Retail Industry
  - (58) F217010 Fire Safety Equipment Retail Industry
  - (59) F218010 Consulting Software Retail Industry
  - (60) F219010 Electronic Materials Retail Industry
  - (61) F401010 International Trade Industry
  - (62) ZZ99999 Non-prohibited or Restricted Business By Laws and Regulations (except for licensed businesses)

2. Weight of lines of business:

Unit: NT\$1,000

Year	2021		2022	
	Amount	%	Amount	%
Automotive Components	2,117,359	49.18%	2,348,421	47.10%
Industrial Application	1,993,401	46.29%	2,430,132	48.74%
Aerospace Components	195,180	4.53%	207,813	4.16%
Total	4,305,940	100.00%	4,986,366	100.00%

3. Current products and services of the Company:

The company mainly produces (1) automotive components including: components of automotive safety system and automotive transmission system, and (2) industrial applications including: industrial instruments, petrochemical industry components, semiconductor equipment components, bicycle components and other precision metal components, and (3) aerospace components including aircraft and engine components... and other products.

4. Current products and services planned for development of the Company:
  - (1) Short-term plans: Together with client research and development center to develop automotive, industrial application, aerospace and bicycle components; Strengthen integration of high value-added processes for stamping, forging, casting and multi-axle composite processing machines.
  - (2) Medium-term plans: To provide integrated processing services, including front-end steel, stamping, forging, casting, processing vehicles, washing, multi-axis composite processing machine and back-end surface treatment and assembling...
  - (3) Long-term plans: To integrate upstream and downstream manufacturers with the ever-changing machine performance and develop more diversified processing and assembly capabilities, so as to provide customers with more perfect high value-added products.

## (II) Overview of the Industry

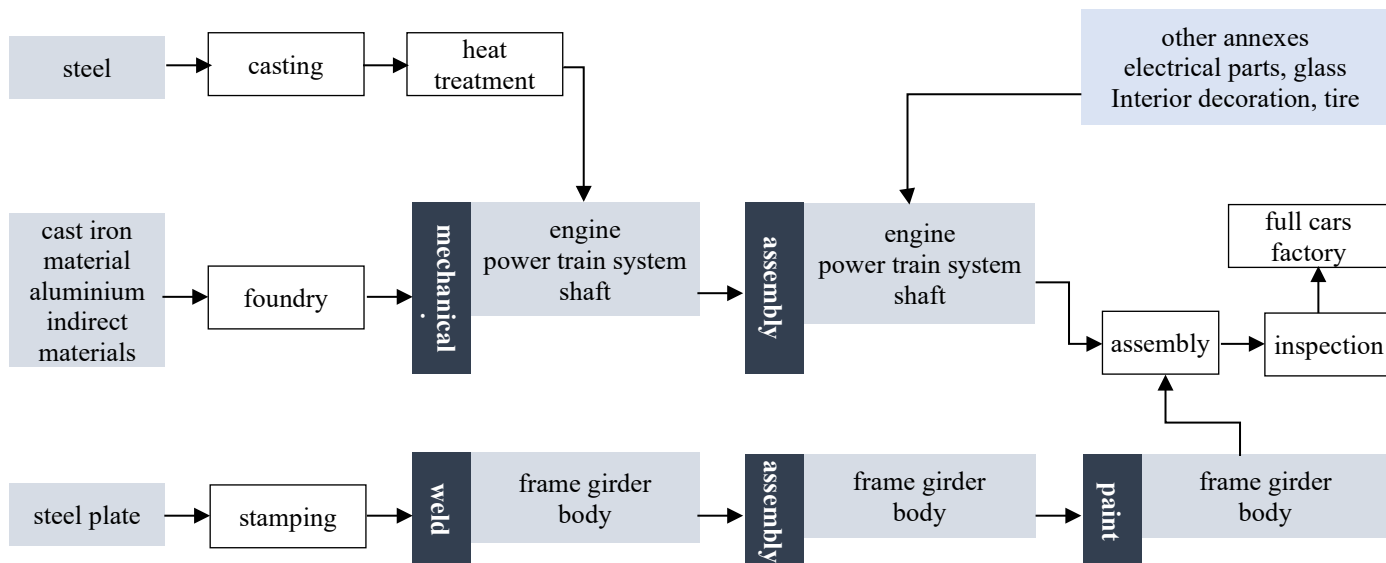
### 1. Industry status and development:

The Company and subsidiaries (hereinafter referred to as the Group) are principally engaged in the development, manufacture and sales of precision machining metal products for components of automotive safety systems, transmission systems, and braking systems, industrial application components, and aerospace application components, and the current situation and development of the automotive industry, industrial application industry and aerospace industry are detailed as follows:

#### (1) Automobile industry

The automotive industry is the world's largest manufacturing industry chain, but also a high-precision, technical comprehensive industry. Its production and manufacturing process is complex and involves a wide range, also needs a variety of industries to cooperate with each other. Vehicle production can be used as industrial technical indicators, and sales or manufacturing quantity can be regarded as economic indicators. The main production processes of the automotive industry are divided into forging, casting, stamping, engine assembly, power train systems and shaft, assembly and paint, frame girder and body, final assembly, and inspection and full cars factory. The Group's product categories mainly use high-precision forging technology, that is, the process of changing the shape of the metal through pressure and the way of heat treatment, and the processing mode of melting the metal into a liquid state with the casting method, and then the shape is shaped by injecting the liquid into the mold, so that it is cooled and then taken out, and airbag inflator, engine and power train systems are made into parts.

## Automotive and Component Manufacturing Processes



Data Source: Industry Technology Research Institute (IEK), Automotive Industry Survey Report, KGI Securities Collation

Automotive parts sales channels can be divided into OEM and ODM markets for completely builded vehicle, as well as AM and OES markets for automotive after-sales maintenance, because the quality requirements and control of automotive original parts are strict, it is not easy to cut into the supply chain of international manufacturers, so Taiwanese manufacturers still focus on collision parts in the AM market. The Group's products supply passive safety components with OEM Tier 1 customers for automotive vehicles and components of engine and power train system, with the highest proportion of export areas in China, Europe and North America.

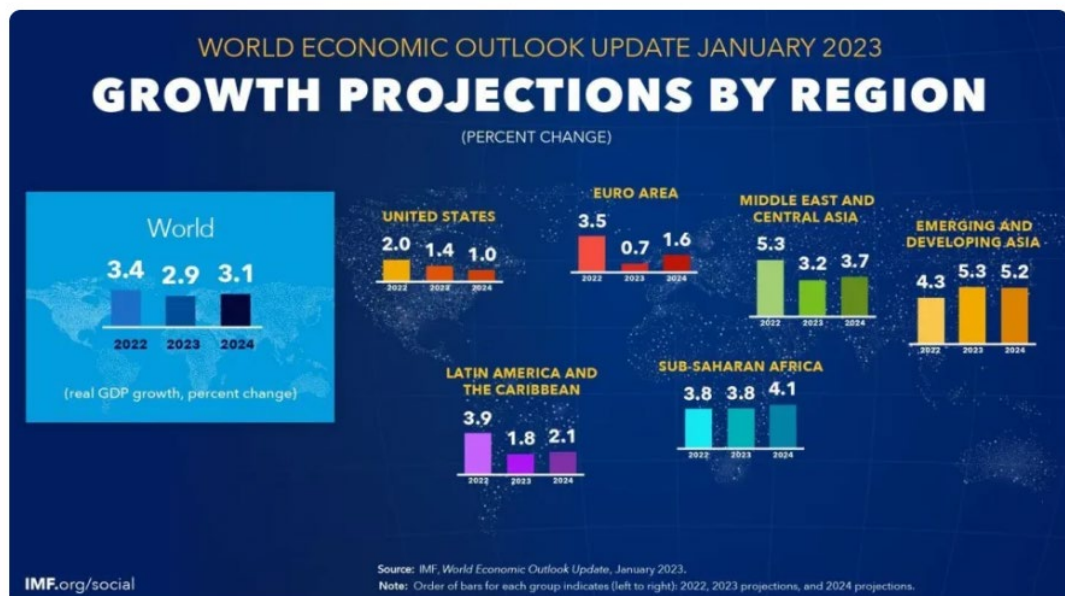
### A. Global automotive market

On January 31, 2023, the International Monetary Fund (IMF) released the World Economic Outlook report for January. It is estimated that the global economic growth rate in 2023 will be 2.9%, which is 0.2 percentage points higher than that estimated in October last year. Global inflation is expected to down to 6.6% this year from 8.8% last year.

As revealed by the report, the lowered inflation estimate partly reflects declining prices of international fuel and non-fuel commodity due to weaker global demand. On the other hand, this also mirrors that monetary policy tightening cools off the core underlying inflation. In 2022, global economic activities faced pressure from the global fight against inflation, the war between Russia and Ukraine, and repeated pandemic in China. The first two factors in particular will continue to weigh on economic activity this year. However, the real economic growth in the third quarter of last year in the United States, the Eurozone and major emerging markets and developing economies all showed unexpectedly strong momentum. Subject to the impact of China's relaxation of pandemic control policies, the Report assesses the slowdown of China's economy as the pandemic worsens. China has adopted new pandemic prevention and control measures in response to the pandemic progress. But the gradual relaxation of lockdown measures in November and December 2022 paved the way for its full reopening. It is

estimated that China's economic growth recovery is promising.

In some other countries and regions, the report forecasted that U.S. economic growth will decline from 2.0% in 2022 to 1.4% this year, but still 0.4 percentage points higher than that reported in October 2022. Economic growth is estimated at 1.0% in 2024. The economic growth rate in the Eurozone is expected to be only 0.7% this year, but rebounding to 1.6% in 2024. In Asia, Japan's economic growth rate is expected to rise slightly to 1.8% this year thanks to the continued monetary and fiscal policy support. Economic growth is projected at 0.9% in 2024 as the impact of previous stimulus measures fades. China's economic growth is expected to hit 5.2 percent this year before slipping to 4.5 percent in 2024.



國際貨幣基金(IMF)公布最新2023年全球經濟成長展望。(Twitter@IMFNews)

According to TrendForce, global automotive sales in 2022 were 81.05 million, almost flat compared to 2021 sales, showing an annual decline of 0.1%. It is estimated that the sales volume of the global automotive market will recover to 84.1 million in 2023, with an annual increase of 3.8%, presenting a growth trend.



**Global automotive sales and annual growth rate from 2018 to 2023**  
**(unit: million vehicles)**  
**(Source: TrendForce)**

TrendForce data uncovered that in 2022, the annual automotive sales in mainland China were 26.9 million, an annual increase of 3.7%, crucially underpinning the global new car market. Automotive sales in the U.S. and Western Europe both fell to record lows in a decade at just 13.7 million and 11.8 million, representing annual declines of 8.1 percent and 4.6 percent, respectively. Due to the impact of the war between Russia and Ukraine, however, the sales of new cars in Russia decreased by 1 million per year, and the same average annual decrease was also seen in the Eastern European market, that is, an average annual decrease of 27.3%.

But emerging markets showed good growth momentum. Replacing Japan, India became the third largest automotive market in the world with 4.3 million automobiles sold in 2022 for the first time. Indonesia has returned to pre-pandemic levels after two consecutive years of growth.

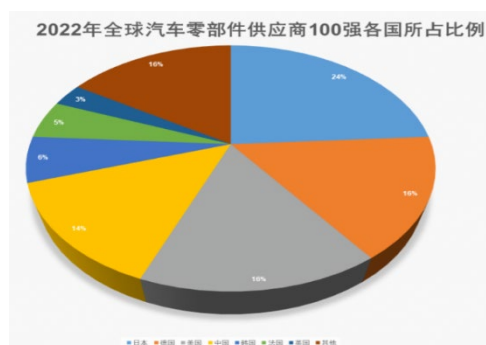
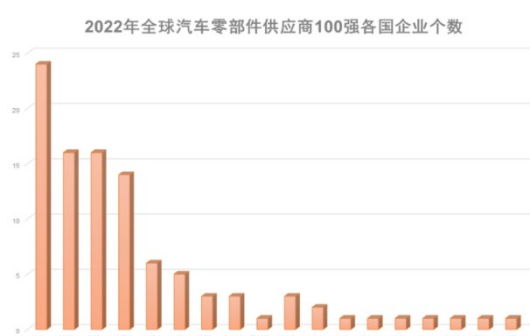
According to TrendForce, the backlog of undelivered orders in 2022 will partly contribute to the growth in 2023. Judging from the economic growth in various regions, it is estimated that the new car market in mainland China in 2023 will be the same as that in 2022 or maintain a small growth rate. This situation is mainly due to the halving of purchase tax for fuel vehicles adopted in mainland China in 2022, which makes some consumption happen in advance. But it is even more difficult to stimulate a new wave of automobile consumption, in that this requires more incentive policies to have real effects.

The U.S. market has growth potential due to a low base period and a pick-up in consumer confidence. Soaring average new car prices in the U.S. and high mortgage rates due to rising interest rates cannot be ignored. In Western Europe, which is also in a low base period, the ongoing Russia-Ukraine war will keep Europe's energy issues unresolved, thus affecting the growth momentum of the European automotive market.



## B. Global automotive components industry

- a. Traditional automotive industry powers such as the United States, Germany, France and Japan still dominate the current global automotive components industry. Chinese component companies have not shown booming strength in the international market. Automotive News released the 2022 ranking of component suppliers in the global OEM market, in which Japanese, European and North American suppliers account for the vast majority of the top 50 candidates. Among them, 25 Japanese companies, 16 German companies and 16 American companies were shortlisted for this list. But there are 14 Chinese companies shortlisted. In addition, 6, 5, and 3 companies from South Korea, France, and the United Kingdom were shortlisted, and the remaining 15 companies came from other countries and regions.



2022年排名	同比	企业名称	2021年零部件收入(亿元)	总部所在地
1	0	博世(Bosch)	3277.74	德国
2	0	电装(Denso)	3013.01	日本
3	0	大陆(Continental)	2757.77	德国
4	0	潍柴集团(WeichaiGroup)	2610.36	中国
5	0	采埃孚(ZF)	2517.14	德国
6	0	麦格纳(Magna)	2310.74	加拿大
7	1	摩比斯(HyundaiMobis)	2235.23	韩国
8	-1	爱信精机(Aisin)	2155.47	日本
9	0	米其林(Michelin)	1717.93	法国
10	0	普利司通(Bridgestone)	1475.02	日本
11	0	华域汽车(Hasco)	1399	中国
12	3	康明斯(Cummins)	1256.37	美国
13	-1	法雷奥(Valeo)	1246.26	法国
14	-1	李尔(Lear)	1228.15	美国
15	1	天纳克(Tenneco)	1149.86	美国
16	-2	佛吉亚(fovia)	1127.56	法国
17	6	固特异(Goodyear)	1114.34	美国
18	1	安波福(Aptiv)	995.76	英国
19	-2	住友电工(SumitomoElectric)	961.91	日本
20	0	博格华纳(BorgWarner)	946.03	美国

- b. The automotive components industry is gradually shifting to emerging markets, and procurement has become globalized.

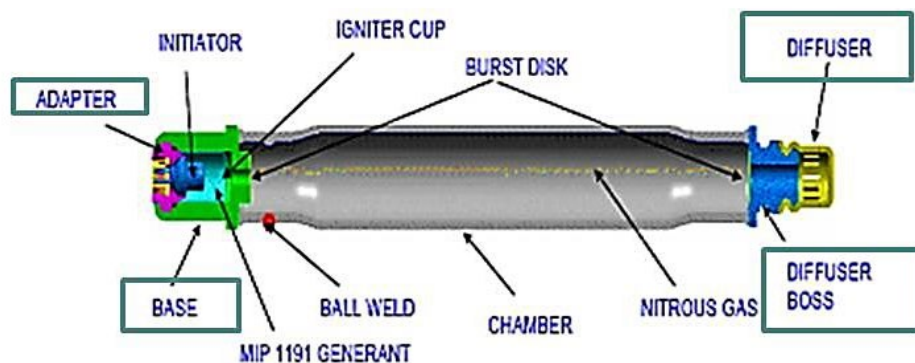
The car consumption markets of the US, Europe and Japan and other developed countries and regions are gradually saturated. Auto markets of China, India and other emerging countries have become the world's most growing automobile consumption markets, in the meantime, these countries are rich in labor and have price advantages. With the increasingly fierce competition in the automobile manufacturing industry, in order to effectively reduce production costs and open up emerging markets, auto and parts companies begin to accelerate industrial transfers to other countries and regions in China, India and Southeast Asia.

As the automotive components industry gradually moves towards globalization, full car factory and tier 1 suppliers select and purchase the required parts according to product quality, price, delivery time and other conditions in the global scope, and are no longer limited to only purchasing domestic parts and components products, and parts companies are no longer limited to only supplying downstream enterprises in china, but selling their products globally.

C. Automotive safety system

According to whether the automotive safety system is preventive, it is divided into two types: active safety (such as auxiliary and warning systems, out-of-control prevention) and passive safety (such as airbag, pre-retracted seat belts). Global Tek Group is a major manufacturer of airbag inflator components, including adaptor, base, diffuser and diffuser boss, which are key components of the airbag module.

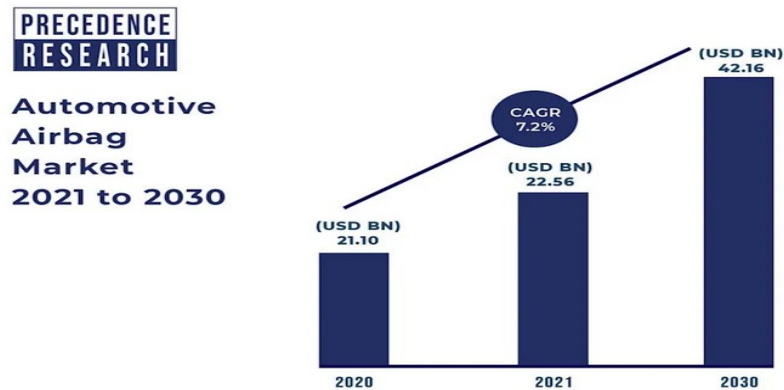
**Airbag Inflator Structure**



Automotive airbag is a highly concentrated industry, and has high entry doors, forming a monopoly market. The world's leading airbag manufacturers, including Autoliv, Joyson, TRW, Toyota Gosai, these four market shares reach more than 80%. Among them, Autoliv and Joyson are the main long-term customers of the Group.

According to data of Precision Research, the scale of global automotive airbag market is expected to grow from \$22.56 billion in 2021 to around \$42.16 billion in 2030, with a compound annual growth rate of 7.2% from 2021 to 2030. With traffic fatalities rise, the demand for safety equipment

also increases to stimulate the market demand for automotive airbags. The global automotive airbag market has benefited from government-implemented safety standards and increases measures of life expectancy, and the increase in disposable income has also increases consumer spending on automotive safety equipment, thereby stimulating the market demand for automotive airbags. Improving consumers' awareness of the technological advancements associated with automotive safety systems is also a key factor in the market growth of the automotive airbags.



Source: [www.precedenceresearch.com](http://www.precedenceresearch.com)

## (2) Industrial Application

The Group's industrial application products are mainly engaged in industrial instruments, semiconductor factory-building equipment, high bicycle damping systems, and electric bicycle power train systems. Products to stainless steel, carbon steel, aluminum alloy, copper, and even Teflon plastic as the main materials, through dewaxing casting or forging, pressing pumping extrusion and other processes with precision machining, provide a stable source of quality and cost for large customers around the world.

Industrial instruments and fluid control are indispensable components of gas and liquid delivery systems that monitor and control fluid direction, pressure, temperature and flow according to the needs of pipeline design configuration. Downstream application industries are very extensive, and there are different degrees of requirements for corrosion resistance or purity depending on the use. The Group's main sales targets are factory-building manufacturers engaged in oil and gas exploration, related pressure control instruments, and semiconductor equipment construction, therefore, the market demand is related to the development of the oil and gas and semiconductor industries.

In recent years, environmental awareness and personal health concepts have risen, and high bicycles or hiking bikes with customized adjustable shock absorption systems and even electric auxiliaries have become new entertainment and leisure choices in Europe, the US and other developed countries, and have become safe commuting tools for work and commuting fueled by the COVID-19 pandemic. The requirements of dimensional tolerances and appearance quality for related components are especially better than those of general mechanical processing products. A lot of resources are invested to realize the light weight and appearance design and fashion sense of high-end leading brands. Global Tek Group has seized the pulse of terminal demand in this wave and become the main

partner of the global leading brand.

#### A. Oil and gas industry

In general, the demand for fluid measurement control and instrument equipment is positively correlated with oil and gas prices, capital expenditures of upstream manufacturer, counts of drilling machinery activity and platform, and negative correlated with energy inventories. Since the outbreak of the COVID-19 novel coronavirus pandemic in early 2020, the world has experienced historical changes such as the sharp freezing of crude oil demand, the sharp decline in oil prices, and the negative value of oil price futures in the first half of 2020, followed by the recovery of the global oil market and stock market in the second half of 2020, the return in 2021, and the dispute between Russia and Ukraine in 2022, prompting the price of crude oil and other bulk materials to rush to a historical high.

In 2022, international oil prices fluctuated violently due to the impact of the war between Russia and Ukraine. It is expected that in 2023, sanctions from European and American against Russia may lead to a shortage of crude oil supply. With the gradual relaxation of China's pandemic control measures, the demand for crude oil may rebound sharply in the second half of 2023, pushing up global oil prices. But the recovery of the demand for global crude oil is still constrained by the global economic outlook. Analysts generally expected oil prices to rise only modestly (that is, below US\$100 per barrel) in 2023, maintaining the same levels as the current.

Per the survey results released by Reuters on December 30, 2022, the 30 interviewed experts predicted that the annual average price of Brent Crude in 2023 will be US\$89.37 per barrel, which is about 4.6% lower than the US\$93.65 expected in the survey in November. The annual average price of West Texas Intermediate (WTI) in 2023 will be US\$84.84, which is also lower than the consensus forecast of \$87.80 in November.

In the Short-Term Energy Outlook published by the U.S. Energy Information Administration (EIA) on February 7, 2023, U.S. crude oil production will rise in 2023 while demand will remain stable. As Reuters reported, the EIA's latest forecast believed that crude oil production will rise by 0.59 million barrels per day in 2023 to 12.49 million barrels per day, and increase by another 0.16 million barrels in 2024 to 12.65 million barrels per day, slightly higher than the 12.4 million barrels per day forecast in February 2022 for 2023.

Not only did the EIA say U.S. consumption of petroleum and other liquid fuels will remain stable at 20.3 million barrels per day in 2023, it also forecasted a slight contraction in the U.S. economy in the first six months of 2023. "Globally, China's demand will increase by 0.7 million barrels per day in 2023 and 0.4 million barrels per day in 2024, as China quits the dynamic zero-COVID policy. In 2023, Russia's oil and other liquid fuel production will decline 1 million barrels per day, reaching 9.9 million barrels per day. But the figure was 0.4 million barrels per day higher than that forecasted in January, as Russian exports remained higher than previously expected. Brent Crude will fall to about US\$82 a barrel in the second half of 2023 from US\$85 in the first half of the year, which is due to that global oil production exceeded demand and built inventories. A Reuters

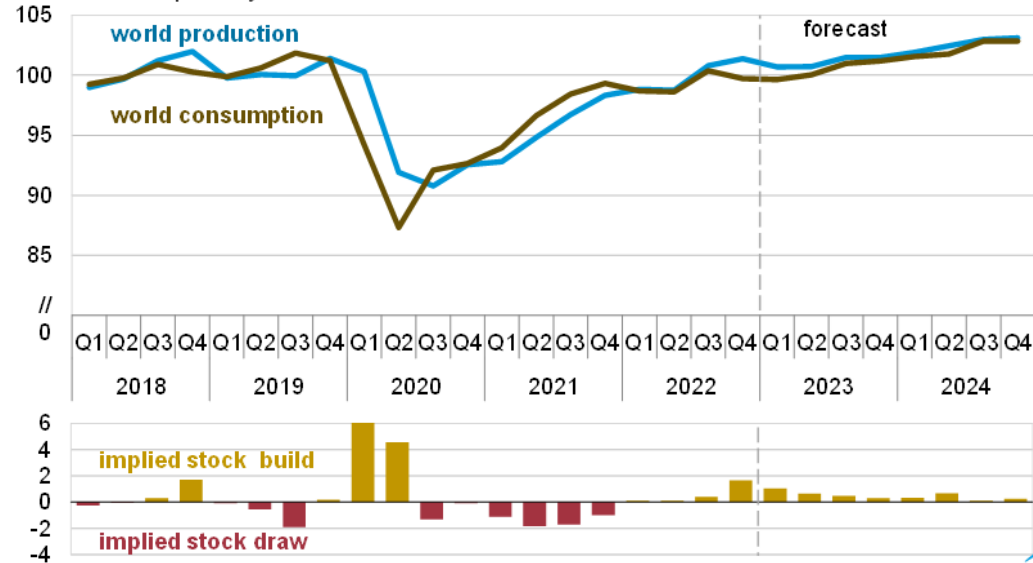
poll of 49 economists forecasted an average Brent Crude price of US\$89.23 a barrel in 2023, down from US\$90.49 in the poll in January but still higher than current levels. WTI Crude was forecasted to an average US\$83.94 a barrel in 2023, down from US\$85.4 in the previous poll. Morgan Stanley forecasted that Brent crude prices will fall in the range of US\$90 to US\$100 in 2023, while Goldman Sachs has revised down from the previous US\$98 to US\$92.

On the other hand, OPEC stated in its monthly report in January 2023 that the global oil market will be slightly tighter than previous forecasts, raising its demand forecast and lowering its supply outlook. OPEC expressed that it raised its forecast for the amount of crude oil needed to be extracted in 2023 by 0.25 million barrels per day to an average of 29.42 million barrels per day. We expect the market to be roughly balanced in 2023 based on the current output rates of OPEC. OPEC said that it plans to stick to the production quota set at the end of 2022 for the rest of 2023, even if there are disturbances such as geopolitical conflicts. The UAE energy minister reiterated that global crude oil market is in balance as demand growth in some places was offset by slower demand in other regions.

### Estimations of Changes in Global Oil Inventories, Production and Consumption

World liquid fuels production and consumption balance

million barrels per day



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, February 2023

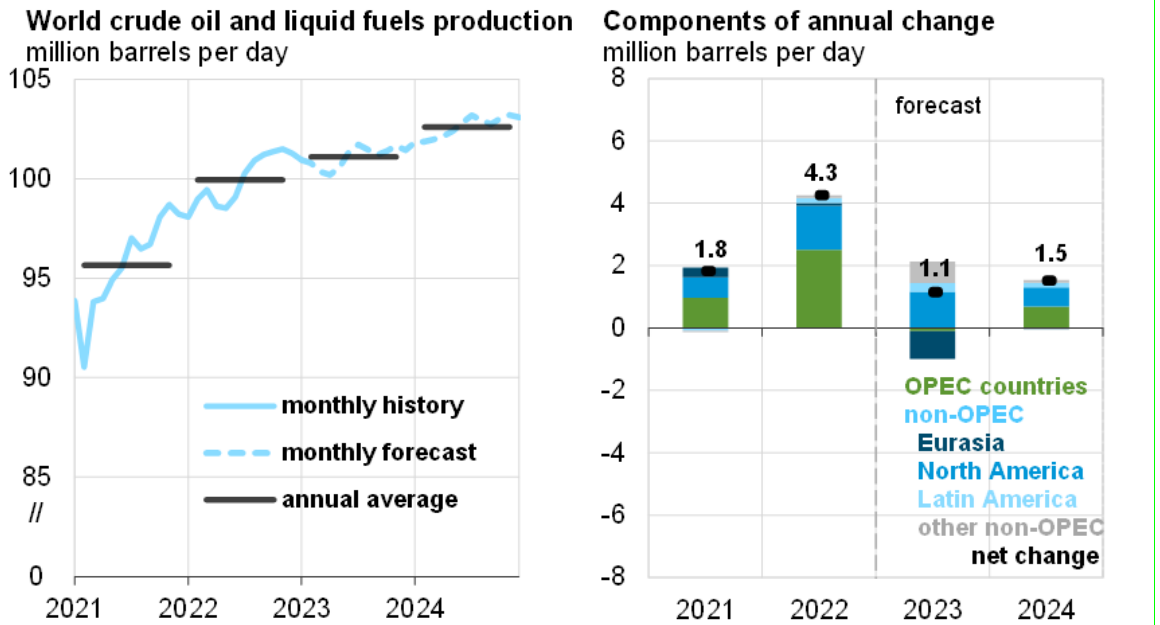


Data Source: U.S. Energy Information Administration (EIA)

As for capital spending of production leaders in global oil and gas exploration, Exxon Mobil (XOM.US) and Chevron (CVX.US) will plan to increase their energy project spending in 2023, even with high oil demand and prices. Exxon Mobil stated that it will increase its investment to US\$23 billion to US\$25 billion in 2023, up from a planned US\$22 billion in 2022. Chevron planned to invest US\$17 billion, up from about US\$15 billion in 2022. The increased funding will be used for new funding for emissions reduction projects and inflationary cost increases. Other U.S. and European producers planned to resume their spending cuts occurred during the

pandemic. Shell's (SHEL.US) capital spending in 2023 is expected to increase by 22% to US\$23 billion to US\$27 billion. British Petroleum (BP.US) will spend US\$15.5 billion in 2023, up 21% from 2022. Shale oil enterprises maintained relatively conservative investment efforts. The Wall Street Journal reported that U.S. shale oil enterprises are unlikely to continue the practices of adding new production capacity in 2023, and they have indicated that they did not intend to go back to the growth model of at all costs.

### Comparison of Global Oil Output and Demand



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, February 2023



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

#### B. Semiconductor equipment industry

After two years of robust development, the semiconductor industry began to signal high inventory and investment delays in the second half of 2022. Micron, the memory leader, laid off employees in a low-key manner and suspended some investment schedules, which was also mentioned in TSMC's statement in January 2023. In this case, it is expected that the global semiconductor (excluding memory) in 2023 will decline by 4% compared with 2022, and the OEM market of fabs will decrease by 3% YoY. TSMC can still see slight growth. Capital expenditures for the full year of 2022 were revised down to US\$36 billion, which is nearly 20% lower than the estimate at the beginning of 2022. According to the World Fab Forecast released by SEMI in December 2022, the fab equipment market will reach US\$94.8 billion in 2022, an increase of 8.3%, and will drop by 16.8% to US\$78.8 billion in 2023. It is expected to recover to US\$92.4 billion in 2024, an increase of 17.2%. Among them, Taiwan, South Korea, and China are still the top three dominators for capital expenditure this year. SEMI also stated that in 2022, a total of 33 chip manufacturing plants around the world were started construction, hitting a new high; in 2023, up to 28 new chip

manufacturing plants will start construction.

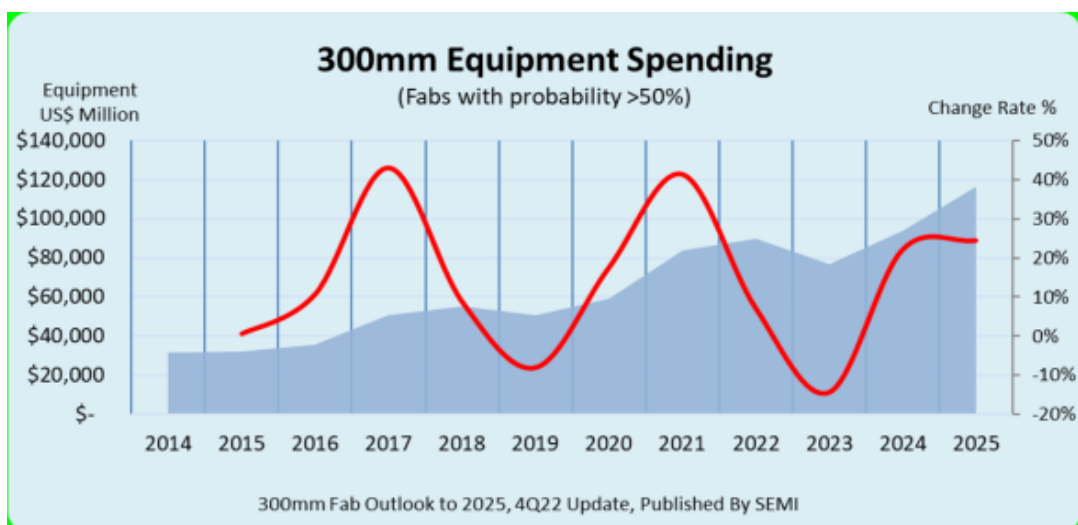
In terms of market trends of global semiconductor equipment, driven by advanced processes, the market scale of front fab equipment has expanded from \$30 billion in the first half of the 2010s to a recent \$60 billion level, and reached up to \$94.8 billion in 2022. Global Tek Group has been supplying key components for fabs high-purity fluid control and semiconductor equipment for more than 20 years. The never-ending new fabs and equipment expansion will underpin Global Tek Group's growth in the field of semiconductor applications. The correction of high end-market inventories did not directly affect revenue.

### Estimation of the New Front Fabs and Equipment of Global Semiconductor from 2019 to 2023



Data Source: SEMI

### Estimation of the Number of Global 12-inch Fabs and Equipment Investment Trends From 2014 to 2025



Data Source: SEMI

### C. Bicycle Industry

Bicycle is an environmentally friendly tool of commuting, traditional bicycles do not need any external fuel or power supply. Electric bicycles are the combination of traditional bicycles with electric motors, and electric motors are built in the wheel hub of the rear wheel or front wheel of the bicycle, connected to the pedal of the sprocket, you can choose the human pedal or electric assistance at the same time.

During the COVID-19 pandemic over the last three years, people chose to drive themselves regardless of taking a mass transport vehicle with a high risk of infection, and riding a bicycle has become the highest CP value and the most flexible option. In addition to commuting needs, most countries are still allowed to go out to exercise when lockdown, some countries "pay subsidies" to encourage people to exercise, coupled with Milan, Paris, London and other major cities to take advantage of the epidemic to transform the cityscape, widen the bicycle lanes, implement the "car-free plan". Various states in the U.S. have gradually legislated to classify the electric bicycle as "electric moped" instead of "electric motorcycle". In addition to the tax rate is more friendly, access to leisure areas such as National Park is also unlimited, the above contributed to the bicycle industry to break through the previous image of "traditional industry" after 2020 and became a new sensation. Components of all levels and vehicle brands had to face the pressure due to strong demand. Subject to the high growth dividend brought about by the COVID-19 pandemic, however, this was rapidly corrected in the second half of 2022.

Global inflation and interest rate hikes have caused the spread of consumption deflation, in which cases the industry estimates that the destocking of low- and mid-end bicycles will take at least until mid-2023. Demand for high-end vehicles and e-Bike is relatively stable. Shimano, a major transmission manufacturer, still encounters the problem of shortage of materials, but the delivery time is not as long as it used to be more than a year. The improvement in the lead time of its key components will also accelerate its destocking. Quantitatively, in 2023, the progress of destocking will affect the momentum of shipments in 2023. e-Bike and high-end bicycles showed relatively promising growth. Featuring light weight, improved battery life, new belt drive system, new product design and technology will be the main growth drivers of the market in 2023.

In recent years, "short chain" has been rethought by major brands in response to the carbon tax policy. That is, localized production is prioritized rather than focusing on the cost of a single component. Typical cases in this respect are SRAM which increased the production capacity of various parts and components of its Portuguese factory; Pon.Bike just decided to establish an assembly plant with a production capacity of 0.6 million bicycles in Lithuania; BOSCH invested in a new plant in Slovakia for e -Bike motor production, and simultaneously moved its electric bicycle system (Bosch eBike Systems) to Taichung, etc. These efforts are designed to substantially reduce the increase in carbon emissions associated with transporting finished goods.

The global bicycle market scale in 2019 is about US\$65.4 billion, according



to Fortune Business Insights' October 2021 report, based on 2020, the global bicycle market will reach nearly US\$147.2 billion in 2027 at a compound annual growth rate of 6.1%, while Persistence Market Research forecasts a compound annual growth rate of 5.4% from 2020 to 2030. A research report published by TechNavio on November 21, 2022 forecasted that the market size of bicycles will grow at a compound annual growth rate of 6.32% from 2023 to 2027; among them, that of high-end bicycles during the same period will be 6.16%. For global electric bicycles, market analysts estimated the compound annual growth rate of the electric bike market to be about 10-11% before the pandemic, and the latest optimistic report of Facts and Factors in the U.K. rose up to 14.9% in January 2022. After the pandemic has been slowed down, the forecasts of all parties are relatively conservative and have been revised downwards. Prescient & Strategic Intelligence estimated that the compound annual growth rate from 2022 to 2030 will be 10.4%, of which the North American market leads other markets with a growth rate of 14.6%.

### Global Bicycle Industry Growth Forecast from 2023 to 2027



Data Source: Technavio

The data released by the Department of Statistics, Ministry of Economic Affairs, R.O.C., on January 16, 2023 showed the trend of the bicycle industry in Taiwan, China in the past 10 years. Due to the winter blizzard in Europe and the United States (in 2013), the upsurge of shared bicycles (in 2016 and 2017), and the outbreak of the global COVID-19 pandemic (in 2020), the sales of high-end vehicles were slow, showing negative growth. But the rest of the years were all positive growth. In 2021, the demand for electric bicycles and bicycle parts in Europe and the United States grew rapidly, and the output value climbed to US\$176.8 billion yuan, an annual increase of 34.5%. This is mainly due to the stable environment and the stabilization of the global economy. In 2022, Taiwan's manufacturers mainly produced high-end vehicles and electric bicycles, and the market demand will still be high, although the overall bicycle market has excessive inventory. As a result, this situation continued to hit new highs throughout the year, driving

an output value of \$182.4 billion from January to October, exceeding that of the entire year in 2021, with an annual increase of 26.4%.

Since entering the bicycle component supply chain in 2016, Global Tek Group has been deeply affirmed by customers of international well-known brands in key parts such as suspension systems and drive systems of high bicycles, electric bicycles, mountain bikes and competitive bikes, and its performance has continued to grow.

(3) Aerospace industry

Major aircraft and engine manufacturers in Europe and the United States have adopted a global division of labor to establish a component supply chain system, taking Boeing and Airbus aircraft manufacturers as an example, which can be divided into four stages, the Group's main supply object is the Tier 1 International Building in the industrial value chain, and the products include precise machining parts such as primary/secondary flight control system actuators of A380, A320, B787, A220, A350, heat exchangers used in LEAP engines (B737 max, A320 neo, C919), proximity sensors and pilot seats. In 2023, Boeing & Airbus will synchronously increase the monthly assembly capacity as the market demand picks up and the supply chain delivery and cost issues are slowed down.

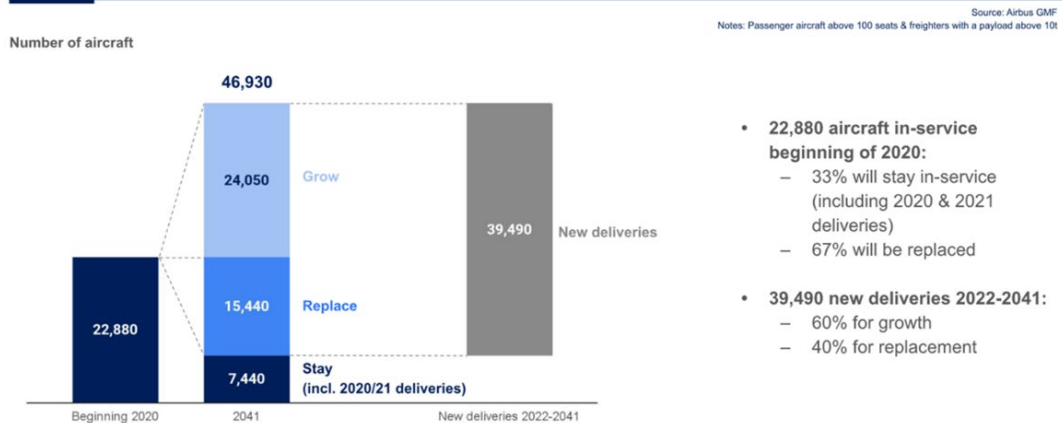
With the resolution of the B787 quality problem, Boeing has begun to destock 110 aircraft, which is expected to be cleared in 2024. It is projected to start assembly capacity of 5 aircraft per month in 2023. Boeing's goal is to deliver 70-80 aircraft in 2023. B737max Boeing is expected to deliver 450 aircraft in 2023. The inventory of more than 200 aircraft are expected to be destocked in 2024 (including an order of 140 aircraft from mainland China). However, the progress of destocking will be subject to China's approval of B737 max re-flying.

Airbus plans to deliver 720 aircraft in 2023, and A320 neo is estimated to assemble 50 aircraft/month in 2023. Airbus has embarked on a supply chain ramp-up plan for the time being. It plans to raise its production capacity to 65 aircraft/month in 2024 and 75 aircraft/month in 2026. It is estimated to assemble seven A220s/month; the current production capacity of A350 is 6 aircraft/month, which plans to increase the production capacity to 9 aircraft/month in 2026. As of the end of 2022, Boeing had about 4,500 outstanding orders and Airbus had about 7,200 outstanding orders.

By 2041, Airbus estimates demand volume for new aircraft to reach 0.39 million, while Boeing estimates 0.41 million aircraft, both of which say about 75% of new aircraft come from single-aisle airliner orders, indicating that high-performance, new, small and medium-sized aircraft will be a demand trend for the aviation industry.

## Market Estimate for 2020 to 2024:

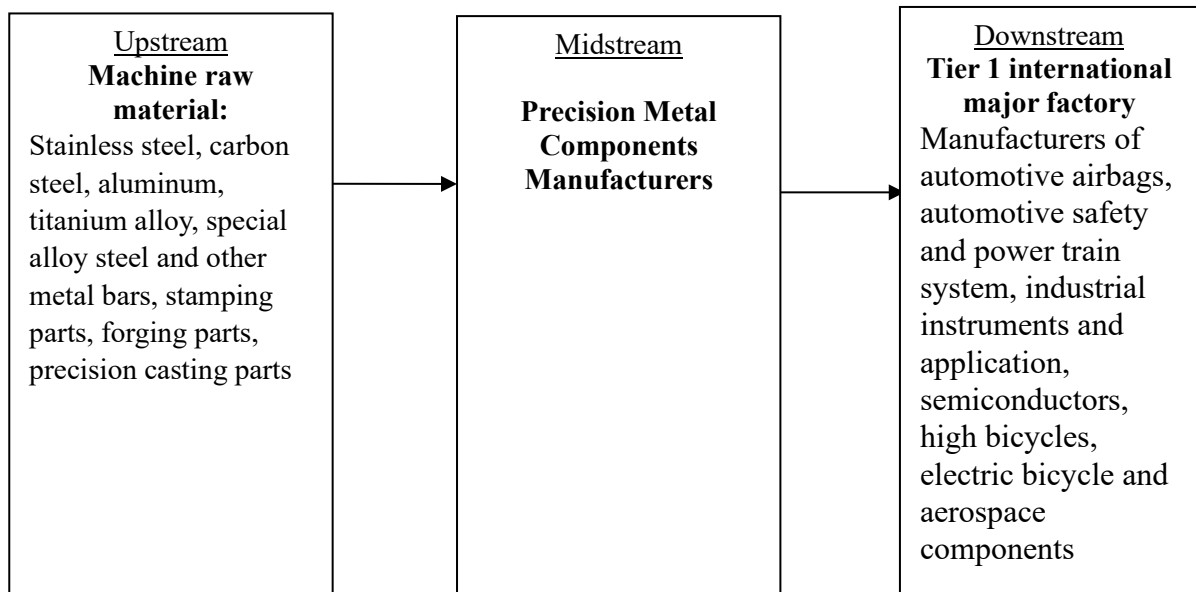
### Demand for ~39,500 new passenger & freighter aircraft



Data source: Airbus Website

## 2. Correlation between Upstream, Midstream, and Downstream of Industry:

This Group for the auto industrial applications and aerospace components precision components suppliers, Tier 1 companies industry upstream of the supply chain for machining and related production equipment, raw materials procurement needs for all kinds of metal bar, including stainless steel, carbon steel, aluminum alloy, titanium alloy, special alloy steel and other metal bars and stamping parts, forging parts, precision casting parts. Products include automotive safety and driveline components, industrial instruments, semiconductors, advanced bicycles, electric bicycles related components and aerospace components, which belong to the middle of the industrial supply chain. Downstream r are the international Tier 1 factories in various industries, with a wide range of products. The upstream, middle and downstream relationships of the industrial supply chain are as follows:

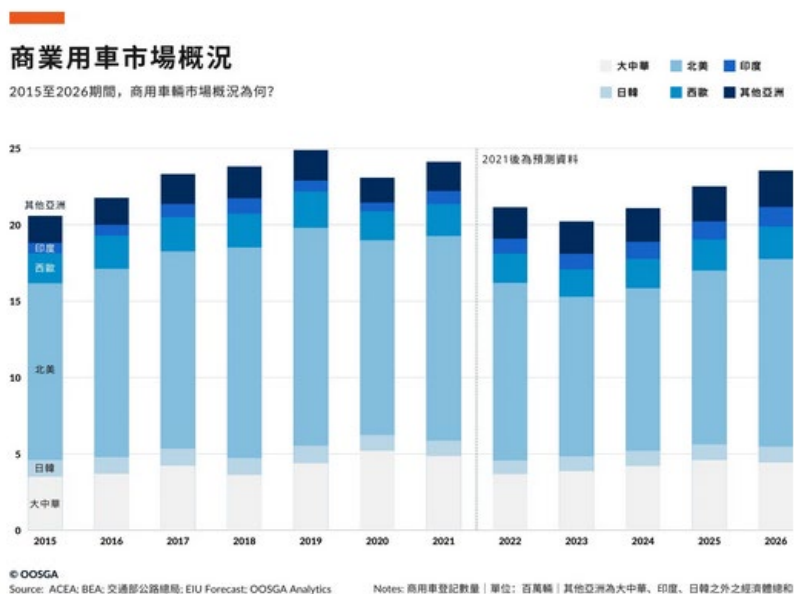
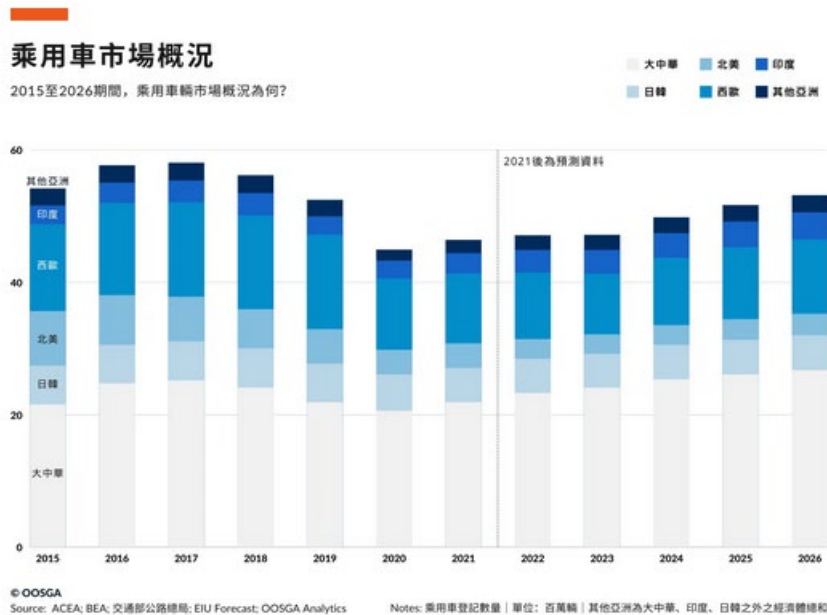


### 3. Various development trends and competitive situations of products:

#### (1) Various development trends of products:

##### A. Global automotive market

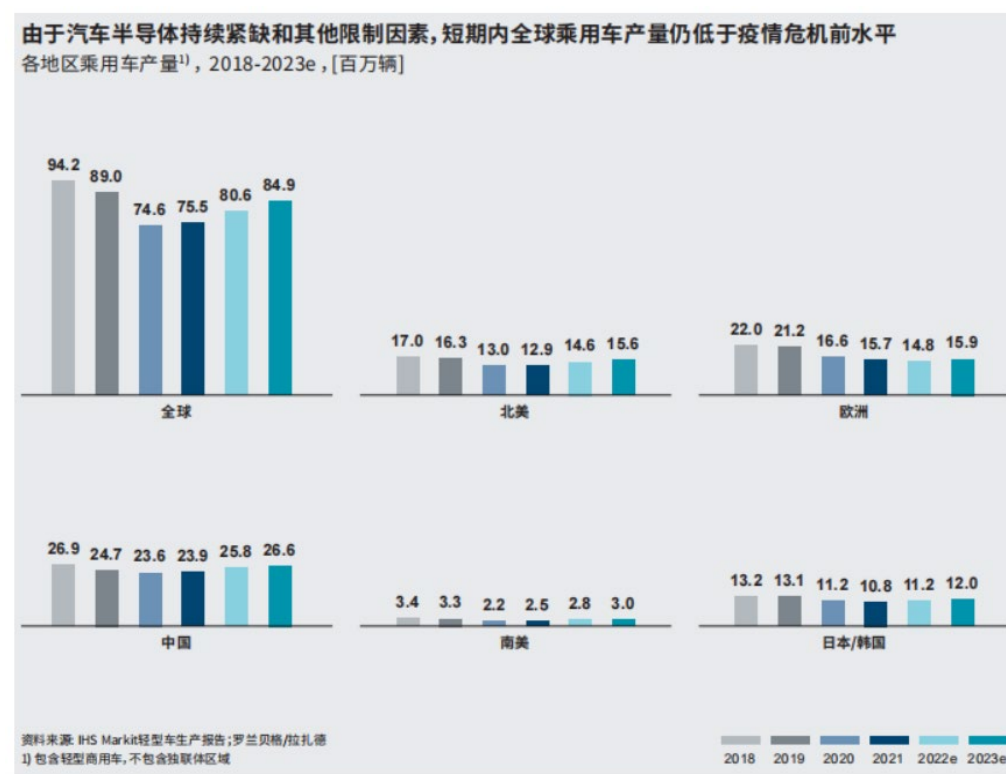
In 2012, the number of passenger vehicles registered worldwide was about 5.37 million. In 2022, however, the total number of passenger vehicles in the world was only nearly 5.32 million, and only a few countries experienced growth during this period. Cases in this respect include countries such as China that have gradually shifted from developing countries to developed countries, Poland, and Malaysia. In the past ten years, as China's supply chains were transferred out, people's livelihood has become more and more prosperous in markets such as Vietnam, the Philippines, and India. Besides, there are South Korea and Taiwan, which have ushered in significant growth in per capita GDP among advanced markets in recent years.



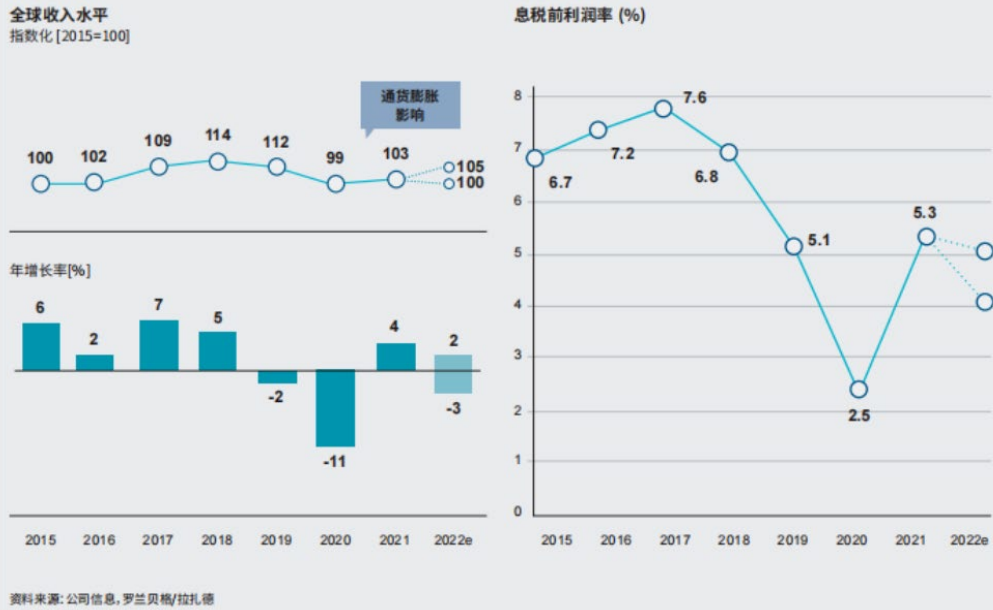
## B. Global automotive components industry

We have suffered from semiconductor shortages and supply chain problems, although 2022 was thought to be the year of recovery from the COVID-19 crisis. Ultimately, ongoing market frictions have temporarily broken off the five-year growth in the global automotive components supplier industry. The global auto industry is seeing its third consecutive year of crisis since the COVID-19 pandemic, with an above-average financial burden. Traditional automotive components suppliers also have to face the same crisis. In addition to the repeated pandemic, various short-term challenges were highlighted, such as the shortage of semiconductors in 2022, the conflict between Russia and Ukraine, and the subsequent soaring raw material prices and factor cost increases.

In terms of profitability, the majority of traditional manufacturers faced the challenge of low profit margins. Besides, inflation and interest rate hikes will make it more difficult for component suppliers to refinance. As a result, funding becomes scarce and expensive at a time when technical operational improvement needs it most.



汽车零部件供应商盈利能力较2019/2020年之前大幅下降, 预计将面临进一步的利润压力  
汽车零部件供应商关键绩效指标, 2015-2022e (n≈600)



Pressures on automotive components suppliers include:

- Semiconductor shortages continued to affect the automotive industry, which is expected to ease in the medium term.
- Geopolitical events and rising energy costs were driving up raw material costs in the supply chain, particularly affecting Europe.
- Freight costs in 2022 continued to eat into margins for component suppliers as it remained at all-time highs and stayed high. A pullback will not reverse the negative impact.
- There will be uncertainties in the production of complete vehicles in the next few years; it is difficult to uphold the production of parts suppliers due to sharp fluctuations in short-term orders.
- Due to major industry transformation, OEMs continue to exert pressure on component suppliers to reduce costs.
- In order to make up for the value-added loss compared with fuel vehicles, OEMs are expected to internalize specific systems for self-supply in the new generation of electric vehicles.
- There are still uncertainties about whether China will become the most important growth engine for the global automobile industry in the future.
- Funding costs will increase as global central banks are still expected to raise interest rates to deal with inflation risks.

Judging from market regions, North American suppliers share the highest profit margins, followed by Europe and Japan. But this is reversed in China, where margins are highest between 2018 and 2020, before falling to average in 2021.

In terms of firm size, it is the opposite of previous years. Very large component suppliers with revenues of more than €10 billion were the most profitable, with an EBIT margin of 5.9 percent in 2021. Large component suppliers with revenues of €2.5 billion to €5 billion saw the most stable margins, with an EBIT margin of 5.1 percent in 2021. Those component suppliers with revenues below €500 million had the lowest profit margins, with an EBIT margin of 2.8 percent. According to historical data, mid-sized component suppliers with revenues between €1 billion and €2.5 billion saw the largest decline in profit margins, from 8.7 percent in 2018 to 3.7 percent in 2021.

Overall, those large automotive component suppliers with broad product portfolios are able to successfully usher in the increasing and persistent challenges. Their stronger resilience against crises will help them better utilize their advantages of regional or product diversification and financing methods. The significance of component suppliers' capabilities has been highlighted in 2022, and even more so in 2023 and thereafter.

C. Automotive safety systems market

Asia Pacific is the largest region of the automotive airbag market. Countries such as India, China, and Japan are constituting strict regulations for passenger safety in the Asia-Pacific region. The increasing demand for vehicles with additional safety equipment also prompts the demand for automotive airbags.

North America is the fastest growing region in the automotive airbag market. Due to advances in technology, the United States is the largest consumer country of automotive airbags. In the Automotive Airbag Market in the Asia-Pacific region, sales volume of electric vehicles are rising, which also prompts the demand for automotive airbags.

D. Industrial applications - oil and gas industry

The energy market has shaken higher due to a number of factors such as the rebound of demand in the post-COVID-19 period, the weakening of demand by issues such as inflationary ESG, the resumption of supply of Iranian crude oil, and the dispute between Ukraine and Russia. Most research reports forecast a modest increase in oil prices in 2023. OPEC forecasted that global oil consumption in 2023 will exceed the level before the COVID-19 pandemic, reaching an average of 101.87 million barrels per day, an increase of 2.3 million barrels per day. OPEC raised its 2023 world economic growth forecast from 2.5% to 2.6%, and its Eurozone economic growth forecast in 2023 from 0.4% to 0.8%. The increase in production capacity of the oil industry signifies the maintenance of existing equipment and the input in new oil exploitation equipment, that is, its demand for industrial instrumentation and fluid control components.

E. Industrial Applications - Semiconductor Equipment and Building Markets

In response to market development, the global semiconductor market has seen an increase in demand for deployment of 5G, data centers, high-performance computing (HPC) and artificial intelligence (AI), and

automotive chips. Fab new plants will peak in the first half of 2022, and the SEMI forecast for global investment in 2023 will be revised downward by about 17%. It will return to the level of 2022 in 2024. It is estimated that 28 new fabs will be built throughout the year, slightly less than the 33 fabs in 2022. In 2023, the demand for high-purity gasification pipeline components for semiconductor equipment and fabs is not as high as in 2022. However, the unresolved orders and the demand for new plants will still maintain the overall high-end shipments.

F. Industrial Application - Bicycle Industry

In 2023, the bicycle market will be revised downwards. In the first half of 2023, all kinds of brands will actively cut prices and promote sales to reduce inventory pressure. It is expected that the bicycle market will return to the mild upward trend before the pandemic after the second half of 2023. New product development and import will enter mass production in the second half of the year to drive the performance.

G. Aerospace components industry

The future growth of the aerospace industry as a whole will be driven by changes in global total passenger revenue (RPK), which is estimated to grow to us \$16.5 trillion by 2036. New demand forecast, mainly from the single-aisle aircraft orders, reflects the highly effective new type of small and medium-sized aircraft become aviation passenger transport industry demand trends, according to a global engine manufacturer CFM is engine in alternation of generations, from the current service of CFM56 change into LEAP, can improve fuel efficiency and reduce 25% 15% of the engine weight, the future will be a single aisle Passenger aircraft engine carrying mainstream, for the relevant components demand is expected to take off at the same time.

(2) Product competition:

A. Airbag components

For the international large manufacturers selling automobile airbag inflators, product stability, reliability and delivery efficiency of suppliers are the primary considerations, and the stable quality of machine-added raw materials is one of the key factors to achieve the high safety requirements of international large manufacturers. Global Tek group and domestic raw material suppliers jointly develop strategic steel products certified by customers. Global Tek corp. has a comparative advantage in importing steel from abroad compared with its competitors, and can control the delivery date of raw materials. In addition, the group can grasp the delivery status of the customers in the first time through the procurement and delivery system linked to the main customers, so as to strengthen the supply chain management, so that the group can quickly respond to the change of customer demand, improve the adhesion between the group and the customers. On the other hand, after the Takata airbag explosion incident and the acquisition by KSS, the overall industry becomes more centralized and the development of new technologies or materials tends to be conservative, raising the entry threshold of potential competitors.



#### B. Transmission components

Based on safety considerations, vehicle components must pass strict safety standards. The process from qualification and verification to delivery of samples takes a long time and costs. Therefore, only suppliers with excellent precision machining and quality control capabilities can be recognized by Tier 1 manufacturers. There is a close relationship between the upstream and downstream of the overall supply chain, and only a few suppliers supply the same component. Therefore, if Tier 1 manufacturers want to change suppliers, they not only have to convince the original manufacturers, but also have to spend a long time on the certification of the new supplier. For the same component, the barriers to entry for competitors are high based on cost-effectiveness considerations.

#### C. Industrial application components

The industrial application products of Global Tek Group are mainly the key components of industrial instruments, semiconductor process equipment, high-purity electronic gas conveying pressure flow control unit, high-order bicycles and electric bicycles, etc. The workpiece surface requires high cleanliness, high corrosion resistance, high surface smoothness and long product life cycle. The challenge is that customers require short development period and immediate mass production. At the same time, accurate tolerance control and flexible production line capacity allocation must be achieved, and more importantly, machining process or product size must be modified according to customer design changes at any time. Quality and production stability requirements are relatively strict. Industrial application component using the lost wax casting, die casting or forging production of thick sheet, or directly using a metal materials, the multistage output end parts precision machining way, its characteristic is customization, material and process heavy and complicated, so to master the material characteristics and process control ability, an important factor for successful production. Global Tek is one of the few Taiwanese companies with precision dewaxing casting production line and service integration of advanced precision machining technology. Global Tek has successfully developed the ring wavy process for Emerson Group and is Emerson group's preferred supplier of precision dewaxing casting parts in Asia. The group is also the exclusive supplier of semiconductor and electric bicycle leading brands in the world, with comprehensive processing and integration capabilities. Due to the high initial investment in equipment, the manufacturing process has to be accumulated for many years and other entry barriers, so the group occupies a key position in the supply chain of various related industries.

#### D. Aerospace components

Since the supply of engine manufacturing and components of high complexity, high precision technology and strict testing and certification, through the international companies in the production of products for the engine to recognize when an indispensable component of are customized products, the request of the customer based on zero defect quality, rely on long-term cooperation of qualified suppliers, the group with a major

international Tier 1 major factory has a long-term supply relationship. As the quality technology and professional services provided by the group are highly recognized and competitive with other related industries, the supply chain replacement may be low.

### (III) Overview of Technologies and R&D

#### 1. Technical level, R&D of the business

##### (1) Technical level

Global Tek is a precision metal parts processing manufacturer providing customers with integrated technical services. Its main technology is precision computer-controlled lathe, milling machine, turning and milling compound machine, multi-axis machining lathe, milling machine, grinding machine, surface treatment and other precision development. In addition to continuing to deepen the core of precision processing technology, it actively develops toward the production of intelligence and development of equipment automation, to try to participate in the large development plan of major car companies and deliberate the needs at the early stage of the product design process, thus providing customers with stable quality and optimizing the cost of a variety of products to choose. In addition, Global Tek Group has improved and integrated production automation to increase efficiency, the speed and quality of new product development, and its overall market competitiveness.

##### (2) R & D

The characteristic of the industry lies in responding quickly to customer requirements. In order to improve the feasibility evaluation of new product development, production and delivery efficiency, to create product differentiation and improve the safety and reliability of the market competition, R&D is focused on the development of advanced production management technology and high value-added products.

###### A. Promote intelligent production management

Fully imported Siemens UG CNC Simulation and processing program operation with MES, developed production management, Intelligent monitoring, tool management and other application software to optimize the processing efficiency of CNC tool machine itself, and the production line of all kinds of machine information gathered to the cloud platform, so that engineers can instantly master the equipment status, collect production data for in-depth analysis, so as to shorten the development time, improve the efficiency of trial machine, Strengthen quotation speed, workpiece processing accuracy, and import strategic suppliers to closely integrate the group supply chain to provide customers with rapid service.

###### B. Provide one-stop customer service for aerospace components

Integrated key processes for aerospace components, including front-end material molding, precision machining and SPECIAL NADCAP surface treatment processes, hard anodic treatment, including surface treatment and rear grinding, combined with assembly and functional testing to reduce external failure costs, greatly improve product reliability and profitability.

- C. Improve process technology to enhance product added value
- a. Continue to import complete sets of cleanliness testing equipment to meet the requirements of high cleanliness of oil and gas, petrochemical, liquefied, gas, food, medical, semiconductor, photoelectric and solar industries, and enhance the added value of products.
  - b. Automatic inspection of belt pulley of inductor coupling damping device.
  - c. Automatic inspection of camshaft back cover.
  - d. Continuous introduction of in-factory microassembly lines for semi-finished products.

2. R&D personnel and their academic experience

December 31, 2022, Unit: person

Education	Number	Percentage (%)
Master's degree or above	1	1.82
University	28	50.91
Junior College	21	38.18
General and Vocational High School	5	9.09
Total	55	100

3. R&D expenditure in the most recent year and up to the publication date of the annual report

Unit: NT\$1,000

Item	2022
R&D expenditure	142,858
Net Operating Revenue	4,986,366
As a percentage of net revenue	2.86%

4. Successful technology or product development in recent year and up to the date of annual report publication

Year	Item or Achievement
2022	<ol style="list-style-type: none"> <li>1. Cooperate with the world's leading bicycle parts brands to develop the new construction method and new configuration of bicycle drive components, which is expected to be mass-produced in the second half of 2023.</li> <li>2. The key components of the braking safety system have been successfully developed.</li> <li>3. The key components of the braking safety system of new energy vehicles have been successfully mass-produced in Q2.</li> <li>4. Develop EPS steering system key components.</li> <li>5. Develop key components for new energy vehicles and autonomous driving.</li> <li>6. Develop key components of vehicle pressure sensor.</li> <li>7. Develop and mass produce imported motor shaft products.</li> </ol>
From January to March 2023	<ol style="list-style-type: none"> <li>1. Develop special-purpose industrial fluid control valves and pipeline fitting, which are expected to be delivered in 2023.</li> <li>2. Develop key components of chassis system.</li> <li>3. Develop in-cylinder brake components for commercial vehicles.</li> </ol>

#### (IV) Long and short term business development plan

##### 1. Short-term development plan

- (1) Expand the business opportunities of automobile airbag system
  - A. Enhance the penetration rate of airbag detonator products outside the US market, and deepen the cooperation with the purchasing departments of major customers outside the US.
  - B. Automotive active safety system development supply chain in international major factories, such as automatic emergency braking (AEB) hydraulic control system and other components.
- (2) Develop high value-added products by participating in customer initial material and process research and development.
  - A. Develop EPS steering system key components, such as input shaft, intermediate shaft and other products.
  - B. Develop key components of braking and steering system.
  - C. Develop deep drawing parts for stamping products.
  - D. Develop components of hydraulic control system for engine auxiliary brake.
  - E. Continuous development of belt tensioner shafts and OAD Shaft, crankshaft and other key components for both conventional and hybrid systems.
  - F. Continuously develop precision stainless steel gear processing technology, and import components of existing customers' patented bicycle leather belt transmission system products.
  - G. Develop key components of pressure sensors and flow sensors for the new energy industry.
- (3) Develop precision machined metal components that can be applied to new energy vehicles and autonomous driving.
- (4) Develop key components of vehicle pressure sensor.
- (5) Develop key components of medical equipment.
- (6) Develop key components of optical products.

##### 2. Long-term development plan

- (1) Reduce the proportion of traditional metal parts with low added value, and increase the proportion of automobiles, bicycles, industrial applications, semiconductor equipment and aerospace products with high added value.
- (2) Integrate resources within the company to replace labor-intensive process and inspection with automation.
- (3) Vertical integration of important processes, strengthening front-end material and back-end surface treatment capacity and equipment input, reducing the risk of external failure costs to improve profitability.
- (4) Talent cultivation Combined with colleagues' recognition of the company's culture, we will continue to focus on cohesion of employees, improve employees' recognition of the company's culture and future development, and cultivate the values of common prosperity, give full play to the strengths of all colleagues, and make the company's decision-making and output more efficient.

- (5) Improve the transparency and the external supervision strength, to carry out the company's internal governance, and through the public and financial statement disclosure of information, let the market and investors understand the company's business philosophy The direction of operations and financial health, in order to obtain market and investors' feedback, improve the external supervision power, strengthen the company constitution, improve the company's financial business development.

## II. Analysis of Market and Production and Marketing Situation

### (I) Market Analysis

#### 1. Main product sales regions:

Unit: NT\$1,000;%

Sales Region		2021		2022	
		Amount	Proportion	Amount	Proportion
Taiwan		227,784	5.29%	304,406	6.10%
Foreign Sales	Asia	1,851,123	42.99%	1,933,249	38.77%
	America	1,667,691	38.73%	2,105,965	42.23%
	Europe	559,342	12.99%	642,746	12.90%
	Others	0	0.00%	0	0.00%
	Subtotal	4,078,156	94.71%	4,681,960	93.90%
Total		4,305,940	100.00%	4,986,366	100.00%

#### 2. Market Share:

The Group is a professional manufacturer of precision metal parts. The automotive components, industrial applications and aerospace components of the Group are all a small number of diversified customized products, so it is difficult to separately calculate the market share of these three products. Since its establishment, the group has been adhering to the concept of customer service, and continues to develop and grow with the international leading brand customers in the industry, so the turnover is growing year by year. In the future, the demand for niche products such as automotive components, bicycle components and aerospace components continues to grow, the group's turnover still has great room for growth.

#### 3. Future supply and demand and growth of the market:

##### (1) Automobile industry

###### A. Demand side

Since 2020, Global automobile industry has not only been affected by the epidemic, but also has been facing the issue of zero carbon emissions. Now it can be said that "banning the sale of fuel vehicles by 2035" has gradually become a consensus in major markets around the world. In this regard, the European Union has announced laws, and the United States has legislation in California and New York (other states are expected to follow suit). And China, as the largest market, has the fastest development speed of electrification. Although there is no legislation there, China does not need to be bound by laws and regulations in fact. Subject to this, large-scale automakers have launched future transformation plans in the past two years on end. Facing oil prices that are unlikely to fall, extensive charging

facilities, and diversified prices of electric vehicles of China's own brands, the total Chinese market is likely to jump again from 5.5 million vehicles this year to more than 8 million vehicles (currently the sales of a single month have reached the 0.6 million vehicles). Moreover, China will further accelerate the development of electric vehicles of major international joint venture brands.

#### B. Supply side

In 2022, after the difficulties of the pandemic, logistics, chip shortage, the war between Russia and Ukraine, and the confrontation between the United States and China, the production and supply order of the automobile industry was in chaos, and the automakers were struggling to cope with variables. In the post-pandemic era, people's demand for car purchases has been seen. In 2022, however, global vehicle sales dropped sharply, barely maintaining at 80 million vehicles. In the post-pandemic era, people ushered in a new life. Facing this, the previous concept of zero inventory and global procurement in the automobile industry must be adjusted. As a result, the automakers began to shrink the length of the supply chain, and established a "war readiness inventory" for important parts, so as to avoid repeating the mistakes of the chip shortage.

International car manufacturers regard collision safety and driver assistance system as the focus of development to enhance the added value of vehicles. More and more cars are equipped with advanced driver Assistance System (ADAS), large international Tier 1. By virtue of economies of scale and strong strength in product research and development, suppliers can acquire key technologies through acquisition, or cooperate with brand manufacturers to develop automatic driving technology devices, so as to enhance their strength in sensors, image radar, cloud computing and artificial intelligence. The development trend for OEM component supplier lies in the influence of active safety devices function is replacing the passive safety system can be gradually, through the latest new car safety evaluation system (NCAP), although the score for the active safety device, because of the current technology is unable to guarantee fully exempted from the possibility of the accident for the driving safety can be fully. The scoring items of protection and passive safety devices are still increasing, such as the new type of side curtain airbag, knee airbag, bumper airbag and infant seat airbag, so the business of relevant components still has room for growth.

### (2) Industrial Application

#### A. Demand side

Industrial instrumentation applications include stainless steel industrial instrumentation, and pipeline fittings are industrial pipeline fittings that can be used in a wide range of applications, including petroleum refining and production, oil and gas transportation, chemical industry, water treatment, power generation, commercial construction, food and medical. Due to the similar process, it is also used in semiconductor and optoelectronic related industries, with oil and gas and semiconductor equipment industry as the main demand at present. It can be seen from component suppliers in this

industry that the capital expenditure level of upstream manufacturers will affect the future demand for related equipment. In 2020, it was disrupted by the COVID-19 pandemic, but it returned to an upward trend in the second half of 2020 and will continue until 2023. The capital expenditure of the semiconductor equipment industry has increased significantly in 2017, China propped up the semiconductor industry in 2018, and there were ups and downs of the China-US trade war in 2019. Thereafter, this kind of capital expenditure rebounded to 2022 due to that the COVID-19 pandemic has created home demand such as remote work and new applications such as AI unmanned transportation in 2020. The investment in new fabs and expansion of existing fabs in 2023 will be obviously conservative. However, they will still maintain a high annual revenue, under the pouring of the deferral effect of undelivered orders. In recent years, the Group has stepped into the high-end bicycle and electric bicycle industries. Although this industry was affected by the destocking of the market in the first half of the year, it will return to a positive growth curve in the second half of the year after new products enter the mass production stage. Global Tek has successfully become a member of the leading brand supply chain, due to which Global Tek's proportion of customer supply is also increasing year by year.

#### B. Supply side

In general, industrial instruments and semiconductor product life more than ten years and higher-order bicycle and electric bike being highly efficient, high additional value, to the requirement of high precision and reliability, to product design in material selection and processing is more difficult to improve, and composite process increased, so the future will only have comprehensive processing capacity, Manufacturers with high equipment investment can meet the processing requirements. The group will reduce the proportion of investment in its own equipment through cooperation with suppliers, and invest resources in material selection and process development to provide customers with competitive integrated services for industrial application instruments.

### (3) Aerospace industry

#### A. Demand side

It is estimated that the global RPK will grow to 16.5 trillion US dollars in 2040, mainly due to the growth of passengers from emerging economies. 83% of passengers will come from this region in 2040, and the number of flights per capita in China will rise to 3.2 times In the U.S., it was 1.6. The number of aircraft in 2021 is 18% higher than in 2020, and is projected to increase to 0.39 million to 0.44 million by 2040 post-pandemic. Driven by budget airlines and booming emerging markets, about 70 per cent of new aircraft orders are for single-aisle jets, reflecting a continuing shift in demand away from larger aircraft towards new, more efficient small and medium-sized aircraft.

## B. Supply side

Environmental concerns such as improved engine fuel efficiency and reduced exhaust emissions are driving Tier 1 manufacturers, which use CFM's Leap engine on 72% of single-aisle airliners. With an order backlog of approximately 10,300 units in 2021, Leap capacity is projected to increase to 2,000 engines per year in 2023, roughly doubling capacity in 2021, which will drive supplier revenue growth. In terms of Taiwan's aviation and Pacific policy, the leading domestic aircraft companies, with the assistance of the China National Defense Development Center, have promoted Taiwan Aviation and Pacific Industry A-Team 4.0, which covers four industries: Raw materials, tools, machinery, engine components, logistics, attract manufacturers to join, through the aircraft leading manufacturers to provide assistance and guidance, so that manufacturers can obtain the required aerospace specifications certification according to their own advantages, enter the international aerospace industry chain, and form industrial cluster effect.

## 4. Competitive Niche:

### (1) The master degree of key machine materials is high

The Group's airbag gas generator components are mainly made of clean steel jointly developed with Sinosteel, which has passed the sales customer certification. Compared with other competitors, most of the suppliers are from Europe, The United States or Japan, etc., the Group has a relatively high level of control over the delivery time, quantity cost and related inventory of key raw materials, so it can quickly meet the changes of customer demand for goods sold and maintain a stable gross profit.

### (2) Leading quality

Due to long-term exposure to the world's top Tier 1 automotive and aerospace customers, the Group has developed the ability to develop automatic testing and special production process equipment, has dozens of special equipment patents, and has passed the international Automotive quality IATF16949 BSI QS 9000 ISO14000 Aerospace Industry NADCAP Iac AS9100 and other related quality certification meet the special requirements of high precision specifications and quality assurance of products, and has obtained strict quality certification from large system manufacturers, which improves the quality system for the group to expand the market niche.

### (3) Stable and reliable supply chain system

The group has established a complete supply chain to replicate the model of the international large factories, and imported mature products to transfer to reliable suppliers to improve production efficiency, while concentrating its own resources on the development of high value-added niche products, such as key components of automobile engines Aerospace engine components and patented bicycle belt transmission system components, to participate in the development of large international companies, to enter the value chain system of world leaders.



- (4) Introduce intelligent production management, shorten development time and improve production efficiency

Promote the systematization and standardization of the whole operation, fully introduce Siemens UG CNC Simulation and programming operation, shorten the time of CNC programming and trial machine and make the quotation more accurate. In production management, the group developed and imported the manufacturing information management system (MES), can real-time monitor the production related data, can let the ERP product life cycle management (PLM) system, make use of computer-aided software (CAX), combined with statistical process control (SPC) system in the process of production quality parameters monitoring and exception management, and then to strategic suppliers, to achieve the purpose of greatly shortening product development cycle, improve yield and production efficiency.

5. Favorable and unfavorable factors and countermeasures in the future development:

Favorable factor

- (1) Demand for automotive and passive safety continues to grow in emerging markets

Emerging markets, led by China and India, and their domestic demand are driving global growth, of which China is the best. Along with the improvement of people's average income, the dealer depreciate sales promotion, the urbanization policy, tougher safety regulations of automotive safety system and for the guarantee of life safety pay more and more attention to the factors, China's and India's car market demand is expected to continue growing, global auto market remains modest growth trend, leading automotive components market demand.

- (2) New kind types of airbags, the average increase in the amount of application of each car airbag

Consumer awareness of car safety system, coupled with fierce competition between brand automakers, in addition to the front seat airbag has become standard equipment, side sac, curtain type airbag, head and chest airbag, knee airbag and other new applications are coming on the market. Other new solutions, such as bumper airbag, infant seat airbag, anti-rear impact airbag system, inductive airbag and so on, all expand the market size of airbag and benefit the future development of the group.

- (3) International brands will accelerate the release of orders

In the future, brand automakers will focus on new technology development and product design, which means that the outsourcing ratio of automobile manufacturers will increase, and the degree of auto manufacturing undertaken by component suppliers will increase.

- (4) Long-term strategic partnership with international Tier 1 manufacturers

The group high barriers to entry into the industry, new competitors to enter the main customers for JSS, Autoliv, Litens, BorgWarner, Mahle, Magna, Emerson group and Collins, Aerospace. The automotive airbags in the highly concentrated market layout is quite complete, two big main manufacturers all Autoliv and JSS group sales customers, in addition to automotive safety system manufacturing

companies develop active safety device, the group position will help with strategic suppliers for the active safety components of the supply chain.

- (5) The main customers of the Group are scattered in various industries,

Which are less affected by the economic cycle. The main customers of the Group are scattered in automobile safety system, automobile engine transmission system, industrial instrument, semiconductor equipment, aerospace components industry and recently developed high-grade bicycle components industry. Due to the Group's ability to produce key components required by various industries, its product mix is relatively scattered, and it has a good ability to respond to single industry boom or single product cycle, which is conducive to the stable revenue.

#### Adverse factor

- (1) The rise of Chinese mainland auto brands and Chinese new energy vehicles

After decades of development, China's automobile industry has established a mature industrial supporting system. In the process of development, it has formed automobile components settlements mainly centered on OEMS, and high value-added components such as automobile engine transmission system are still dominated by foreign and joint ventures. The automotive development strategy under the initiative of Made in China lies in the development of new energy vehicles, which provides an extremely favorable policy environment for the development of smart electric vehicles.

#### Response:

The group's current products such as belt tension control systems, vibration control systems, smart belt/sprocket wheels and shock absorbers can still be used in hybrid vehicle types. In terms of components for the braking system of new energy vehicles, the Group is in addition to developing components for new energy vehicles with existing Tier 1 customers actively seeking cooperation opportunities with international leading manufacturers in mainland China.

- (2) Labor costs in China are rising year by year

With the gradual increase of basic salary in China, the proportion of labor cost in manufacturing cost gradually increases, which leads to the possibility of pressure on profit margin of the Group

#### Response:

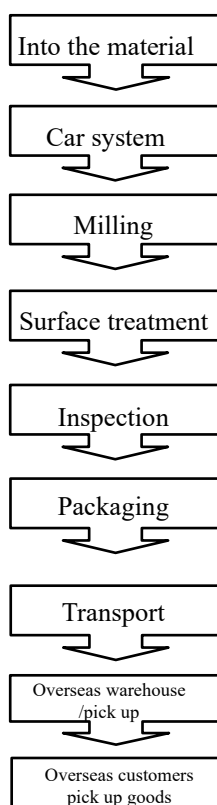
In addition to the continuous improvement of the production process to improve the process efficiency and yield, and to reduce the manpower requirements, the group can improve the production efficiency and curb the rising cost pressure of wages. On the other hand, the group is also actively improving the ratio of automated production and inspection, introducing automatic production machines to replace the simple labor-intensive process and inspection work, improving quality stability and reducing labor costs.

(II) Usage and Manufacturing Processes for Main Products

1. Important Usage or Main Products:

The 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 bicycle, aircraft control systems, aircraft engine control systems, other industrial and mechanical products, precision metal components and other products.

2. Manufacturing Processes for Main Products:



(III) Supply Situation for Major Raw Materials

The main raw material	Supplies
Rolled steel	Good
Blank	Good

(IV) Names of suppliers (customers) that accounted for more than 10% of total purchases (sales) in any of the recent two years, and the amount and proportion of purchases (sales), and the reasons for their changes.

1. Information of Major Suppliers in the Most Recent 2 Years

Unit: NT\$1,000

Item	2021				2022			
	Name	Amount	Ratio in the net purchase for the whole year (%)	Relationship with the Issuer	Name	Amount	Ratio in the net purchase for the whole year (%)	Relationship with the Issuer
1	RE HONG	451,600	15.44%	None	RE HONG	416,430	15.00%	None
2	Other	2,472,503	84.56%	None	Other	2,359,013	85.00%	None
	Total	2,924,103	100.00%		Total	2,775,443	100.00%	

Cause of change:

- (1) RE HONG: The Company mainly provides semi-finished products of auto components, commodities and green materials of bicycle products of our company. Therefore, no further analysis is planned in that the amount and proportion in the two years have not changed much.

2. Information of Major Clients in the Most Recent 2 Years

Unit: NT\$1,000

Item	2021				2022			
	Name	Amount	Ratio in the net sales for the whole year (%)	Relationship with the Issuer	Name	Amount	Ratio in the net sales for the whole year (%)	Relationship with the Issuer
1	GATES	495,038	11.50%	None	GATES	543,308	10.90%	None
2	Litens China	456,836	10.61%	None	Litens China	435,510	8.73%	None
3	Others	3,354,066	77.89%	None	Others	4,007,548	80.37%	None
	Total	4,305,940	100.00%		Total	4,986,366	100.00%	

Cause of change:

- (1) GATES: We mainly sell precision machined metal parts for carbon fiber rubber belt drive systems for bicycles to this customer. Due to the expansion of the global bicycle and electric bicycle market after the pandemic, the sales amount of the company increased.
- (2) Litens China: Our company mainly sells automobile fuel transmission related components to this customer. The sales amount decreased slightly due to the impact of the recurrence of the pandemic in Shanghai in 2021.

(V) Production Volume and Value for the Most Recent 2 Years:

Unit: NT \$1,000; Thousand PCS

Divisions	Year	2021			2022		
		Production Capacity	Production	Production Value	Production Capacity	Production	Production Value
Auto parts		Note	22,922	859,905	Note	20,071	898,831
Industrial Application		Note	7,274	1,027,105	Note	5,756	1,711,147
Aerospace components		Note	217	368,510	Note	205	240,306
Total		Note	30,413	2,255,520	Note	26,032	2,850,284

Note: because the products are not standard products, we only provide self-made output and output value.

(VI) Sales Volume and Value for the Most Recent 2 Years

Unit: NT \$1,000; Thousand PCS

Divisions	2021		2022		2022		2022	
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Production	Value	Production	Value	Production	Value	Production	Value
Auto parts	726	15,921	101,622	2,101,438	312	17,770	144,004	2,330,651
Industrial Application	6,637	651,650	8,058	1,341,751	6,515	840,922	6,950	1,589,210
Aerospace components	61	22,195	465	172,985	14	4,713	453	203,100
Total	7,424	689,766	110,145	3,616,174	6,841	863,405	151,407	4,122,961

**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: person; Years old; years

Year		2021	2022	As of March 31, 2023
Employees	Direct employees	478	511	462
	Indirect employees	403	451	445
	Total	881	962	907
Average Age		36.37	36.93	36.70
Average Service Year		6.17	6.15	6.56
Education distribution ratio (%)	Master	3.63	3.64	4.08
	Bachelor	46.09	43.87	45.98
	High school	26.90	33.99	32.85
	Below high school	23.38	18.50	17.09
	Total	100.00	100.00	100.00

**IV. Disbursements for Environmental Protection**

In the latest year and up to the printing date of annual report, the loss suffered due to environmental pollution (including compensation and environmental protection inspection results violating environmental protection laws and regulations, the disciplinary date should be listed Contents of disciplinary action), and disclose the estimated amount and countermeasures of the current and possible future occurrences, and if it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated.

(I) Penalty record of Global Tek (Wuxi) Co. Ltd.

1. Received administrative penalty decision from Wuxi Ecological Environment Bureau on January 21, 2022 (Xinhuan Penalty No. 2021\_186)
  - (1) Causes: The fan belt of exhaust gas treatment facilities is broken, the fan is idling, and the active carbon in the activated carbon box is insufficient, resulting in exhaust gas emissions.
  - (2) Processing process: Implement corresponding rectification.
  - (3) Anticipated potential losses: The fine is RMB 190 thousand only.
  - (4) Improvement of the situation and future measures: Take corresponding preventive measures to avoid recurrence.

2. Received an administrative penalty decision from Wuxi Ecological Environment Bureau on March 23, 2022 (Xixinhuan Penalty No. 2022\_29)
  - (1) Causes: Rust-proof oil cleaning facilities produce waste gas containing volatile organic compounds, without supporting installation of pollution prevention and control facilities; Hydrocarbon cleaning line and drying facilities produce waste gas containing volatile organic compounds, without supporting installation of pollution prevention and control facilities; When hydrocarbon cleaning solution is not used, it is stored in open storage and produces waste gas containing volatile organic compounds, which is disorganized emission.
  - (2) Processing process: Implement corresponding rectification.
  - (3) Anticipated potential losses: The fine is RMB 136 thousand only.
  - (4) Improvement of the situation and future measures: Anti-rust oil cleaning facilities and hydrocarbon cleaning line and drying facilities are installed with an air collecting hood, and the exhaust gas generated by the activated carbon exhaust gas treatment system is treated and discharged through the exhaust cylinder. When the hydrocarbon cleaning solution in the factory is not used, it is required to cover well.

The Group continues to devote itself to environmental management in various aspects, such as water resource treatment, air quality control and waste disposal, as well as the replacement of pollution prevention and control equipment, education and training of operators, on-site inspection from time to time, and modification of operation permit process and content of operation permit for fixed pollution sources.

## V. Labor Relations

- (I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests:

1. Employee welfare measures:

The company to fully take care of employees, safeguard their living conditions, provide all relevant welfare or sponsorship implementation plan, and set up employee welfare committee in accordance with the law, the selection of welfare committee to deal with various welfare measures, establish the welfare budget and plan each year, at a reasonable effective use their welfare. Current welfare programs include birthday party and birthday gift, various activities of welfare committee (staff travel/staff dinner), wedding and funeral allowance, regular health check-up, staff group insurance and business trip insurance, year-end bonus, performance/production bonus, stock ownership for outstanding staff and award for outstanding staff, profit sharing and external training subsidy, etc. In hardware equipment, the company provides coffee machines, rice boxes, microwave ovens, car parking Spaces and other convenient and leisure facilities, and does not regularly hold sports and fun competitions; In addition to providing a safe and healthy working environment for employees, the company sets up dedicated occupational safety staff and on-site doctors to provide free consultation and health care advice. In addition, to provide a female-friendly working environment, the Company has a comfortable breast-feeding room for female employees to relax and nurse after delivery, so as to take care of employees' health and plan healthy weight loss fitness courses and health talks to help staff achieve work-life balance, and health Promotion Badge awarded by the National

Health Agency of the Ministry of Health (valid period from January 1, 2023 to December 31, 2025).

2. Company training and training system:

The company and its subsidiaries regard employees as important assets, attach importance to talent cultivation, arrange professional on-the-job training courses and management courses for employees according to their functional needs, including: providing internal or external education and training according to different levels and majors, Lectures, etc., integrate internal and external resources of the enterprise, provide employees with complete professional skills and inspiration for self-growth, and cultivate rich professional abilities and challenging talents in a planned way.

In recent years, due to the COVID-19 outbreak, e-learning platforms have been actively planned and introduced to encourage employees not to interrupt their learning due to the inconvenience of physical courses caused by the epidemic.

3. Retirement system and its implementation:

(1) Since the Company's subsidiary, Global Tek Co., Ltd., was established in 2000, there are employees who are subject to the provisions of the Labor Standards Act, i.e. the old pension system, and they shall contribute 2% of their salary monthly to the special account of the Taiwan Bank of the Labor Retirement Reserve Supervision Committee.

(2) Under the Workers' Pensions Ordinance, those who choose to continue to apply the Labor Standards Act, i.e. the old pension provisions, or to retain the length of service prior to the application of the Workers' Pensions Ordinance, the pension payment will be calculated on the basis of the length of service and the average wage of the six months prior to their approved retirement.

(3) For employees who are subject to the provisions of the Workers' Pensions Ordinance, the company will contribute 6% of their salary to the employees' individual pension accounts on a monthly basis.

(4) For the staff assigned by the Company to be transferred to the subsidiary, their seniority will be renewed to provide more security for the staff, so as to achieve the purpose of talent circulation of the Group.

4. Labor and management agreement:

The Company adheres to the principle of mutual trust between labor and capital and profit sharing. The management system and employee welfare system are good and the relationship between labor and capital is harmonious. There is no major labor dispute with employees and there is no loss.

5. Various measures to safeguard employees' rights and interests:

The Company and its subsidiaries have established work rules and other management systems approved by the competent authority, specifying the rights and obligations of employees and welfare programs, and regularly reviewing and revising the contents of the system to protect the rights and interests of all employees. In addition to holding labor meetings, departmental meetings and annual general meetings, we also provide multiple communication channels such as E-mail suggestion boxes and employee satisfaction survey to listen to the voices of employees, so that their opinions can be exchanged and improved to promote labor harmony. Through the publication of

monthly electronic newspaper, let employees have a clear understanding of the Company's operating status and future development, supplemented by monthly birthday party and corporate culture lectures to shape the Company's corporate culture. We have encouraged and retained excellent staff by regularly praising them.

So far, labor relations have been harmonious, mutual trust and mutual understanding. There has been no need for reconciliation due to labor disputes. At the same time, there is a staff welfare committee, which is provided by the Company to deal with various staff welfare measures and improve staff welfare.

- (II) In the latest year and up to the printing date of the annual report, the losses suffered due to labor disputes (including labor inspection results in violation of labor standards law matters, shall list the date of punishment, punishment name, violation provisions of laws and regulations, and violation contents of laws and regulations contents of disciplinary action), and disclose the estimated amount and countermeasures of the current and possible future occurrences, and if it cannot be reasonably estimated, state the fact that it cannot be reasonably estimated:

The Company's management system and employee welfare system are good, and the labor-management relationship is harmonious. In the recent year and up to the date of the annual report, the company has not suffered any significant labor disputes with its employees. Under the principle of mutual trust between labor and capital and profit sharing, the Company is unlikely to suffer losses due to labor disputes in the future, so it does not estimate the amount of relevant losses in the financial reports.

## **VI. Cyber security management**

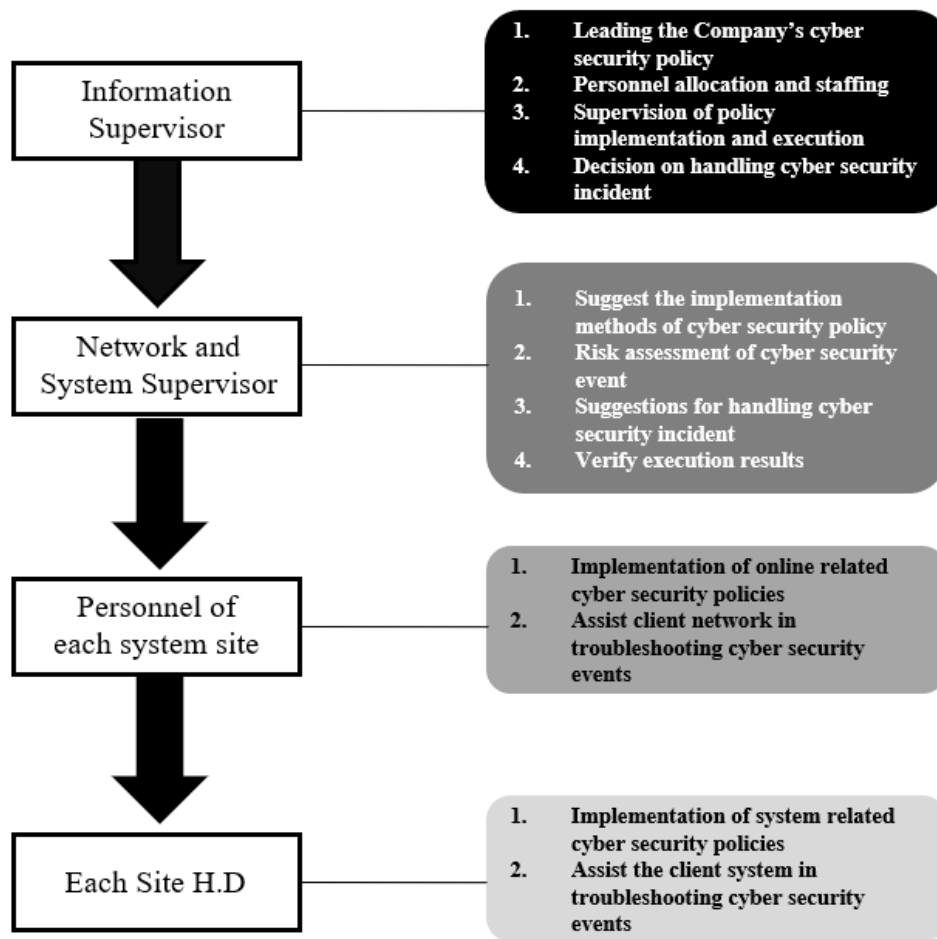
- (I) Cyber security risk management framework, cyber security policy, specific management plan and resources invested in cyber security management:

In order to maintain the sustainable operation of the Company and deal with future cyber security incidents, the Company has set up a cyber security team and formulated the Company information security policy and specific management plan, etc. The specific measures are as follows:

### **1. Cyber Security Risk Management Framework**

The Information Department is an independent department that is not affiliated to the user unit. It is responsible for coordinating and implementing information security policies, disseminating information security messages, promoting staff security awareness, and collecting and improving technologies, products and procedures for the performance and effectiveness of an organisation's information security management system. The audit unit conducts annual information security checks on the internal control system to evaluate the effectiveness of the internal control of the company's information operations.





## 2. Cyber security policy

In order to ensure the smooth operation of the company's relevant business, prevent unauthorized access, use, control, leakage, destruction, alteration, destruction or other infringement of the information or information systems, and ensure their confidentiality, integrity and availability, this policy is hereby formulated and followed by all staff of the company:

- (1) Implement the information security management system and pass the internal and external audit verification.
- (2) Effective management of information assets, continuous risk assessment and appropriate safeguards.
- (3) Protect information and cyber systems from unauthorised access and maintain the confidentiality of information and communications systems.
- (4) Protection against unauthorized changes to protect the integrity of information and cyber systems.
- (5) Ensure that authorized users have access to the information and cyber systems when required.
- (6) Comply with national laws and regulations.
- (7) Assess the impacts of man-made and natural disasters and develop recovery plans for core cyber systems to ensure the sustainable operation of core businesses.
- (8) Implement cyber security education and training and cyber security promotion for new recruits to enhance staff's cyber security awareness.

- (9) Manage the network resources of external manufacturers and clients to ensure the security of cyber service.
  - (10) Implement audit enforcement and management review processes to achieve continuous improvement of the information security management system.
  - (11) Strengthen the joint defense of capital and security and information sharing of information and communication incidents.
3. Specific management plan
- (1) The availability rate of the Cyber Link system is over 99.99%. (Outage hours/Total operational hours  $\leq$  0.01%).
  - (2) The proportion of step-by-step notification, response and recovery operations at the specified time after the occurrence of an emergency is 100%.
  - (3) Email spam filtering and phishing prevention efficiency of 98% or more (efficiency = number of successfully filtered letters/total number of letters to be filtered).
  - (4) Disaster Recovery Exercise Plan and Operation (once per year).
  - (5) Cyber security and instant information security sample briefings and briefings (at least once every six months/instant information security sample briefings at irregular intervals).
  - (6) Information Security incidents with data leakage from the cyber security system ( $\leq$ 1 incident per year).
  - (7) Penetrant testing and vulnerability scanning shall be conducted once a year.
4. Invest in cyber security management resources
- Person: Site IT personnel.
- Thing:
- (1) Daily hardware equipment routine check.
  - (2) Daily anti-virus report monitoring and problem computer handling.
  - (3) Daily network monitoring and firewall information monitoring.
  - (4) Perform daily system backup report checks.
  - (5) Daily software and hardware change report check and process.
  - (6) Deploy and monitor Microsoft system major updates every month.
  - (7) Disaster recovery shall be performed at least once every six months.
  - (8) Cooperate with audit unit to carry out major system personnel authority review every year.
  - (9) System vulnerability is detected once a year.
- Object:
- (1) Client F-Secure antivirus software.
  - (2) WinMatrix client hardware and software asset management software.
  - (3) Core System High Reliability Architecture Establishment (AP Mode).
  - (4) High Reliability Architecture for Core Network Equipment (AA Mode).
  - (5) Remote backup mechanism was established.
  - (6) A firewall is established between sites.
  - (7) The factory network segment is isolated from the Office network segment.
  - (8) The domain control Policy is created.
  - (9) Mail system anti-spam and anti-phishing system set up.
  - (10) Wireless Internet visitor system.

- (II) In the latest year and up to the publication date of the annual Report, the loss, possible impact and response measures incurred as a result of major information and cyber security incidents shall be explained if they cannot be reasonably estimated:

The Company has no major cyber security incidents, no significant impact on the Company's financial business.

## VII. Important Contracts

The company name	Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Global Tek Fabrication	Long-term Loans	Bank of Taiwan	2016/06/27-2024/06/27	Housing Loan	None
Global Tek Fabrication	Medium-term Loan	Bank of Taiwan	2021/10/20-2026/10/20	Operating turnover	None
Global Tek Fabrication	Short-term Loans	Bank of Taiwan	2022/08/12-2023/08/12	Operating turnover	None
Global Tek Fabrication	Medium-term Loan	Bank of Taiwan	2023/02/15-2028/02/15	Operating turnover (1)	None
Global Tek Fabrication	Medium-term Loan	Bank of Taiwan	2023/02/15-2028/02/15	Operating turnover (2)	None
Global Tek Fabrication	Medium-term Loan	Land bank	2020/08/19-2023/08/19	Operating turnover	None
Global Tek Fabrication	Short-term Loans	Land bank	2022/08/18-2023/08/18	Operating turnover	None
Global Tek Fabrication	Medium-term Loan	Land bank	2022/03/28-2027/03/28	Land financing	None
Global Tek Fabrication	Medium-term Loan	Bank Sinopac	2022/06/14-2023/05/31	Operating turnover	None
Global Tek Fabrication	Short-term Loans	Bank Sinopac	2022/06/14-2023/05/31	Operating turnover	None
Global Tek Fabrication	Short-term Loans	Cathay Bank	2022/12/03-2023/12/03	Operating turnover	None
Global Tek	Short-term Loans	Land bank	2022/07/08-2023/07/08	Operating turnover	None
Global Tek	Short-term Loans	Taishin Bank	2022/11/14-2023/08/31	Operating turnover	None
Global Tek	Short-term Loans	Bank Sinopac	2022/06/14-2023/05/31	Operating turnover	None
Global Tek	Short-term Loans	Bank of Taiwan	2023/4/14-2024/01/30	Operating turnover	None
Global Tek (Wuxi)	Short-term Loans	Bank of China	2022/02/25-2023/02/24	Operating turnover	None
Global Tek (Wuxi)	Short-term Loans	Bank of Jiangsu	2022/07/04-2023/07/03	Operating turnover	None
Global Tek (Wuxi)	Short-term Loans	Bank of Ningbo	2022/10/12-2023/10/11	Operating turnover	None
Global Tek (Wuxi)	Short-term Loans	China Citic Bank	2022/10/28-2023/10/27	Operating turnover	None
Global Tek (Wuxi)	Short-term Loans	Bank of Shanghai	2022/08/18-2023/08/17	Operating turnover	Global Tek Fabrication Insurance Company

The company name	Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Global Tek (xi'an)	Short-term Loans	Bank of China	2021/12/24-2022/12/23	Operating turnover	None
Global Tek	The machine to buy and sell	Re Hong Technology	2017/04/01-2022/03/31	Sale of production machinery	None
Wuxi Metal Company (on January 2, 2019, Global Tek Wuxi Company merged with Wuxi Metal Company)	Project Investment Agreement	Management Committee of Dacheng Park, Xishan Economic Development Zone, Jiangsu Province	2018/01/17	Acquisition of land use rights	<ol style="list-style-type: none"> <li>1. Promise to increase the registered capital of the enterprise to US\$ 20 million, and verify the capital within 5 years after signing the contract of assigning the right to use state-owned construction land.</li> <li>2. Promise to pay tax at least RMB 400 thousand per mu in the fifth fiscal year after acquiring the right to use the land. If it fails to reach the aforementioned tax standard, it is willing to pay infrastructure supporting construction costs in a lump sum of RMB 100 thousand per mu.</li> <li>3. The commitment of investment intensity is not less than RMB 4.5 million per mu, and the total amount is RMB 200 million. (No deadline is required)</li> <li>4. Undertake to start construction</li> </ol>

The company name	Type of Contract	Party	Contract Duration	Contract Content	Restrictions
					within 12 months from the date of obtaining the right to use the land, complete the construction within 24 months and reach the floor area ratio required by the plan.
Global Tek (Wuxi)	Construction work contract	Shanxi Zhongdi Construction Engineering Co., Ltd.	2020/04/01~After the completion and acceptance of the project	New Factory Project	None
Global Tek (Wuxi)	Construction project construction contract	Jiangsu Longxin Electric Power Engineering Construction Consulting Co., Ltd.	2020/12/08~After the completion and acceptance of the project	Total electrical cabinet project of each floor	None
Global Tek Fabrication	Share sale agreement and shareholder agreement	Natural person (non-company related person)	2019/01/15~2022/01/15	It is planned to acquire 70% equity interest of Malaysia-based Allied Advantage Sdn. Bhd. in two stages	The first stage: Purchase of 19% equity at a purchase price of RM6,080,000. The second stage: Upon completion of the establishment of the accounting information system, 51% of the shares will be purchased at a purchase price of RM16,320,000.

## 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 Sheets and Statements of Comprehensive Income

##### 1. Condensed balance sheets - consolidated (IFRS)

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Current Assets		3,193,262	3,383,152	3,567,330	4,116,492	4,368,525
Property, Plant, and Equipment		856,349	999,600	1,206,818	1,452,052	2,923,847
Intangible Assets		16,465	15,293	9,213	7,635	7,870
Other Assets		411,888	510,099	440,452	1,240,626	729,608
Total Assets		4,477,964	4,908,144	5,223,813	6,816,805	8,029,850
Current Liabilities	Before distribution	2,114,873	1,705,360	1,672,099	2,903,425	2,882,107
	After distribution	2,247,392	1,815,762	1,757,099	2,988,425	2,995,107(Note)
Non-current Liabilities		258,954	1,025,719	1,359,884	1,431,474	1,860,453
Total Liabilities	Before distribution	2,373,827	2,731,079	3,031,983	4,334,899	4,682,560
	After distribution	2,506,346	2,841,481	3,116,983	4,419,899	4,855,560(Note)
Equity Attributable to Owners of the Parent		2,104,137	2,177,065	2,191,830	2,481,906	3,347,290
Capital Stock		660,000	668,170	675,330	718,953	810,063
Capital Surplus		1,090,263	1,109,940	1,118,900	1,272,704	1,683,612
Retained Earnings	Before distribution	432,255	518,530	508,370	590,085	925,642
	After distribution	299,736	408,128	423,370	505,085	752,642(Note)
Other Equity		(67,873)	(109,024)	(100,219)	(89,285)	(72,027)
Treasury Stock		(10,508)	(10,551)	(10,551)	(10,551)	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	2,104,137	2,177,065	2,191,830	2,481,906	3,347,290
	After distribution	1,971,618	2,066,663	2,106,830	2,396,906	3,174,290(Note)

Note: On March 23, 2023, the Board of Director resolved to pass the proposal for distribution of earnings for 2022, with cash dividends totaling NT\$173,000,000, and set the dividend record date on May 6, 2023 and the distribution date of cash dividends on May 19, 2023, which will be reported at the 2023 shareholders' meeting.

2. Condensed balance sheets - parent company only (IFRS)

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Current Assets		1,110,121	1,391,122	1,489,570	2,084,161	2,066,762
Investments Using Equity Method		1,468,780	1,622,180	1,683,088	1,984,213	2,291,696
Property, Plant, and Equipment		380,517	399,034	430,979	419,109	1,768,852
Intangible Assets		16,461	15,293	9,123	7,635	7,870
Other Assets		98,859	218,911	235,964	903,526	351,550
Total Assets		3,074,738	3,646,540	3,848,724	5,398,644	6,486,730
Current Liabilities	Before distribution	829,072	716,994	608,236	1,689,343	1,494,010
	After distribution	961,591	827,396	693,236	1,774,343	1,667,010(Note )
Non-current Liabilities		141,529	752,481	1,048,658	1,227,395	1,645,430
Total Liabilities	Before distribution	970,601	1,469,475	1,656,894	2,916,738	3,139,440
	After distribution	1,103,120	1,579,877	1,741,894	3,001,738	3,312,440(Note )
Equity Attributable to Owners of the Parent		2,104,137	2,177,065	2,191,830	2,481,906	3,347,290
Capital Stock		660,000	668,170	675,330	718,953	810,063
Capital Surplus		1,090,263	1,109,940	1,118,900	1,272,704	1,683,612
Retained Earnings	Before distribution	432,255	518,530	508,370	590,085	925,642
	After distribution	299,736	408,128	423,370	505,085	752,642(Note)
Other Equity		(67,873)	(109,024)	(100,219)	(89,285)	(72,027)
Treasury Stock		(10,508)	(10,551)	(10,551)	(10,551)	0
Non-controlling Interests		0	0	0	0	0
Total Equity	Before distribution	2,104,137	2,177,065	2,191,830	2,481,906	3,347,290
	After distribution	1,971,618	2,066,663	2,106,830	2,396,906	3,174,290(Note )

Note: On March 23, 2023, the Board of Director resolved to pass the proposal for distribution of earnings for 2022, with cash dividends totaling NT\$173,000,000, and set the dividend record date on May 6, 2023 and the distribution date of cash dividends on May 19, 2023, which will be reported at the 2023 shareholders' meeting.

## (II) Condensed Statements of Comprehensive Income

## 1. Condensed statements of comprehensive income - consolidated (IFRS)

Unit: NT\$1,000

Item \ Year	Financial Information for the Past Five Fiscal Years				
	2018	2019	2020	2021	2022
Operating Revenue	3,426,862	3,825,970	3,515,226	4,305,940	4,986,366
Gross Profit	687,911	825,897	743,295	884,776	1,132,512
Operating Income	145,116	205,652	153,809	237,618	407,738
Non-operating Income and Expenses	169,766	78,455	(37,175)	(23,294)	131,919
Income before Tax	314,882	284,107	116,634	214,324	539,657
Income from Continuing Operations	218,127	218,426	99,881	166,766	422,850
Loss from Discontinued Operations	0	0	0	0	0
Net Income	218,127	218,426	99,881	166,766	422,850
Other Comprehensive Income (after Tax)	(20,944)	(40,783)	9,166	10,883	18,755
Total Comprehensive Income	197,183	177,643	109,047	177,649	441,605
Net Income Attributable to Shareholders of the Parent	218,127	218,426	99,881	166,766	422,850
Net Income Attributable to Non-controlling Interests	0	0	0	0	0
Comprehensive Income Attributable to Owners of the Parent	197,183	177,643	109,047	177,649	441,605
Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0
Earnings per Share	3.33	3.29	1.49	2.35	5.74



2. Condensed statements of comprehensive income - parent company only (IFRS)

Unit: NT\$1,000

Item	Year	Financial Information for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Operating Revenue		1,180,865	1,423,516	1,460,124	1,927,630	2,314,519
Gross Profit		200,703	257,100	208,836	328,324	475,409
Operating Income		(56,929)	(24,637)	(48,735)	10,458	116,608
Non-operating Income and Expenses		284,946	248,429	136,658	170,046	356,951
Income before Tax		228,017	223,792	87,923	180,504	473,559
Income from Continuing Operations		218,127	218,426	99,881	166,766	422,850
Loss from Discontinued Operations		0	0	0	0	0
Net Income (Loss)		218,127	218,426	99,881	166,766	422,850
Other Comprehensive Income (after Tax)		(20,944)	(40,783)	9,166	10,883	18,755
Total Comprehensive Income		197,183	177,643	109,047	177,649	441,605
Earnings per Share		3.33	3.29	1.49	2.35	5.74

(III) Name of CPAs and Audit Opinions for the Last Five Years

Year	Name of CPA Firm	Name of CPA	Opinions
2018	Deloitte & Touche	Chen, Hui-Ming & Li, Li-Huang	Unmodified opinion
2019	Deloitte & Touche	Li, Li-Huang & Chen, Hui-Ming	Unmodified opinion
2020	Deloitte & Touche	Li, Li-Huang & Chih, Jui-Chuan	Unmodified opinion
2021	Deloitte & Touche	Li, Li-Huang & Chih, Jui-Chuan	Unmodified opinion
2022	Ernst & Young	Hong, Mao-Yi and Cheng, Ching-Piao	Unmodified opinion

Reasons for the replacement of CPAs: Due to the Company's internal management needs, Company's CPAs shall be changed to CPAs, Mr. Hong, Mao-Yi and Cheng, Ching-Piao of Ernst & Young for the financial statements with effect from the first quarter of 2022.

## II. Financial Analyses for the Past Five Fiscal Years

### (I) Consolidated Financial Statements - IFRS

Analysis Item (Note 1)		Financial Analyses for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	53.01%	55.64%	58.04%	63.59%	58.31%
	Ratio of long-term capital to property, plant, and equipment	275.95%	320.13%	294.30%	269.50%	178.11%
Solvency (%)	Current ratio	150.99%	198.38%	213.34%	141.78%	154.79%
	Quick ratio	103.50%	143.89%	161.26%	98.57%	104.70%
	Interest coverage ratio	19.24	16.92	8.30	14.69	14.54
Operating ability	Accounts receivable turnover rate (times)	3.89	4.16	3.45	3.78	3.42
	Average days for cash receipts	93.83	87.74	105.80	96.56	106.72
	Inventory turnover rate (times)	3.40	3.41	3.35	3.53	2.86
	Accounts payable turnover rate (times)	4.14	4.55	3.74	3.83	3.81
	Average days for sale of goods	107.35	107.04	108.96	103.39	127.62
	Property, plant, and equipment turnover rate (times)	4.03	4.12	3.19	3.23	2.27
	Total assets turnover rate (times)	0.80	0.82	0.69	0.71	0.67
Profitability	Return on total assets (%)	5.44%	4.95%	2.24%	2.97%	6.11%
	Return on equity (%)	11.60%	10.20%	4.57%	7.13%	14.50%
	Ratio of income before tax to paid-in capital (%)	47.71%	42.52%	17.27%	29.81%	66.61%
	Net profit margin (%)	6.37%	5.71%	2.84%	3.87%	8.48%
	Earnings per share (NT\$)	3.33	3.29	1.49	2.35	5.74
Cash Flows	Cash flow ratio (%)	9.27%	28.43%	18.77%	6.97%	8.27%
	Cash flow adequacy ratio (%)	43.17%	63.64%	69.45%	56.52%	39.18%
	Cash reinvestment ratio (%)	2.04%	10.07%	5.12%	3.10%	1.32%
Leverage	Operating leverage	1.84	1.79	2.10	1.76	1.42
	Financial leverage	1.13	1.09	1.12	1.07	1.11

Reasons for any changes in financial ratios in the past two years: (not applicable if a change is less than 20%)

1. Decrease in the ratio of long-term capital to property, plant, and equipment: mainly due to the expansion of the operation and the increase in the funds of property, plant, and equipment in 2022.
2. Increase in average days for sale of goods: mainly due to the effect of epidemic in 2022, some customers extended the payment days.
3. Increase in return on total assets: mainly due to an increase in net income in 2022.
4. Increase in return on equity: mainly due to an increase in net income in 2022.
5. Increase in ratio of income before tax to paid-in capital: mainly due to an increase in net income before tax in 2022.

6. Increase in net profit margin: mainly due to an increase in net income in 2022.
7. Increase in earnings per share: mainly due to an increase in net income in 2022.
8. Decrease in cash flow adequacy ratio: mainly due to the increase in capital expenditure and cash dividends in the last five years.
9. Decrease in cash investment ratio: mainly due to the expansion of the operation and the increase in the investments of property, plant, and equipment.

Note 1. The calculation formulas adopted are as follows:

1. Financial structure
  - (1) Debt ratio = Total liabilities / Total assets.
  - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities) / Net value of property, plant, and equipment.
2. Solvency
  - (1) Current ratio = Current assets / Current liabilities.
  - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.
  - (3) Interest coverage ratio = Income before tax and interest expenses / Interest expenses.
3. Operating ability
  - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales / Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
  - (2) Average days for cash receipts = 365 / Accounts receivable turnover rate.
  - (3) Inventory turnover rate = Cost of goods sold / Average inventories.
  - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold / Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
  - (5) Average days for sale of goods = 365 / Inventory turnover rate.
  - (6) Property, plant, and equipment turnover rate = Net sales / Average net property, plant, and equipment.
  - (7) Total assets turnover rate = Net sales / Average total assets.
4. Profitability
  - (1) Return on total assets = [Income after tax + Interest expenses x (1 - Tax rate)] / Average total assets.
  - (2) Return on equity = Income after tax / Average total equity.
  - (3) Ratio of income before tax to paid-in capital = Income before tax / Paid-in capital.
  - (4) Net profit margin = Income after tax / Net sales.
  - (5) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends) / Weighted average number of shares issued.
5. Cash flows
  - (1) Cash flow ratio = Net cash flows generated from operating activities / Current liabilities.
  - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities / Five-year sum of capital expenditure, inventory additions and cash dividends).
  - (3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends) / (Gross amount of property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage:
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
  - (2) Financial leverage = Operating income / (Operating income - Interest expenses).

Parent Company Only Financial Statements - IFRS

Analysis Item (Note 1)		Financial Analyses for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio	31.57%	40.30%	43.05%	54.02%	48.39%
	Ratio of long-term funds to fixed assets	590.16%	734.16%	751.89%	885.04%	282.25%
Solvency (%)	Current ratio	133.90%	194.02%	244.90%	123.37%	138.33%
	Quick ratio	82.61%	131.62%	169.99%	87.98%	92.26%
	Interest coverage ratio	41.68	28.54	9.47	17.06	16.31
Operating ability	Accounts receivable turnover rate (times)	4.66	4.81	4.66	5.18	4.58
	Average days for cash receipts	78.33	75.88	78.33	70.46	79.69
	Inventory turnover rate (times)	3.00	2.87	2.94	3.19	2.95
	Accounts payable turnover rate (times)	5.31	5.57	4.63	3.81	2.67
	Average days for sale of goods	121.67	127.18	124.15	114.42	123.72
	Property, plant, and equipment turnover rate (times)	3.11	3.65	3.52	4.53	2.11
	Total assets turnover rate (times)	0.42	0.42	0.39	0.41	0.38
Profitability	Return on total assets (%)	7.55%	6.69%	2.98%	3.83%	7.58%
	Return on equity (%)	11.60%	10.20%	4.57%	7.13%	14.50%
	Ratio of income before tax to paid-in capital (%)	34.55%	33.49%	13.02%	25.10%	58.45%
	Net profit margin (%)	18.47%	15.34%	6.84%	8.65%	18.26%
	Earnings per share (NT\$)	3.33	3.29	1.49	2.35	5.74
Cash Flows	Cash flow ratio (%)	(4.28%)	13.95%	9.89%	9.37%	(0.50%)
	Cash flow adequacy ratio (%)	(10.36%)	4.91%	5.25%	17.23%	10.13%
	Cash reinvestment ratio (%)	(8.32%)	(1.39%)	(1.54%)	2.35%	(1.85%)
Leverage	Operating leverage	(0.34)	(1.28)	(0.21)	6.79	1.16
	Financial leverage	0.91	0.75	0.82	(13.44)	0.94

Reasons for any changes in financial ratios in the past two years: (not applicable if a change is less than 20%)

1. Decrease in the ratio of long-term funds to fixed assets: mainly due to the expansion of the operation and the increase of property, plant, and equipment.
2. Decrease in property, plant, and equipment turnover rate: mainly due to the expansion of the operation and the increase of property, plant, and equipment.

3. Increase in return on total assets: mainly due to an increase in net income in 2022.
4. Increase in return on equity: mainly due to an increase in net income in 2022.
5. Increase in ratio of income before tax to paid-in capital: mainly due to an increase in net income after tax in 2022.
6. Increase in net profit margin: mainly due to an increase in net income in 2022.
7. Increase in earnings per share: mainly due to an increase in net income in 2022.
8. Decrease in cash flow ratio: mainly due to a decrease in net cash flows generated from operating activities in 2022.
9. Increase in cash flow adequacy ratio: mainly due to a decrease in net cash flows generated from operating activities in 2022.
10. Decrease in cash reinvestment ratio: mainly due to a decrease in net cash flows generated from operating activities in 2022.
11. Decrease in operating leverage: mainly due to an increase in operating income in 2022.
12. Increase in financial leverage: mainly due to an increase in operating income in 2022.

Note 1. The calculation formulas adopted are as follows:

1. Financial structure
  - (1) Debt ratio = Total liabilities / Total assets.
  - (2) Ratio of long-term funds to fixed assets = (Total equity + Long-term liabilities) / Net value of fixed assets.
2. Solvency
  - (1) Current ratio = Current assets / Current liabilities.
  - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.
  - (3) Interest coverage ratio = Income before tax and interest expenses / Interest expenses.
3. Operating ability
  - (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover rate = Net sales / Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
  - (2) Average days for cash receipts = 365 / Accounts receivable turnover rate.
  - (3) Inventory turnover rate = Cost of goods sold / Average inventories.
  - (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover rate = Cost of goods sold / Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
  - (5) Average days for sale of goods = 365 / Inventory turnover rate.
  - (6) Property, plant, and equipment turnover rate = Net sales / Average net fixed assets.
  - (7) Total assets turnover rate = Net sales / Average total assets.
4. Profitability
  - (1) Return on total assets = [Income after tax + Interest expenses x (1 - Tax rate)] / Average total assets.
  - (2) Return on equity = Income after tax / Average net shareholders' equity.
  - (3) Ratio of income before tax to paid-in capital = Income before tax / Paid-in capital.
  - (4) Net profit margin = Income after tax / Net sales.
  - (5) Earnings per share = (Net income - Preferred stock dividends) / Weighted average number of shares issued.
5. Cash flows
  - (1) Cash flow ratio = Net cash flows generated from operating activities / Current liabilities.
  - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities / Five-year sum of capital expenditure, inventory additions and cash dividends).
  - (3) Cash reinvestment ratio = (Net cash flows from operating activities - Cash dividends) / (Gross amount of fixed assets + Long-term investments + Other assets + Working capital).
6. Leverage:
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
  - (2) Financial leverage = Operating income / (Operating income - Interest expenses).

**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 the shareholders' meeting, the business report, financial statements (including consolidated financial statements), and the proposal for distribution of earnings for 2022. The financial statements (including consolidated financial statements) have been duly audited by Ernst & Young appointed by the Board of Directors.

The said business report, financial statements (including consolidated financial statements), and the proposal for distribution of earnings have been audited by the Audit Committee and determined to be in compliance with relevant laws and regulations. The Audit Committee's Review Report is hereby prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2023 Shareholders' Meeting

GLOBAL TEK FABRICATION CO., LTD.

Convener of Audit Committee: Huang, Ming-Zhan

March 23, 2023

- 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	2021	2022	Difference	
				Amount	%
Current Assets		4,116,492	4,368,525	252,033	6.12%
Property, Plant, and Equipment		1,452,052	2,923,847	1,471,795	101.36%
Intangible Assets		7,635	7,870	235	3.08%
Other Assets		1,240,626	729,608	(511,018)	(41.19%)
Total Assets		6,816,805	8,029,850	1,213,045	17.79%
Current Liabilities		2,903,425	2,822,107	(81,318)	(2.80%)
Long-term Liabilities		426,649	1,466,015	1,039,366	243.61%
Other Liabilities		1,004,825	394,438	(610,387)	(60.75%)
Total Liabilities		4,334,899	4,682,560	347,661	8.02%
Capital Stock		718,953	810,063	91,110	12.67%
Capital Surplus		1,272,704	1,683,612	410,908	32.29%
Retained Earnings		590,085	925,642	335,557	56.87%
Other Shareholders' Equity		(89,285)	(72,027)	17,258	(19.33%)
Total Shareholders' Equity		2,481,906	3,347,290	865,384	34.87%

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. Property, plant, and equipment: mainly due to the needs of operation of purchasing the land to construct base.
2. Other assets: mainly due to the advance payment of land purchase in 2021 converted to property, plant and equipment in 2022.
3. Total assets: mainly due to the purchase of land for the needs of operation to construct operation base.
4. Non-current liabilities: mainly due to the increase of long-term loans of allocating working capitals.
5. Other liabilities: the transition to non-current liabilities in 2022 mainly due to the not yet registered convertible corporate bonds at the end of 2021.
6. Capital stock: mainly due to an increase in convertible corporate bonds.
7. Capital surplus: mainly due to an increase in convertible corporate bonds.
8. Retained earnings: mainly due to an increase in profits in 2022.
9. 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	2021	2022	Increase (Decrease) Amount	Change (%)
Net Operating Revenue	4,305,940	4,986,366	680,426	15.80%
Operating Costs	3,421,164	3,853,854	432,690	12.65%
Operating Profit	884,776	1,132,512	247,736	28.00%
Operating Expenses	647,158	724,774	77,616	11.99%
Operating Income	237,618	407,738	170,120	71.59%
Non-operating Income and Expenses	(23,294)	131,919	155,213	(666.32%)
Income before Tax	214,324	539,657	325,333	151.79%
Income Tax Expense	47,558	116,807	69,249	145.61%
Net Income	166,766	422,850	256,084	153.56%
Other Comprehensive Income	10,883	18,755	7,872	72.33%
Total Comprehensive Income	177,649	441,605	263,956	148.58%

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. Decrease in non-operating income and expenses: mainly due to an increase in profit on exchange in 2022.
6. Income before tax: mainly due to the continuous increase in sales of auto parts and industrial application products.
7. Net income: mainly due to the continuous increase in sales of auto parts and industrial application products.
8. 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	2021	2022	Increase (Decrease)	
			Amount	%
Operating Activities	202,409	161,091	(41,318)	(20.41%)
Investing Activities	(1,364,088)	(905,201)	458,887	(33.84%)
Financing Activities	1,043,092	500,264	(542,828)	(52.04%)
Effect of Exchange Rate Changes	4,160	5,501	1,341	32.24%
Net Cash Generated	(114,427)	(238,345)	(123,918)	108.29%
Description:				
<p>1. Decrease in net cash generated from operating activities: mainly due to an increase in inventories as a result of an increase in revenue and a reduction in the risk of fluctuations in raw material prices in 2022.</p> <p>2. Decrease in net cash generated from investing activities: mainly due to the higher land payment in 2021.</p> <p>3. Decrease in net cash generated from financing activities: mainly due to an increase in the second issuance of unsecured convertible corporate bonds in 2021, with none in 2022.</p>				

#### (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
1,125,729	309,499	(285,343)	1,149,884	-	-
Description:					
<p>(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.</p> <p>(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.</p> <p>(3) Financing activities: Cash flows from financing activities in the coming year are mainly due to the distribution of cash dividends.</p> <p>(4) Remedial measures for cash inadequacy: Not applicable.</p>					

**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. In addition, the Company purchased land for the expansion of business. To maintain the flexibility of expansion, the new factory of Global Tek ( Wuxi ) Co., Ltd.was integrated with the existing leased factory for centralized management.

On August 11, 2022, the Board of Directors resolved to 100% own “Global Tek Metal MANUFACTURING (SHAANXI) CO;LTD” in Leijiagou Industrial Park, Niyang Road, Chengguan Street Office, Yintai District, Tongchuan City, Shaanxi Province, newly invested and established by it’s subsidiary“GLOBAL TEK(XI'AN) CO., LTD.”, 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.

**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, 2022 Unit: NT\$1,000

Company	Reinvestment Policy	Investment Profit (Loss) in 2022	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	105,182	Profits generated as a result of the recovered overseas auto market	None	None
Global TEK FABRICATION CO., LTD. (Samoa)	General investment	126,472	Profits generated from GLOBAL TEK(XI'AN) CO., LTD. and GLOBAL TEK(WU'XI) CO., LTD.	None	None
Global TEK CO., LTD.	General investment	111,402	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	26,225	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	95,868	Profits generated based on the established policy	None	None

Company	Reinvestment Policy	Investment Profit (Loss) in 2022	Main Reasons for the Profits/Losses Generated Thereby	Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
GLOBAL TEK(WU'XI) CO., LTD.	Precision machining of auto parts	54,999	Profits generated based on the established policy	None	None
GP TECH INC.(US)	Sale of auto parts, industrial automation parts, communication parts, aerospace parts, etc.	(66)	Based on the established policy	None	None
Globaltek Xi'an Machinery Manufacturing Co., Ltd	Industrial automation parts, communication parts, and aerospace parts	14,393	Profits generated based on the established policy	None	None
GLOBAL TEK GmbH	Sale of auto parts, industrial automation parts, and aerospace parts	337	Profits generated based on the established policy	None	None
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	Industrial automation parts, communication parts, and aerospace parts	(222)	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.
TOPYES (Suzhou) Precision Metal Products Co., Ltd.	Precision machining of auto parts	(6,658)	Profits reduced due to the COVID-19 pandemic, 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	In line with the Company's business development plans and strategic partnership, on January 17, 2022 and March 25, 2022, the Board of Directors authorized the Chairman to negotiate for the investment within RMB 30 million and in three

Company	Reinvestment Policy	Investment Profit (Loss) in 2022	Main Reasons for the Profits/Losses Generated Thereby	Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
				Company will develop new business opportunities in niche markets with high technology thresholds such as motor housings and clutch gear housings.	installments within one year.
AvioCast Inc.	Manufacturing and sale of aerospace aluminum alloys	(76)	Profits reduced due to the COVID-19 pandemic, which affected the aerospace industry	Strengthen cost control and reduction	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. Effect of interest rate fluctuations and response measures to be taken in the future

According to the Company's consolidated financial statements for 2022, interest expenses totaled NT\$39,859 thousand, accounting for 0.80% 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 2022, net exchange losses reached NT\$121,993 thousand accounting for 2.45% 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; and
- (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\$4,986,366 thousand in 2022, NT\$543,308 thousand came from the top customer of the Company. In 2022, there was one customer whose revenue accounted for more than 10% 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:

In March 2022, the Company was served with a statement of claim in a civil action in the Taipei District Court in Taiwan, in which the plaintiff requested the Company to perform the second phase of the sale and purchase of its shares in Allied Advantage Sdn. Bhd. (AASB) The Company is requested to pay a total of US\$3,968,389.06 to complete the transfer of 51% of the shares of AASB, totaling 5.1 million shares, plus interest at the rate of 5% per annum from the day after the service of the statement of claim until the date of settlement of the previous purchase price. On July 12, 2022, the Company received the judgment of the court, that the plaintiff's lawsuit and the false execution claim were dismissed, the litigation costs should be borne by the plaintiff, and the Company won the judgment.

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

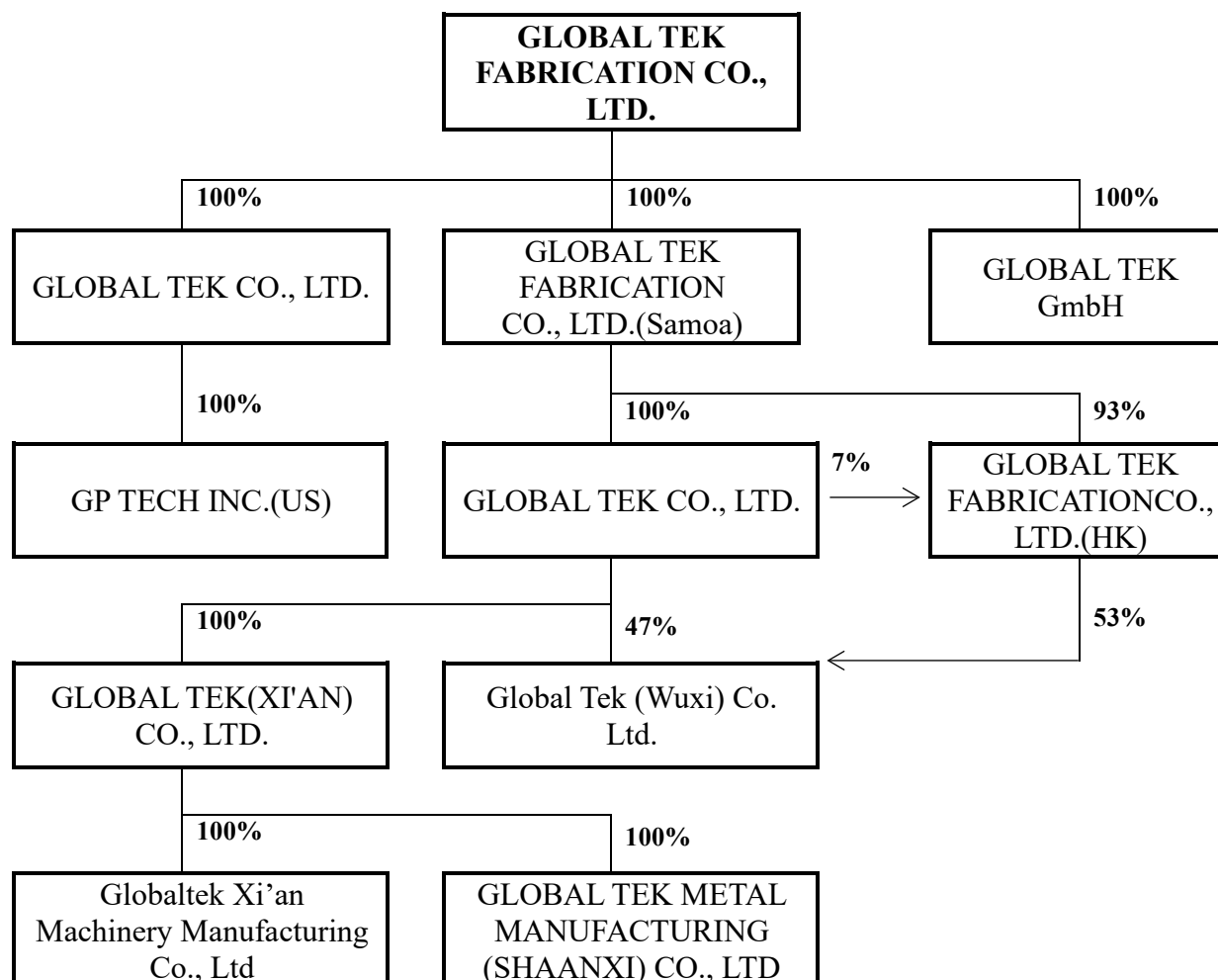
**VII. Other Important Matters: None.**

## Chapter 8. Special Disclosure

### I. Information on Affiliates

(I) Consolidated Business Report of Affiliates:

1. Organizational chart of affiliates (as of December 31, 2022)



2. Basic information of affiliates (as of December 31, 2022)

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 19,645	Financial holding company
Global Tek Co., Ltd.	2000/12/22	Offshore Chambers,P.O.Box 217, Apia,Samoa	USD 10,150	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, China	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, China	USD 2,100	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 2,017	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, 2022)

Unit: 1,000 share; %

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

Note 1. The company is a company limited by shares.

6. Operating status of affiliates in 2022

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	1,076,203	754,987	321,216	1,179,674	78,304	105,182	0.91
Global Tek Fabrication Co., Ltd.(Samoa)	577,626	1,807,062	0	1,807,062	0	(87)	135,691	Not a company limited by shares
GP TECH INC(US)	641	3,232	592	2,640	9,423	490	(66)	Not a company limited by shares
Global Tek Co., Ltd.	360,718	1,152,105	84,453	1,067,652	0	(81)	111,402	Not a company limited by shares
Global Tek Fabrication Co.,Ltd.(HK)	283,577	845,727	38,837	806,890	0	0	26,225	Not a company limited by shares
GLOBAL TEK(XI'AN) CO., LTD.	67,742	501,720	160,683	341,037	557,971	87,519	95,868	Not a company limited by shares
Global Tek (Wu'xi) Co., Ltd.	478,141	2,551,245	954,948	1,596,296	1,722,794	104,432	54,999	Not a company limited by shares
Globaltek Xi'an Machinery Manufacturing Co., Ltd	22,115	163,685	116,086	47,599	315,177	10,671	14,393	Not a company limited by shares
GLOBAL TEK GmbH	17,870	21,737	1,872	19,865	14,712	405	337	Not a company limited by shares
GLOBAL TEK METAL MANUFACTURING (SHAANXI) CO;LTD	8,893	8,672	0	8,672	0	(222)	(222)	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:**

In March 2022, the Company was served with a statement of claim in a civil action in the Taipei District Court in Taiwan, in which the plaintiff requested the Company to perform the second phase of the sale and purchase of its shares in Allied Advantage Sdn. Bhd. (AASB) The Company is requested to pay a total of US\$3,968,389.06 to complete the transfer of 51% of the shares of AASB, totaling 5.1 million shares, plus interest at the rate of 5% per annum from the day after the service of the statement of claim until the date of settlement of the previous purchase price. On July 12, 2022, the Company received the judgment of the court, that the plaintiff's lawsuit and the false execution claim were dismissed, the litigation costs shall be borne by the plaintiff. The Company won the judgment, which will not affect the financial and business aspects of this case.

- 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:** On June 23, 2022, shareholders elected the fifth directors, and the new 6 terms of directors were appointed for a total of 7 (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.
- 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:**

At the Board of Directors' meeting held on March 25, 2022, the Company's board of directors approved that, due to the Company's internal management needs, the former CPA, Ms. Li, Li-Huang and Mr. Chih, Jui-Chuan of Deloitte Taiwan for the financial statements shall be changed to CPA, Mr. Hong, Mao-Yi and Cheng, Ching-Piao of Ernst & Young for the financial statements with effect from the first quarter of 2022.

- 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 2022 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, 2022 AND 2021  
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.*

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

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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, 2022 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

Huang, Ya-Hsing

Chairman

March 23, 2023

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, 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 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 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, 2022, and its consolidated financial performance and cash flows for the year 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 2022 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\$4,986,366 thousand for the year ended December 31, 2022, 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**

The consolidated financial report of the Company and its subsidiaries for the year then ended December 31, 2021 was audited by other auditors and expressed unqualified opinion on March 25, 2022.

### **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. as of December 31, 2022 and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$95,171 thousand as of December 31, 2022 representing 1.19% of the Company's consolidated total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$(76) thousand representing (0.01)% of the Company's consolidated income before tax, and the related shares of other comprehensive income from the associate under the equity method for the year then ended amounting to NT\$0 representing 0% of the consolidated other comprehensive income, are based solely on the audit reports of other auditors.

### **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 2022 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.

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

Hong, Mao-Yi



Cheng, Ching-Piao



Ernst & Young  
March 23, 2023  
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.*

## Global Tek Fabrication Co., Ltd. and Subsidiaries

## Consolidated Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$1,125,729	14	\$1,364,074	20
1110	Financial assets at fair value through profit or loss	4, 6(2)	716	-	1,432	-
1136	Financial assets measured at amortized cost	4, 6(4), 8	830	-	110,720	2
1150	Notes receivables, net	4, 6(5)	120,192	1	65,462	1
1170	Accounts receivables, net	4, 6(6)	1,535,145	19	1,147,813	17
1180	Accounts receivables - related parties, net	7	-	-	35	-
1197	Financing lease payments receivable, net	4, 6(7)	48,646	1	56,462	1
1200	Other receivables		104,356	1	89,048	1
1210	Other receivables - related parties	7	18,715	-	26,076	-
1220	Income tax assets		338	-	627	-
1310	Inventories, net	4, 6(8)	1,290,902	16	1,145,848	17
1410	Prepayments		122,795	2	108,697	1
1470	Other current assets		161	-	198	-
11xx	Total current assets		<u>4,368,525</u>	<u>54</u>	<u>4,116,492</u>	<u>60</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	323	-	-	-
1517	Financial assets at fair value through other comprehensive income	4, 6(3)	88,224	1	91,449	2
1535	Financial assets measured at amortized cost	4, 6(4), 8	1,811	-	1,146	-
1550	Investment accounted for under equity method	4, 6(9)	173,853	2	105,803	2
1600	Property, plant and equipment	4, 6(10), 8, 9	2,923,847	37	1,452,052	21
1755	Right-of-use asset	4, 6(24)	212,183	3	137,858	2
1780	Intangible assets	4, 6(11)	7,870	-	7,635	-
1840	Deferred tax assets	4, 6(28)	79,831	1	85,756	1
1915	Prepayment for equipment		47,402	1	715,645	11
194D	Long-term financing lease payments receivable	4, 6(7)	107,969	1	87,681	1
1990	Other non-current assets	4, 6(12), 6(18)	18,012	-	15,288	-
15xx	Total non-current assets		<u>3,661,325</u>	<u>46</u>	<u>2,700,313</u>	<u>40</u>
1xxx	Total Assets		<u>\$8,029,850</u>	<u>100</u>	<u>\$6,816,805</u>	<u>100</u>

(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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(13), 8	\$582,345	7	\$730,008	11
2130	Contract liabilities	4, 6(22)	11,597	-	21,158	-
2150	Notes payables		45,411	1	40,023	1
2170	Accounts payables		985,283	12	947,075	14
2200	Other payables	6(14)	671,753	8	624,051	9
2230	Current income tax liabilities	4	68,087	1	14,325	-
2250	Provisions	4, 6(15)	-	-	9,235	-
2280	Lease liabilities	4, 6(24)	32,502	1	23,896	1
2311	Current portion of bonds payable	4, 6(16)	279,367	3	390,051	6
2322	Current portion of long-term loans	4, 6(17), 8	143,100	2	101,100	1
2399	Other current liabilities		2,662	-	2,503	-
21xx	Total current liabilities		<u>2,822,107</u>	<u>35</u>	<u>2,903,425</u>	<u>43</u>
	Non-current liabilities					
2530	Corporate bonds payable	4, 6(16)	314,465	4	-	-
2540	Long-term loans	4, 6(17), 8	1,151,550	14	426,649	6
2570	Deferred income tax liabilities	4, 6(28)	245,712	3	217,283	3
2580	Lease liabilities	4, 6(24)	116,596	1	50,477	1
2600	Other non-current liabilities	4, 6(18), 6(19)	32,130	1	737,065	11
25xx	Total non-current liabilities		<u>1,860,453</u>	<u>23</u>	<u>1,431,474</u>	<u>21</u>
2xxx	Total liabilities		<u>4,682,560</u>	<u>58</u>	<u>4,334,899</u>	<u>64</u>
31xx	Equity attributable to shareholders of the parent					
3100	Capital					
3110	Common stock		810,063	10	718,953	10
3200	Capital surplus	6(20)	1,683,612	21	1,272,704	19
3300	Retained earnings					
3310	Legal reserve		113,931	2	97,260	1
3320	Special reserve		89,286	1	104,819	1
3350	Unappropriated earnings		722,425	9	388,006	6
3400	Other components of equity		(72,027)	(1)	(89,285)	(1)
3500	Treasury Stock	4,6(20)	-	-	(10,551)	-
3xxx	Total equity		<u>3,347,290</u>	<u>42</u>	<u>2,481,906</u>	<u>36</u>
3x2x	Total liabilities and equity		<u>\$8,029,850</u>	<u>100</u>	<u>\$6,816,805</u>	<u>100</u>

(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, 2022 and 2021

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

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(22),7	\$4,986,366	100	\$4,305,940	100
5000	Operating costs	7	<u>(3,853,854)</u>	<u>(77)</u>	<u>(3,421,164)</u>	<u>(79)</u>
5900	Gross profit		<u>1,132,512</u>	<u>23</u>	<u>884,776</u>	<u>21</u>
	Operating expenses	4, 6(24),7				
6100	Sales and marketing		(300,800)	(6)	(267,617)	(6)
6200	General and administrative		(279,142)	(6)	(232,864)	(6)
6300	Research and development		(142,858)	(3)	(142,297)	(3)
6450	Expected credit gains (losses)	6(23)	<u>(1,974)</u>	<u>-</u>	<u>(4,380)</u>	<u>-</u>
6900	Total operating expenses		<u>(724,774)</u>	<u>(15)</u>	<u>(647,158)</u>	<u>(15)</u>
6900	Operating income		<u>407,738</u>	<u>8</u>	<u>237,618</u>	<u>6</u>
	Non-operating incomes and expenses	4, 6(26)				
7100	Interest incomes		15,135	1	6,975	-
7010	Other incomes		61,118	1	68,166	1
7020	Other gains and losses		102,259	2	(57,413)	(1)
7050	Finance costs		(39,859)	(1)	(15,650)	-
7060	Share of profit or loss of associates		(6,734)	-	(25,372)	(1)
	and joint ventures accounted for under the equity method					
7000	Total non-operating income and expenses		<u>131,919</u>	<u>3</u>	<u>(23,294)</u>	<u>(1)</u>
7900	Income before income tax		539,657	11	214,324	5
7950	Income tax expense	4, 6(28)	<u>(116,807)</u>	<u>(2)</u>	<u>(47,558)</u>	<u>(1)</u>
8200	Net income		<u>422,850</u>	<u>9</u>	<u>166,766</u>	<u>4</u>
8300	Other comprehensive income (loss)	6(27)				
8310	Items that not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		1,497	-	(51)	-
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		<u>(3,679)</u>	<u>-</u>	<u>3,536</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		<u>20,937</u>	<u>-</u>	<u>7,398</u>	<u>-</u>
	Total other comprehensive income (loss), net of tax		<u>18,755</u>	<u>-</u>	<u>10,883</u>	<u>-</u>
8500	Total comprehensive income		<u>\$441,605</u>	<u>9</u>	<u>\$177,649</u>	<u>4</u>
8600	Net income attributable to:					
8610	Shareholders of the parent		\$422,850	9	\$166,766	4
8620	Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>\$422,850</u>	<u>9</u>	<u>\$166,766</u>	<u>4</u>
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		\$441,605	9	\$177,649	4
8720	Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>\$441,605</u>	<u>9</u>	<u>\$177,649</u>	<u>4</u>
9750	Earnings per share - basic (in NT\$)	6(29)	<u>\$5.74</u>		<u>\$2.35</u>	
9850	Earnings per share - diluted (in NT\$)	6(29)	<u>\$4.58</u>		<u>\$2.11</u>	

(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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	Equity Attributable to Shareholders of the Parent								Total Equity
		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 (loss)		
3100	3200	3310	3320	3350	3410	3420	3500	3XXX		
A1	Balance as of January 1, 2021	\$675,330	\$1,118,900	\$87,235	\$109,023	\$312,112	\$(104,819)	\$4,600	\$(10,551)	\$2,191,830
	Appropriation and distribution of 2020 earnings:									
B1	Legal reserve			10,025		(10,025)				-
B3	Special reserve				(4,204)	4,204				-
B5	Cash dividends - common shares					(85,000)				(85,000)
D1	Net income for 2021					166,766				166,766
D3	Other comprehensive income (loss) for 2021					(51)	7,398	3,536		10,883
D5	Total comprehensive income (loss)	-	-	-	-	166,715	7,398	3,536	-	177,649
N1	Share-based payments	1,870	2,059							3,929
I1	Conversion of convertible bonds	41,753	151,745							193,498
Z1	Balance as of December 31, 2021	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 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

(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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2022	2021	Code	Item	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$539,657	\$214,324	B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(16,960)
A20000	Adjustments:			B00040	Acquisition of financial assets measured at amortized cost	-	(110,722)
A20010	Income and expense adjustments:			B00050	Proceeds from disposal of financial assets measured at amortized cost	109,225	-
A20100	Depreciation (including right-of-use assets)	194,084	174,209	B01800	Acquisition of investment accounted for under equity method	(74,610)	(119,088)
A20200	Amortization	3,710	5,533	B02700	Acquisition of property, plant and equipment	(126,075)	(318,970)
A20300	Expected credit losses (gain)	1,974	4,380	B02800	Proceeds from disposal of property, plant and equipment	9,910	2,996
A20400	Net loss (gain) of financial assets at fair value through profit or loss	2,031	3,509	B03700	Decrease (increase) in refundable deposits	(1,136)	(5,896)
A20900	Interest expense	39,859	15,650	B04300	Decrease (increase) in other receivables - related parties	7,935	(26,052)
A21200	Interest income	(15,135)	(6,975)	B04500	Acquisition of intangible assets	(2,913)	(3,955)
A21300	Dividend income	(1,103)	-	B06000	Decrease (increase) in financing lease payments receivable	47,373	2,145
A22300	Share of profit or loss of associates and joint ventures accounted for under the equity method	6,734	25,372	B07100	Increase in prepayments for equipment	(874,910)	(126,470)
A22500	Loss (gain) on disposal of property, plant and equipment	495	2,921	B09900	Increase in advance land payment	-	(641,116)
A23700	Loss on inventory valuation	17,659	41,873	BBBB	Net cash provided by (used in) investing activities	(905,201)	(1,364,088)
A23700	Impairment loss (gain) on non-financial assets	15,766	2,674				
A29900	Loss (gain) on lease modification	(1,311)	(31)	CCCC	Cash flows from financing activities:		
A29900	Gain on government grants	(1,245)	607	C00100	Increase in (repayment of) short-term loans	(147,663)	501,751
A30000	Changes in operating assets and liabilities:			C01600	Increase in long-term loans	1,170,000	400,000
A31130	Notes receivables	(54,730)	(13,179)	C01700	Repayment of long-term loans	(403,099)	(452,433)
A31150	Accounts receivables	(389,347)	(141,733)	C03000	Increase (decrease) in guarantee deposits	1,030	289
A31160	Accounts receivables - related parties	35	(35)	C04020	Cash payments for the principal portion of the lease liabilities	(36,991)	(29,758)
A31180	Other receivables	(13,955)	6,736	C04300	Increase in other non-current liabilities	-	704,314
A31200	Inventories	(163,045)	(398,551)	C04500	Cash dividends paid	(85,000)	(85,000)
A31230	Prepayments	(14,313)	(27,229)	C04800	Exercise of employee share options	1,987	3,929
A31240	Other current assets	37	61	CCCC	Net cash provided by (used in) financing activities	500,264	1,043,092
A32125	Contract liabilities	(9,562)	4,895				
A32130	Notes payables	5,388	(23,044)	DDDD	Effect of exchange rate changes	5,501	4,160
A32140	Notes payables - related parties	-	12,368				
A32150	Accounts payables	38,208	189,321	EEEE	Increase (decrease) in cash and cash equivalents	(238,345)	(114,427)
A32160	Accounts payables - related parties	-	10,982	E00100	Cash and cash equivalents at beginning of period	1,364,074	1,478,501
A32180	Other payables	19,868	116,764	E00200	Cash and cash equivalents at end of period	\$1,125,729	\$1,364,074
A32200	Provisions	(9,235)	(9,967)				
A32230	Other current liabilities	159	553				
A32240	Net defined benefit liabilities	(522)	(522)				
A32250	Deferred revenue	-	(249)				
A33000	Cash generated from (used in) operations	212,161	211,217				
A33100	Interest received	10,339	6,972				
A33200	Dividend received	1,103	-				
A33300	Interest paid	(28,166)	(10,280)				
A33500	Income tax paid	(34,346)	(5,500)				
AAAA	Net cash provided by (used in) operating activities	161,091	202,409				

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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

As of December 31, 2022 and 2021 and For the years then ended

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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, 2022 and 2021 were authorized for issue by the Board of Directors on March 23, 2023.

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, 2022. The new standards and amendments had no material impact on the Group.



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Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(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 Group 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	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2023. The Group assesses all standards and interpretations have no material impact on the Group.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(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) 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.

(d) 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.

(e) 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.

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. The Group assesses all standards and interpretations have 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, 2022 and 2021 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.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			As of December 31,	
			2022	2021
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. (US)	Trading activities	100.00%	100.00%
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Co., Ltd. (Samoa) (Note 2)	Investing activities	100.00%	100.00%
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	92.76%	92.76%

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Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

			<u>Percentage of ownership (%)</u>	
			<u>As of December 31,</u>	
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) Co., Ltd.	Precision machining	47.02%	47.02%
Global Tek Fabrication Co., Ltd. (HK)	Global Tek (Wuxi) Co., Ltd.	Precision machining	52.98%	52.98%
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% (Note 1)	-%

Note 1 : Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. which is held by Global Tek (Xi'An) Co., Ltd. was registered in October, 2022.

Note 2 : The Global Tek Co., Ltd. and Global Tek Co., Ltd. (Samoa) have the same English name, so add the region to distinguish.

(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.

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 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 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 measured 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.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(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 affect 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 prorata 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) 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, maximising 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 amortised 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. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) 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:

	<u>Computer Software</u>
Useful life	3 to 5 years
Amortization method used	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(15) 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.

(16) 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.

(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) 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.

(19) 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.

(20) 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.

(21) 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.

## (22) 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. 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 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.

### (23) 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) 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.

(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 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 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.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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,	
	2022	2021
Cash and petty cash	\$938	\$1,481
Checkings and savings	679,279	1,251,873
Time deposit	445,512	110,720
Total	<u>\$1,125,729</u>	<u>\$1,364,074</u>

(2) Financial assets at fair value through profit or loss

	As of December 31,	
	2022	2021
Mandatorily measured at fair value through profit or loss:		
Convertible corporate bond redemption rights	\$493	\$775
Non-derivative financial assets		
- Certificate of benefit of the fund	546	657
Total	<u>\$1,039</u>	<u>\$1,432</u>
Current	<u>\$716</u>	<u>\$1,432</u>
Non-current	<u>\$323</u>	<u>\$-</u>

No financial assets at fair value through profit or loss was pledged as collateral.

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Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

The Group entered into an agreement to acquire 70% equity interest in Malaysia-based Allied Advantage Sdn Bhd in January 2019. On January 31, 2019, the Group paid a price of MYR 6,080 thousand to acquire 19% ownership and the remaining 51% shares is a forward contract to obtain control of the company and is therefore measured at fair value through profit or loss.

The Group announced in January 2022 that due to the impact of Covid-19, the Group and the Malaysia-based Allied Advantage Sdn Bhd intended not to execute the second phase of the share transaction of the 70% equity agreement, but still retain the 19% stake of the first phase. The 51% interest forward contract of the second phase could not be realized, so the forward contract was derecognized and a loss of NT\$2,628 thousand was recognized in 2021.

(3) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income –		
Non-current:		
Unlisted companies stocks		
Techplasma Technology Co., Ltd.	\$41,223	\$43,912
Allied Advantage Sdn Bhd	30,641	31,877
Formtechnology GmbH	16,360	15,660
Total	<u>\$88,224</u>	<u>\$91,449</u>

No financial assets at fair value through other comprehensive income was pledged as collateral.

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.

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.

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Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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.

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income amount to NT\$1,103 thousand for the year ended December 31, 2022.

(4)Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Restricted of deposits	\$1,811	\$111,866
Time deposits of more than three months	830	-
Total	<u>\$2,641</u>	<u>\$111,866</u>
Current	<u>\$830</u>	<u>\$110,720</u>
Non-current	<u>\$1,811</u>	<u>\$1,146</u>

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 receivable

	As of December 31,	
	2022	2021
Notes receivables arising from operating activities	\$120,192	\$65,462
Less: loss allowance	-	-
Total	<u>\$120,192</u>	<u>\$65,462</u>



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Notes receivable were not pledge.

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 and accounts receivables - related parties, net

(a) Accounts receivables, net

	As of December 31,	
	2022	2021
Accounts receivables, gross	\$1,546,930	\$1,157,583
Less: loss allowance	(11,785)	(9,770)
Subtotal	1,535,145	1,147,813
Accounts receivables - related parties, gross	-	35
Less: loss allowance	-	-
Subtotal	-	35
Total	\$1,535,145	\$1,147,848

(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, 2022 and 2021, were NT\$1,546,930 thousand and NT\$1,157,618 thousand, respectively. Please refer to Note 6(23) for more details on loss allowance of accounts receivables for the years ended December 31, 2022 and 2021, respectively. Please refer to Note 12 for more details on credit risk.

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(7) Financial lease payments receivable

	As of December 31,			
	2022		2021	
	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	\$54,222	\$48,646	\$59,450	\$56,462
More than one year but less than five years	113,127	107,969	90,156	87,681
Total non-discounted lease payments	167,349	<u>\$156,615</u>	149,606	<u>\$144,143</u>
Less: Unearned finance income	(10,734)		(5,463)	
Gross investment in the lease (Financing lease payments receivable)	<u>\$156,615</u>		<u>\$144,143</u>	
Current	\$48,646		\$56,462	
Non-current	107,969		87,681	
Total	<u>\$156,615</u>		<u>\$144,143</u>	

(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. In October 2018 and June 2021, the Group also sub-leased part of the factory buildings located at No. 115, High-tech Zone, Wuxi, and part of the factory buildings on Gaoshi Road, Taoyuan, and received a fixed lease payment of NT\$3,116 thousand per year. The remaining lease term of the master lease is fully sub-leased, it is classified as a financial lease.

The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of December 31, 2022 and 2021, the implied interest rate of the financial lease is 2.0% to 2.4% per annum.

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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, 2022 and 2021, 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,	
	2022	2021
Raw materials	\$200,316	\$159,246
Work in progress	377,433	332,564
Finished goods	587,042	485,719
Merchandises	126,111	168,319
Total	<u>\$1,290,902</u>	<u>\$1,145,848</u>

(b)The cost of inventories recognized in expenses amounted to NT\$3,853,854 thousand and NT\$3,421,164 thousand for the years ended December 31, 2022 and 2021, respectively. The following losses were included in cost of sales :

Item	For the year ended December 31,	
	2022	2021
Loss from inventory market decline	\$17,659	\$41,873
Unallocated manufacturing overhead	14,279	13,293
Loss from inventory physical count	5,407	3,181
Loss from inventory write-off obsolescence	14,606	16,179
Total	<u>\$51,951</u>	<u>\$74,526</u>

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(c)The inventories were not pledged.

(9)Investments accounted for under the equity method

Investee	As of December 31,			
	2022		2021	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investment in associates:				
AvioCast Inc.	\$95,171	36.72%	\$95,247	36.72%
Top Yes (Suzhou) Precision Industry Co., Ltd.	<u>78,682</u>	4.11%	<u>10,556</u>	4.11%
Total	<u>\$173,853</u>		<u>\$105,803</u>	

(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.

(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, 2022, the investment amount of US\$ 1,575 had been remitted.

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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) Investments in associates

As of December 31, 2022 and 2021, the aggregate carrying amount of the Group's interests in AvioCast Inc. and Top Yes (Suzhou) Precision Industry Co., Ltd. were NT\$173,853 thousand and NT\$105,803 thousand. The aggregate financial information based on Group's share as follows:

	For the year ended December 31,	
	2022	2021
Profit or loss from continuing operations	\$(6,734)	\$(25,372)
Other comprehensive income (post-tax)	-	-
Total comprehensive income(loss)	\$(6,734)	\$(25,372)

There aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of December 31, 2022 and 2021.

(d) The Group's investment accounted for under equity method as of December 31, 2022 and 2021 were NT\$173,853 thousand and NT\$105,803 thousand, respectively. For the year ended December 31, 2022 and 2021 share of investment loss from these associates and joint venture amount to NT\$(6,734) thousand and NT\$(25,372) 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,	
	2022	2021
Owner occupied property, plant and equipment	\$2,923,847	\$1,452,052

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(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, 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	<u>\$1,419,755</u>	<u>\$732,158</u>	<u>\$1,219,773</u>	<u>\$18,565</u>	<u>\$21,888</u>	<u>\$304,358</u>	<u>\$127,610</u>	<u>\$168,488</u>	<u>\$4,012,595</u>
As of January 1, 2021	\$107,810	\$276,656	\$1,137,820	\$19,405	\$18,696	\$242,435	\$76,664	\$177,356	\$2,056,842
Additions	-	353	17,325	3,106	1,078	14,956	205	296,403	333,426
Disposals	-	-	(12,840)	(211)	(180)	(2,110)	(760)	-	(16,101)
Exchange differences	-	650	5,205	53	71	740	346	2,248	9,313
Reclassification	-	487	46,575	74	-	9,630	50	-	56,816
As of December 31, 2021	<u>\$107,810</u>	<u>\$278,146</u>	<u>\$1,194,085</u>	<u>\$22,427</u>	<u>\$19,665</u>	<u>\$265,651</u>	<u>\$76,505</u>	<u>\$476,007</u>	<u>\$2,440,296</u>
Depreciation and impairment:									
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	<u>\$3,119</u>	<u>\$148,832</u>	<u>\$643,209</u>	<u>\$8,427</u>	<u>\$16,297</u>	<u>\$193,168</u>	<u>\$75,696</u>	<u>\$-</u>	<u>\$1,088,748</u>

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	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
As of January 1, 2021	\$3,119	\$120,062	\$511,160	\$17,831	\$12,545	\$139,252	\$46,055	\$-	\$850,024
Depreciation	-	8,761	92,155	1,549	2,165	29,128	10,698	-	144,456
Impairment losses	-	-	442	-	-	-	-	-	442
Disposals	-	-	(7,186)	(152)	(180)	(2,083)	(469)	-	(10,070)
Exchange differences	-	440	2,089	42	58	499	264	-	3,392
As of December 31, 2021	<u>\$3,119</u>	<u>\$129,263</u>	<u>\$598,660</u>	<u>\$19,270</u>	<u>\$14,588</u>	<u>\$166,796</u>	<u>\$56,548</u>	<u>\$-</u>	<u>\$988,244</u>
Net carrying amount as of:									
December 31, 2022	<u>\$1,416,636</u>	<u>\$583,326</u>	<u>\$576,564</u>	<u>\$10,138</u>	<u>\$5,591</u>	<u>\$111,190</u>	<u>\$51,914</u>	<u>\$168,488</u>	<u>\$2,923,847</u>
December 31, 2021	<u>\$104,691</u>	<u>\$148,883</u>	<u>\$595,425</u>	<u>\$3,157</u>	<u>\$5,077</u>	<u>\$98,855</u>	<u>\$19,957</u>	<u>\$476,007</u>	<u>\$1,452,052</u>

(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) The Group recognized an impairment loss amounting to NT\$15,766 thousand on certain real estate to an 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.

The Group recognized an impairment loss in the amount of NT\$442 thousand on certain property, plant and equipment to the extent of the recoverable value in 2021. In addition, the impairment loss of prepaid related equipment was recognized at NT\$2,232 thousand, totaling NT\$2,674 thousand. The impairment loss has been recorded in the statement of comprehensive income. The recoverable value is measured at value in use by identified individual asset.

(d) Please refer to Note 8 for more details on property, plant and equipment under pledge.

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(11) Intangible assets

	<u>Computer software</u>
Cost:	
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	<u>\$44,361</u>
As of January 1, 2021	\$36,751
Additions-acquired separately	3,955
Deduction	-
Exchange differences	9
As of December 31, 2021	<u>\$40,715</u>
Amortization:	
As of January 1, 2022	\$33,080
Amortization and Impairment	3,710
Deduction	(321)
Exchange differences	22
As of December 31, 2022	<u>\$36,491</u>
As of January 1, 2021	\$27,538
Amortization and Impairment	5,533
Deduction	-
Exchange differences	9
As of December 31, 2021	<u>\$33,080</u>
Net carrying amount as of:	
December 31, 2022	<u>\$7,870</u>
December 31, 2021	<u>\$7,635</u>



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Amortization of intangible assets is as follows:

	For the year ended	
	December 31,	
	2022	2021
Operating costs	\$116	\$23
Sales and marketing	337	173
General and administrative	2,363	3,187
Research and development	894	2,150
Total	<u>\$3,710</u>	<u>\$5,533</u>

(12)Other non-current assets

	As of December 31,	
	2022	2021
Refundable deposits	\$14,353	\$13,217
Net defined benefit assets	3,659	2,071
Total	<u>\$18,012</u>	<u>\$15,288</u>

(13)Short-term loans

	As of December 31,	
	2022	2021
Secured financial structure loans	\$127,556	\$96,077
Unsecured financial structure loans	454,789	633,931
Total	<u>\$582,345</u>	<u>\$730,008</u>
Interest Rates (%)	<u>0.82% ~ 3.90%</u>	<u>0.78% ~ 4.36%</u>

The Group's unused short-term lines of credits amounted to NT\$1,016,175 thousand and NT\$951,292 thousand as of December 31, 2022 and 2021, respectively.

Please refer to Note 8 for more details of assets pledged as collaterals.

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(14) Other payables

	As of December 31,	
	2022	2021
Payable of salary and bonuses	\$135,809	\$75,228
Accrued interest	839	585
Accrued compensation to employees and directors	18,612	5,639
Payable on equipment	61,517	38,937
Payable of processing fees	294,888	321,665
Other	160,088	181,997
Total	<u>\$671,753</u>	<u>\$624,051</u>

(15) Provisions

	As of December 31,	
	2022	2021
Long-term employee benefits expiring within one year	<u>\$-</u>	<u>\$9,235</u>

The long-term employee benefit liability is the provision of the long-term bonus paid by the Group in January 2019, which is part of other long-term employee benefit plans. The long-term bonus plan is a modification of other long-term employee benefit plans by the Group to replace the stock options paid by some employees, please refer to Note 6(21) for more details.

The welfare plan is calculated based on the fixed remuneration of RMB 5,000 for each employee originally held by each employee, and is paid in 4 equal installments for those who are still in service in 2019, 2020, 2021 and January 2022.

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(16) Bonds payable

A. The details of the bonds payable as of December 31, 2022 and 2021 is as follows:

	As of December 31,	
	2022	2021
Liability component:		
Unsecured domestic convertible bonds.	\$606,300	\$400,000
Less: discounts on bonds payable	(12,468)	(9,949)
Subtotal	593,832	390,051
Less: current portion	(279,367)	(390,051)
Net	\$314,465	\$-
Embedded derivative - redemption, put options	\$493	\$775
Equity component - conversion right	\$60,914	\$18,792

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(24).

B. On August 27, 2019, the Group issued the 1<sup>st</sup> 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.

C. On January 3, 2022, the Group issued the 2<sup>nd</sup> 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 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).

D. The unsecured convertible bonds in the amount of NT\$623,700 thousand have been converted to 13,437 thousand common shares as of 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\$532,554 thousand; in addition, due to the exercise of corporate bond conversion rights, the capital reserve recognized in the original issue - convertible corporate bond warrants a decrease of NT\$60,067 thousand and a decrease of NT\$16,840 thousand in the discount of corporate bonds payable.

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(17) Long-term loans

Details of long-term loan as of December 31, 2022 and 2021 are as follows:

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			<u>\$1,151,550</u>	
Debtor	Type of Loan	Maturity	As of December	
			31,2021	Repayment
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$47,749	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	300,000	The principal and interest will be amortized monthly.
Shanghai Commercial & Savings Bank, Ltd.	Credit loan	2019.06.24- 2022.06.24	80,000	Interest is paid monthly, and the principal has a grace period of 2 years, after which it will be repaid quarterly.
Land Bank of Taiwan	Credit loan	2020.08.19- 2023.08.19	100,000	The principal is paid at maturity, three-year revolving loan.
Total			527,749	
Less: current portion			(101,100)	
Non-current portion			<u>\$426,649</u>	

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(a) Please refer to Note 8 for more detail of assets pledged as collaterals.

(b) As of December 31, 2022 and 2021, the interest rate intervals for long-term loans were 0.98% ~ 1.88 and 0.90% ~ 1.28%, respectively.

(18) Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2022	2021
Advance receipt of convertible corporate bonds	\$-	\$704,314
Net defined benefit liability	851	1,656
Guarantee deposits	4,921	3,891
Deferred revenue	6,079	6,925
Other(Note)	20,279	20,279
Total	<u>\$32,130</u>	<u>\$737,065</u>

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 RMB100,000 for infrastructure supporting construction costs totaling NT\$20,279 thousand (RMB4,361 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 (RMB4,361 thousand) for supporting infrastructure construction.



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(b)The details of the deferred government grants income for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended	
	December 31,	
	2022	2021
Beginning balance	\$27,204	\$27,453
Received during the period	-	759
Released to the statement of comprehensive income	(1,245)	(1,179)
Exchange differences	399	171
Ending Balance	<u>\$26,358</u>	<u>\$27,204</u>

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, 2022 and 2021 were NT\$34,766 thousand and NT\$30,100 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 15<sup>th</sup> 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\$(37) thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

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As of December 31, 2022 and 2021, 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, 2022 and 2021:

	For the year ended December 31,	
	2022	2021
Net interest of defined benefit	\$ (3)	\$ (1)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Defined benefit obligation	\$14,211	\$15,209	\$15,092
Plan assets at fair value	(17,019)	(15,624)	(15,049)
Other non-current liabilities – net defined benefit liability(assets) on the consolidated balance sheets	\$ (2,808)	\$ (415)	\$43

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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, 2021	\$15,092	\$(15,049)	\$43
Current period service costs	-	-	-
Net interest expense(revenue)	75	(76)	(1)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	<u>75</u>	<u>(76)</u>	<u>(1)</u>
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	353	-	353
Actuarial gains and losses arising from changes in financial assumptions	(187)	-	(187)
Experience adjustments	140	-	140
Return on project assets (except the amount included in net interest)	-	(242)	(242)
Re-measurement on defined benefit assets	-	-	-
Subtotal	<u>306</u>	<u>(242)</u>	<u>64</u>
Payments from the plan	(264)	264	-
Contributions by employer	-	(521)	(521)
As of December 31, 2021	<u>15,209</u>	<u>(15,624)</u>	<u>(415)</u>
Current period service costs	-	-	-
Net interest expense(revenue)	95	(98)	(3)
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	<u>95</u>	<u>(98)</u>	<u>(3)</u>
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
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)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.25%~1.375%	0.625%
Expected rate of salary increases	2.00%~2.25%	2.00%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(313)	\$-	\$(371)
Discount rate decrease by 0.25%	324	-	386	-
Future salary increase by 0.25%	317	-	374	-
Future salary decrease by 0.25%	-	(308)	-	(363)

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, 2022 and 2021, 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\$810,063 thousand and NT\$718,953 thousand, respectively, divided into 81,006 thousand shares and 71,895 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, the 1<sup>st</sup> unsecured convertible bonds in amount of NT\$41,753 thousand and employees executed stock options in amount of NT\$1,870 thousand, were converted into 4,362 thousand shares. The registration was completed on February 9, 2022.

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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 year ended December 31, 2022, the 1<sup>st</sup> unsecured convertible bonds in amount of NT\$25,481 thousand were converted into 2,548 thousand shares. The base date for the capital increase of 1,502 thousand shares was March 23, 2023.

For the year ended December 31, 2022, the 2<sup>nd</sup> unsecured convertible bonds in amount of NT\$67,139 thousand were converted into 6,714 thousand shares. The base date for the capital increase of 2,989 thousand shares was March 23, 2023.

(b) Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	\$1,621,376	\$1,252,590
Employee stock option	1,322	1,322
Components of convertible corporate bonds	60,914	18,792
Total	<u>\$1,683,612</u>	<u>\$1,272,704</u>

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 to NT\$0 and NT\$2,470 thousand, respectively, divided into 0 shares, and 247 thousand shares, respectively, as of December 31, 2022 and 2021.

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The movement schedule of treasury stock for the years ended December 31, 2022 and 2021 was as below (in thousand shares).

	Beginning			Ending
Purpose of repurchase	balance	Addition	Decrease	balance
<u>For the years ended December 31, 2022</u>				
Transfer of shares to employees	247	-	247	-
<u>For the years ended December 31, 2021</u>				
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 reserve 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.

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(e)The appropriations of earnings for 2022 and 2021 were approved through the board meetings and shareholders' meetings held on March 23, 2023 and June 23, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share	
	2022	2021	(in NT\$)	
Legal reserve	\$42,056	\$16,671		
Special reserve	(17,259)	(15,533)		
Cash dividend (Note1)	173,000	85,000	\$2.11	\$1.18
Total	<u>\$197,797</u>	<u>\$86,138</u>		

Note1: The number of shares calculated for shareholder dividends amounted to 82,022 thousand shares and 71,744 thousand shares as of March 3, 2023 and March 11, 2022, 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.

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The following table contains further details on the aforementioned share-based payment plan:

	For the year ended December 31,			
	2022		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	96	\$20.7	286	\$21.2
Granted	-	-	-	-
Exercised	(96)	20.7	(187)	21.2
Expired	-	-	-	-
Over due	-	-	(3)	-
Outstanding at end of period	<u>-</u>	<u>\$-</u>	<u>96</u>	<u>\$20.7</u>
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 2021, are as follows:

	Exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2021		
share options outstanding at the end of the period	\$20.7	0.083 Years

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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:

	<u>2017.01</u>
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:

	<u>2019.01</u>
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.

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(22) Operating revenue

	For the year ended December 31,	
	2022	2021
Revenue from contracts with customer		
Sales of goods	\$4,911,164	\$4,261,381
Other operating revenue	75,202	44,559
Total	<u>\$4,986,366</u>	<u>\$4,305,940</u>

Analysis of revenue from contracts with customers for the years ended December 31, 2022 and 2021 are as follows:

(a) Disaggregation of revenue

	For the year ended December 31,	
	2022	2021
Sale of goods	\$4,911,164	\$4,261,381
Other	75,202	44,559
Total	<u>\$4,986,366</u>	<u>\$4,305,940</u>

The timing for revenue recognition:

At a point in time	<u>\$4,986,366</u>	<u>\$4,305,940</u>
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For the analysis of each major product, please refer to Note 14 "Segment Information".

(b) Contract balances

A. Contract liabilities

	As of		
	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Sales of goods	<u>\$11,597</u>	<u>\$21,158</u>	<u>\$16,263</u>

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Analysis of contract liabilities for the year ended December 31, 2022 are as follows:

	<u>Sales of goods</u>
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

Analysis of contract liabilities for the year ended December 31, 2021 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(1,085)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	5,980

(23)Expected credit (losses) gains

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating expenses – Expected credit (losses) gains		
Account receivables	<u>\$(1,974)</u>	<u>\$(4,380)</u>

Please refer to Note 12 for more details on credit risk.

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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, 2022 and 2021, 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:

2022.12.31

	Not due (Note)	Overdue			More than 181 days	Total
		Less than 60 days	61-120 days	121-180 days		
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

2021.12.31

	Not due (Note)	Overdue			More than 181 days	Total
		Less than 60 days	61-120 days	121-180 days		
Gross carrying amount	\$1,139,320	\$71,922	\$4,599	\$3,039	\$4,200	\$1,223,080
Loss ratio	0.01% ~ 0.42%	0.21% ~ 20.99%	10.20% ~ 54.85%	30.86% ~ 67%	91.74% ~ 100%	
Lifetime expected credit losses	(1,385)	(1,660)	(1,641)	(1,114)	(3,970)	(9,770)
Carrying amount of accounts receivables	\$1,137,935	\$70,262	\$2,958	\$1,925	\$230	\$1,213,310

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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, 2022 and 2021 are as follows:

	Notes receivables	Accounts receivables
As of January 1, 2022	\$-	\$9,770
Addition (reversal) for the current period	-	1,974
Exchange differences	-	41
As of December 31, 2022	<u>\$-</u>	<u>\$11,785</u>
As of January 1, 2021	\$-	\$5,371
Addition (reversal) for the current period	-	4,380
Exchange differences	-	19
As of December 31, 2021	<u>\$-</u>	<u>\$9,770</u>

(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.



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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 assets

The carrying amount of right-of-use assets

	As of December 31,	
	2022	2021
Land	\$74,317	\$97,078
Buildings	125,388	26,860
Transportation equipment	10,798	11,360
Office equipment	122	319
Other equipment	1,558	2,241
Total	<u>\$212,183</u>	<u>\$137,858</u>

The Group's right-of-use assets increased by NT\$139,942 thousand and NT\$21,367 thousand for the years ended December 31, 2022 and 2021, respectively.

(ii) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	<u>\$149,098</u>	<u>\$74,373</u>
Current	\$32,502	\$23,896
Non-current	116,596	50,477
Total	<u>\$149,098</u>	<u>\$74,373</u>

Please refer to Note 6(26)(d) for the interest on lease liabilities recognized during the year ended December 31, 2022 and 2021, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2022 and 2021.

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B. Amounts recognized in the income statement

(i) Depreciation of right-of-use assets

	For the year ended December 31,	
	2022	2021
Land	\$3,029	\$2,783
Buildings	26,662	19,735
Transportation equipment	6,683	5,609
Office equipment	428	550
Other equipment	1,166	1,076
Total	<u>\$37,968</u>	<u>\$29,753</u>

C. Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	\$(4,060)	\$(4,455)
Income from subleasing right-of-use assets	3,338	1,613

As of December 31, 2022 and 2021, 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, 2022 and 2021, the Group's total cash outflow for leases amounted to NT\$41,051 thousand and NT\$34,336 thousand, respectively.

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(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.

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Lease income for operating leases		
Income relating to fixed lease payments	<u>\$17,329</u>	<u>\$15,206</u>

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, 2022 and 2021 are as follows:

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Less than one year	\$17,566	\$12,372
More than one year but less than five years	<u>37,625</u>	<u>765</u>
Total	<u>\$55,191</u>	<u>\$13,137</u>

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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, 2022 and 2021 are as follows:

	As of December 31,	
	2022	2021
Undiscounted lease payments		
Year 1	\$54,222	\$59,450
Year 2	47,476	32,131
Year 3	35,388	25,476
Year 4	20,680	21,798
Year 5	9,583	10,751
Total undiscounted lease payments	167,349	149,606
Less: lease payment unearned revenue	(10,734)	(5,463)
Net investment in the lease (Finance lease receivables)	\$156,615	\$144,143
Current	\$48,646	\$56,462
Non-current	107,969	87,681
Total	\$156,615	\$144,143

(25) Summary of employee benefits, depreciation and amortization by function is as follows:

Nature \ Function	For the year ended December 31,					
	2022			2021		
	Operating costs	Operating expense	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	\$277,894	\$384,353	\$662,247	\$264,926	\$320,801	\$585,727
Labor and health insurance	25,432	24,611	50,043	17,183	19,329	36,512
Pension	17,608	17,155	34,763	15,007	15,092	30,099
Other employee benefits expense	15,718	14,538	30,256	16,832	15,105	31,937
Depreciation	145,780	48,304	194,084	134,848	39,361	174,209
Amortization	116	3,594	3,710	23	5,510	5,533

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, 2022 amounted to NT\$9,764 thousand, and NT\$4,882 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, 2021 amounted to NT\$3,722 thousand, and NT\$1,861 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\$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.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$3,722 thousand and NT\$1,861 thousand, respectively, for the year ended December 31, 2021, in a meeting held on March 25, 2022. 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, 2021.

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(26) Non-operating income and expenses

(a) Interest income

	For the year ended	
	December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	\$9,882	\$3,592
Related party lending	1,738	1,027
Other	3,515	2,356
Total	<u>\$15,135</u>	<u>\$6,975</u>

(b) Other incomes

	For the year ended	
	December 31,	
	2022	2021
Rental income	\$17,329	\$15,206
Dividend income	1,103	-
Others	42,686	52,960
Total	<u>\$61,118</u>	<u>\$68,166</u>

(c) Other gains and losses

	For the year ended	
	December 31,	
	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$(495)	\$(2,921)
Foreign exchange gains (losses), net	121,993	(40,749)
Gains (losses) on financial assets at fair value through profit or loss	(2,031)	(3,509)
Gains on lease modification	1,311	31
Impairment loss on property, plant and equipment	(15,766)	(2,674)
Others	(2,753)	(7,591)
Total	<u>\$102,259</u>	<u>\$(57,413)</u>

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(d) Finance costs

	For the year ended	
	December 31,	
	2022	2021
Interest on borrowings from bank	\$28,429	\$10,494
Interests on convertible bonds	9,621	3,972
Interests on lease liabilities	1,801	1,179
Interest calculated on deposit	8	5
<b>Total</b>	<b>\$39,859</b>	<b>\$15,650</b>

(27) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Other comprehensive income, pre- tax	Tax relating to other components of 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 gain (losses) from equity 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 arising on translating of a foreign operations	26,171	-	26,171	(5,234)	20,937
<b>Total of other comprehensive income</b>	<b>\$24,117</b>	<b>\$-</b>	<b>\$24,117</b>	<b>\$(5,362)</b>	<b>\$18,755</b>

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For the year ended December 31, 2021

	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	\$ (64)	\$ -	\$ (64)	\$ 13	\$ (51)
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	1,549	-	1,549	1,987	3,536
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	9,248	-	9,248	(1,850)	7,398
<b>Total of other comprehensive income</b>	<b>\$10,733</b>	<b>\$-</b>	<b>\$10,733</b>	<b>\$150</b>	<b>\$10,883</b>



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(28) 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,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$90,597	\$30,240
Adjustments in respect of current income tax of prior periods	(2,217)	(2,385)
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	28,517	19,703
Total income tax expense	<u>\$116,807</u>	<u>\$47,558</u>

Income tax relating to components of other comprehensive income

	For the year ended	
	December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$374	\$(13)
Unrealized gains (losses) from debt instruments investments measured at fair value through other comprehensive income	(246)	(1,987)
Exchange differences arising on translation of foreign operations	5,234	1,850
Total	<u>\$5,362</u>	<u>\$(150)</u>

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(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,	
	2022	2021
Accounting income before tax from continuing operations	<u>\$539,657</u>	<u>\$214,324</u>
Tax payable at the enacted tax rates	\$148,253	\$39,200
Surtax on Undistributed retained earnings	4,029	-
Tax effect of expenses not deductible for tax purposes	(47,357)	(1,060)
Amount affected by deferred income tax on earnings of subsidiaries	15,276	17,407
Tax effect of deferred tax assets/liabilities	(1,087)	(5,604)
Adjustments in respect of current income tax of prior periods	(2,217)	(2,385)
Adjustments in respect of deferred income tax of prior periods	(90)	-
Total income tax expense recognized in profit or loss	<u>\$116,807</u>	<u>\$47,558</u>

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(c)Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as Jan. 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax (expense) recognized in other comprehensive income	Exchange differences	Ending balance as of Dec. 31, 2022
Temporary differences					
Unrealized 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 arising on translation of foreign operations	24,362	-	(5,234)	-	19,128
Undistributed earnings of subsidiaries	(159,391)	(15,264)	-	-	(174,655)
Others	(36,539)	3,828	(128)	(565)	(33,404)
Deferred tax income/(expense)		<u>\$(28,427)</u>	<u>\$(5,362)</u>	<u>\$(565)</u>	
Net deferred tax assets/(liabilities)	<u>\$(131,527)</u>				<u>\$(165,881)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$85,756</u>				<u>\$79,831</u>
Deferred tax liabilities	<u>\$217,283</u>				<u>\$245,712</u>

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For the year ended December 31, 2021

	Beginning balance as Jan. 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax (expense) recognized in other comprehensive income	Ending balance as of Dec. 31, 2021
Temporary differences				
Unrealized loss on inventory valuation	\$16,150	\$8,235	\$-	\$24,385
Asset impairment loss	9,787	(554)	-	9,233
Unrealized exchange loss (gain)	5,702	(2,962)	-	2,740
Unused tax losses	12,756	(9,073)	-	3,683
Exchange differences arising on translation of foreign operations	26,212	-	(1,850)	24,362
Undistributed earnings of subsidiaries	(141,728)	(17,663)	-	(159,391)
Others	(40,853)	2,314	2,000	(36,539)
Deferred tax income/ (expense)		<u>\$(19,703)</u>	<u>\$150</u>	
Net deferred tax assets/(liabilities)	<u>\$(111,974)</u>			<u>\$(131,527)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$89,761</u>			<u>\$85,756</u>
Deferred tax liabilities	<u>\$201,735</u>			<u>\$217,283</u>

(d)Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized as they may not be used to offset future taxable profits amounted to NT\$2,026 thousand and NT\$1,694 thousand, respectively.

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(e)The following table contains the information of unused tax losses of the Group:

Subsidiaries

<u>Occurrence year</u>	<u>Unused tax losses</u>		<u>Expiration year</u>
	<u>As of December 31,</u>		
	<u>2022</u>	<u>2021</u>	
2020	<u>\$-</u>	<u>\$18,417</u>	2030

(f)The assessment of income tax returns

As at December 31, 2022, the status of tax authority's assessment of the income tax returns of the Company and its subsidiaries were as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2020
Subsidiary- Global Tek Co., Ltd.	Assessed and approved up to 2020

(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 for interest on the convertible preference shares) 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.

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	For the year ended	
	December 31,	
	2022	2021
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$422,850	\$166,766
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	73,724	71,055
Basic earnings per share (in NT\$)	\$5.74	\$2.35
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$422,850	\$166,766
Gain or loss on valuation of redemption from convertible bonds	1,536	-
Interest expense from convertible bonds	7,697	3,178
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$432,083	\$169,944
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	73,724	71,055
Effect of dilution:		
Employee stock options (in thousands)	-	95
Employee bonus – stock (in thousand shares)	211	81
Convertible bonds (in thousand shares)	20,487	9,232
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	94,422	80,463
Diluted earnings per share (in NT\$)	\$4.58	\$2.11

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.

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**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
China Steel Corporation	Other related party(Note)

Note: On October 29, 2021, the Eminence Investment Corporation resigned as the director of the Company, and the Group had no substantial relationship with China Steel Corporation. Therefore, since the date of resignation, it was no longer a related party of the Group.

(2) Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2022	2021
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$-	\$35

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,	
	2022	2021
China Steel Corporation	\$-	\$152,841

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.

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C. Accounts receivables - related parties

	As of December 31,	
	2022	2021
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$-	\$35

D. Other receivables (excluding financing provided to others)

	As of December 31,	
	2022	2021
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$578	\$-

E. Loans to related parties

(a) Other accounts receivable - related parties

	As of December 31,	
	2022	2021
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$18,137	\$26,076

(b) Interest income

	For the year ended December 31,	
	2022	2021
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$1,738	\$1,027

F. For the year ended December 31, 2022, the Group entrusted Top Yes (Suzhou) Precision Industry Co., Ltd. to provide labor services and recognized operating cost in the amount of NT\$1,412 thousand.



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G. For the year ended December 31, 2022, the Group sold property, plant and equipment to related parties. The details are as follows:

<u>Asset type</u>	<u>Related party</u>	<u>Book value</u>	<u>Selling price</u>	<u>Gains on disposal</u>	<u>Price Reference</u>
Machinery and equipment	Top Yes (Suzhou) Precision Industry Co., Ltd.	\$-	\$574	\$574	Commercial negotiation

H. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	<u>2022</u>	<u>2021</u>
Short-term employee benefit	\$16,811	\$17,494
Post-employment benefit	270	270
Total	<u>\$17,081</u>	<u>\$17,764</u>

8. ASSETS PLEDGED AS COLLATERAL

<u>Item</u>	Carrying amount As of December 31,		<u>Secured liabilities</u>
	<u>2022</u>	<u>2021</u>	
Financial assets measured at amortized cost-current	\$-	\$110,720	Short-term loans
Financial assets measured at amortized cost-non current	1,811	1,146	Security deposit to custom authority
Land	1,410,612	104,691	Long-term loans
Property, plant and equipment – buildings(net)	99,510	102,648	Long-term loans
Total	<u>\$1,511,933</u>	<u>\$319,205</u>	

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9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a) As of December 31, 2022 and 2021, 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., Global Tek (Xi'An) Co., Ltd and Globaltek Xi'An Machinery Manufacturing Co., Ltd. for business needs were as follows:

	As of December 31,	
	2022	2021
Purchased property, plant and equipment		
Global Tek Fabrication Co., Ltd.	\$42,046	\$685,797
Global Tek Co., Ltd.	18,811	23,310
Global Tek (Wuxi) Co., Ltd.	64,249	123,460
Global Tek (Xi'An) Co., Ltd.	-	2,541
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	-	6,305
Total	<u>\$125,106</u>	<u>\$841,413</u>

(b) As of December 31, 2022 and 2021, the Global Tek Co., Ltd. guarantee noted issued as collateral for the purchase of materials were all NT\$92,520 thousand.

(c) Global Tek (Wuxi) Co., Ltd. signed an investment agreement with the People's Government of Xishan District, Wuxi City on January 17, 2018, with 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 be gradually in place after the listing; and if the output does not reach the standard in the fifth year after the acquisition of the land, an infrastructure supporting fee of RMB 100,000 per mu shall be paid.

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(d) 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, 2022, RMB 2,017 thousand had been remitted.

(e) 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 2023 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.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On February 24, 2023, the Group remitted US\$1,575 thousand (RMB 10,000 thousand) through Global Tek Fabrication Co., Ltd. (Samoa) to obtain part equity of Top Yes (Suzhou) Precision Industry Co., Ltd.

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12. OTHERS

(1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2022	2021
Financial asset at fair value through profit of loss:		
Mandatorily measured at fair value through profit of loss	\$1,039	\$1,432
Financial assets at fair value through other comprehensive income	88,224	91,449
Financial assets measured at amortized cost		
Cash and cash equivalents	1,125,729	1,364,074
Financial assets measured at amortized cost	2,641	111,866
Accounts receivables (including related parties)	1,811,952	1,357,453
Other receivables (including related parties)	123,071	115,124
Refundable deposits	14,353	13,217
Total	<u>\$3,167,009</u>	<u>\$3,054,615</u>

<u>Financial liabilities</u>	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	\$582,345	\$730,008
Payables (including related parties)	1,702,447	1,611,149
Long-term loans (current portion included)	1,294,650	527,749
Bonds payable (current portion included)	593,832	390,051
Lease liabilities	149,098	74,373
Guarantee deposits received	4,921	3,891
Total	<u>\$4,327,293</u>	<u>\$3,337,221</u>

(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 activities. 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, 2022 and 2021 is increased/decreased by NT\$13,214 thousand and NT\$8,409 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, 2022 and 2021 to decrease/increase by NT\$752 thousand and NT\$59 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 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 profit for the years ended December 31, 2022 and 2021 by NT\$883 thousand and NT\$915 thousand, respectively.

Please refer Note 12(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.

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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, 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
As of Dec. 31, 2021					
Short-term loans	\$735,117	\$-	\$-	\$-	\$735,117
Long-term loans	105,730	183,290	254,571	-	543,591
Payables	1,611,149	-	-	-	1,611,149
Convertible bonds	400,000	-	-	-	400,000
Lease liabilities (Note)	24,722	21,046	2,164	32,525	80,457



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Note: The table below provides further information on the lease liability maturity analysis:

	due period					Total
	Less than 1 year	1 to 5 years	6 to 10 years	11 to 15 years	Over than 15 years	
As of Dec. 31, 2022	\$32,724	\$63,762	\$58,120	\$-	\$-	\$154,606
As of Dec. 31, 2021	24,722	23,210	5,082	5,082	22,361	80,457

(6) Reconciliation schedule of liabilities arising from financing activities

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	\$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

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Reconciliation schedule of liabilities for the year ended December 31, 2021:

	Short-term borrowings	Long-term borrowings	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, 2021	\$228,257	\$580,182	\$3,602	\$82,578	\$-	\$579,577	\$1,474,196
Cash flows	501,751	(52,433)	289	(29,758)	704,314	-	1,124,163
Non-cash changes							
Lease range changes	-	-	-	21,367	-	-	21,367
Interest expense	-	-	-	1,179	-	3,972	5,151
Other	-	-	-	(1,077)	-	(193,498)	(194,575)
Exchange differences	-	-	-	84	-	-	84
As of December 31, 2021	<u>\$730,008</u>	<u>\$527,749</u>	<u>\$3,891</u>	<u>\$74,373</u>	<u>\$704,314</u>	<u>\$390,051</u>	<u>\$2,430,386</u>

(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 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 fair 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.

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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,	
	2022	2021
Financial liabilities:		
Bonds payable	\$593,832	\$390,051
	Fair value as of December 31,	
	2022	2021
Financial liabilities:		
Bonds payable	\$596,775	\$397,240

(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, 2022 and 2021, 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 asset 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

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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, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Financial assets 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 measured at fair value through other comprehensive income	-	-	88,224	88,224
<u>Financial liabilities:</u>				
None				

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As of December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$775	\$-	\$775
Funds beneficiary certificates	657	-	-	657
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	91,449	91,449

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, 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.

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Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	<u>Assets</u>
	Financial asset at fair value through other comprehensive income
	<u>Stock</u>
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	<u>700</u>
As of December 31, 2022	<u>\$88,224</u>

	<u>Assets</u>	
	Financial asset at fair value through other comprehensive income	Financial asset at fair value through profit or loss
	<u>Stock</u>	Forward purchase contract
As of January 1, 2021	\$74,240	\$2,628
Total gains and losses recognized for the year ended December 31, 2021:		
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-	(2,628)
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	1,549	-
Acquisition / issues for the period	<u>15,660</u>	-
As of December 31, 2021	<u>\$91,449</u>	<u>\$-</u>

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For the years ended December 31, 2022 and 2021, there were not movement of fair value measurements.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

<u>Financial instrument category</u>	<u>Valuation techniques and inputs</u>
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.
Forward purchase contract	Using the income method, the present value of the income expected to be derived from holding the investment is calculated by discounting cash flows.



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(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, 2022		
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$43,889	30.725	\$1,348,505
EUR	2,621	32.72	85,761
RMB	21,766	4.4090	95,965
JPY	179,326	0.2325	41,693
<u>Financial liabilities</u>			
Monetary items:			
USD	\$882	30.725	\$27,093
EUR	-	32.72	-
RMB	-	4.4090	-
	As of December 31, 2021		
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$44,043	27.68	\$1,219,133
EUR	8,177	31.32	256,089
RMB	13,358	4.3460	58,053
JPY	119,336	0.2403	28,676
<u>Financial liabilities</u>			
Monetary items:			
USD	\$13,664	27.68	\$378,226
EUR	1,539	31.32	48,192
RMB	9,032	4.346	39,254

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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\$121,993 thousand and NT\$(40,749) thousand for the years ended December 31, 2022 and 2021, 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, 2022: Please refer to Attachment 1.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 2.
- c. Marketable securities held as of December 31, 2022. (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, 2022: None.

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- 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, 2022: 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, 2022: 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, 2022: 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, 2022: 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, 2022: None.
  - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.
  - (c) Marketable securities held as of December 31, 2022. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.

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- (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, 2022: 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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: None.

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(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	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percent age of Owners hip	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					Outflow	Inflow						
Global Tek (Xi'An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$67,742 (USD 2,100)	(2)A	\$19,458 (USD 642)	\$-	\$-	\$19,458 (USD 642)	\$95,868 (RMB 21,674) (Note2&4)	100%	\$95,868 (RMB 21,674) (Note2,4&6)	\$341,038 (RMB 77,350) (Note2,4&6)	\$-

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Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percent age of Owners hip	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					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)	\$54,999 (RMB 12,435) (Note2&4)	100%	\$54,999 (RMB12,435) (Note2,4&6)	\$1,596,294 (RMB 362,054) (Note2,4&6)	\$-
Global Tek Xi'An Machinery Manufacturing Co., Ltd.	Sales of industrial automatic control parts and aerospace equipment parts	\$22,115 (RMB 5,000)	(2)C	\$-	\$-	\$-	\$-	\$14,393 (RMB 3,254) (Note2&4)	100%	\$14,393 (RMB 3,254) (Note2,4&6)	\$47,599 (RMB 10,796) (Note2,4&6)	\$-

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Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percent age of Owners hip	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					Outflow	Inflow						
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$8,893 (RMB 2,017) (Note2)	(2)D	\$-	\$-	\$-	\$-	\$(222) (RMB(50)) (Note2&4)	100%	\$(222) (RMB(50)) (Note2,4&6)	\$8,672 (RMB 1,967) (Note2,4&6)	\$-
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	\$421,473 (RMB 101,666)	(2)E	\$-	\$48,398 (USD 1,575)	\$-	\$48,398 (USD 1,575)	\$(162,014) (RMB(36,630)) (Note2&4)	4.11%	\$(6,658) (RMB (1,505)) (Note2&4)	\$78,682 (RMB 17,647) (Note2&4)	\$-

Accumulated Investment in Mainland China as of Dec. 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$571,331 (USD18,595)	\$821,740 (USD26,745)	\$2,008,374

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Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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.



English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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:

<u>Asset type</u>	<u>Related party</u>	<u>Book value</u>	<u>Selling price</u>	<u>Gains on disposal</u>	<u>Price Reference</u>
Machinery and equipment	Top Yes (Suzhou) Precision Industry Co., Ltd.	\$-	\$574	\$574	Commercial negotiation

(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:

<u>Name</u>	<u>Ownership of shares</u>	<u>Number of shares held (shares)</u>	<u>Ownership ratio</u>
Ting, Ling-Chuan		11,530,000	14.23%
Haochi Investment Co., Ltd.		8,128,000	10.03%
HsingYing Investment Co., Ltd.		7,854,000	9.69%
Huang, Ya-Hsing		6,226,695	7.68%

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.

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.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the year ended Dec. 31, 2022</u>					
Revenue					
External customers	\$2,348,421	\$2,430,132	\$207,813	\$-	\$4,986,366
Inter-segment	554,048	548,367	-	(1,102,415)	-
Total revenue	<u>\$2,902,469</u>	<u>\$2,978,499</u>	<u>\$207,813</u>	<u>\$(1,102,415)</u>	<u>\$4,986,366</u>
Segment profit	<u>\$17,460</u>	<u>\$407,523</u>	<u>\$(17,245)</u>	<u>\$-</u>	\$407,738
Other unallocated amounts					
Non-operating incomes and expenses					131,919
Income before income tax					<u>\$539,657</u>
<u>For the year ended Dec. 31, 2021</u>					
Revenue					
External customers	\$2,117,359	\$1,993,401	\$195,180	\$-	\$4,305,940
Inter-segment	502,585	454,392	-	(956,977)	-
Total revenue	<u>\$2,619,944</u>	<u>\$2,447,793</u>	<u>\$195,180</u>	<u>\$(956,977)</u>	<u>\$4,305,940</u>
Segment profit	<u>\$68,958</u>	<u>\$233,636</u>	<u>\$(64,976)</u>	<u>\$-</u>	\$237,618
Other unallocated amounts					
Non-operating incomes and expenses					(23,294)
Income before income tax					<u>\$214,324</u>

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.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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, 2022					
Segment assets	<u>\$2,602,131</u>	<u>\$3,359,294</u>	<u>\$169,489</u>	<u>\$1,898,936</u>	<u>\$8,029,850</u>
As of Dec. 31, 2021					
Segment assets	<u>\$2,287,093</u>	<u>\$1,845,336</u>	<u>\$466,785</u>	<u>\$2,217,591</u>	<u>\$6,816,805</u>

(2) Geographical information

(a) Revenue from external customers

	For the year ended December 31,	
	2022	2021
Asia	\$2,237,655	\$2,078,907
America	2,105,965	1,667,691
Europe	642,746	559,342
Total	<u>\$4,986,366</u>	<u>\$4,305,940</u>

The revenue information above is based on the location of the customer.

(b) Non-current assets

	As of December 31,	
	2022	2021
Taiwan	\$2,057,682	\$1,276,750
China	1,259,406	1,139,276
Other	195	133
Total	<u>\$3,317,283</u>	<u>\$2,416,159</u>

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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,	
	2022	2021
Customer A	\$543,308	\$495,038
Customer B	Note	456,836
	<u>\$543,308</u>	<u>\$951,874</u>

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 Year Ended December 31, 2022

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	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Other receivables	YES	\$92,175 (USD 3,000)	\$92,175 (USD 3,000)	\$92,175 (NOTE 4)	2%	2	\$-	Business turnover and factory construction	\$-	None	-	\$669,458	\$1,338,916
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Other receivables	YES	\$30,725 (USD 1,000)	\$30,725 (USD 1,000)	\$-	2%	2	\$-	Business turnover	\$-	None	-	\$669,458	\$1,338,916
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	\$70,544 (RMB 16,000)	\$17,636 (RMB4,000)	\$17,636	4.57%	2	\$-	Business turnover	\$-	None	-	\$319,260	\$638,519

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.

Note 4: 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

Endorsement/Guarantee provided to others

For the Year Ended December 31, 2022

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 Endorsemen t/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 (Xi'An) Co., Ltd.	Subsidiary	\$669,458	\$180,493	\$119,043	\$-	\$-	3.56%	\$1,673,645	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Subsidiary	\$669,458	\$575,785	\$176,360	\$88,180	\$-	5.27%	\$1,673,645	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 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, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name	Relationship	Financial Statement Account	As of December 31, 2022				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	1,102,500	<u>\$41,223</u>	3.85%	<u>\$41,223</u>	Unlisted (counter) company stocks
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Allied Advantage Sdn, Bhd.	-	Financial asset at fair value through other comprehensive income, noncurrent	-	<u>\$30,641</u>	19.00%	<u>\$30,641</u>	Unlisted (counter) company stocks
Global Tek GmbH	<u>Stock</u> Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income, noncurrent	-	<u>\$16,360</u>	10.00%	<u>\$16,360</u>	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 assets at fair value through profit or loss	4,749	<u>\$546</u>	-%	<u>\$546</u>	



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, 2022

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, 2022			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%	\$321,216	\$105,182	\$105,182	Note
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 19,645	USD 18,070	-	100.00%	\$1,855,443	\$135,691	\$126,472	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%	\$19,866 (EUR 608)	\$337 (EUR 11)	\$337 (EUR 11)	Note
Global Tek Fabrication Co., Ltd	AvioCast Inc.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$119,088	\$119,088	9,842,000 shares	36.72%	\$95,171	\$7,385	\$(76)	(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%	\$2,640 (USD 86)	\$(66) (USD 2)	\$(66) (USD 2)	Note
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 10,150	USD 10,150	-	100.00%	\$1,067,652	\$111,402	\$111,402	Note
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	\$748,471	\$26,225	\$24,326	Note
Global Tek Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	\$58,419	\$26,225	\$1,899	Note

Note : Transactions are eliminated when preparing the consolidated financial statements.

Note1: Including investment gain recognized under equity method amounted to NT\$135,691 thousand and realized profit on transaction between subsidiaries amounted to NT\$13,857 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(23,279) thousand and realized profit on transaction between subsidiaries amounted to NT\$1,153 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(950) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,074 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT\$2,712 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 year ended December 31, 2022

Attachment 5

(In Thousands of 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	\$271,590	20%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Account payables \$(58,578)	12%	Note
Global Tek Co., Ltd.	Global Tek (Xi' An) Co., Ltd.	Associate	Purchases	\$554,048	41%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Account payables \$(194,215)	38%	Note
Global Tek (Xi' An) Co., Ltd.	Globaltek Xi' An Machinery Manufacturing Co., Ltd.	Associate	Sales	\$276,777	50%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Accounts receivables \$105,362	61%	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, 2022

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	\$194,215 (Note1&2)	3.44	\$-	-	\$151,577	\$-
Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Associate	\$105,362 (Note1&2)	2.77	\$-	-	\$77,153	\$-

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, 2022

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

No Note1	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
	<u>2022.01.01~2022.12.31</u>						
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Operating costs	\$(22,342)	Note5	(0.45)%
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Operating costs	271,590	No difference compared with general manufacturers	5.45%
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Account payables	58,578	No difference compared with general manufacturers	0.73%
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Other receivables	4,682	-	0.06%
1	Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd.	3	Accounts receivable	105,362	No difference compared with general client	1.31%
1	Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd.	3	Operating revenue	276,777	No difference compared with general client	5.55%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Other receivables	95,215	-	1.19%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Account payable	194,215	No difference compared with general manufacturers	2.42%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Operating costs	554,048	No difference compared with general manufacturers	11.11%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Operating costs	(229,487)	Note6	(4.60)%

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      2022 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, 2022 AND 2021  
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  
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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, 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 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, 2022, and its parent-company-only financial performance and cash flows for the year 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 Consolidated 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. 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 2022 parent-company-only financial statements. 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\$2,314,519 thousand for the year ended December 31, 2022, 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 consolidated financial statements.

## **Other Matter**

The parent-company-only financial report of the Company for the year ended December 31, 2021 was audited by other auditors and expressed unqualified opinion on March 25, 2022.

## **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. as of December 31, 2022 and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$95,171 thousand as of December 31, 2022 representing 1.19% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$(76) thousand representing (0.02)% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the year then ended amounted 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 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 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 2022 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.

Hong, Mao-Yi



Cheng, Ching-Piao



Ernst & Young  
March 23, 2023  
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 review such consolidated 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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$632,947	10	\$882,751	16
1110	Financial assets at fair value through profit or loss	4, 6(2)	170	-	775	-
1136	Financial assets measured at amortized cost	4, 6(4)	830	-	110,720	2
1150	Notes receivables, net	4, 6(5)	8,337	-	6,635	-
1170	Accounts receivables, net	4, 6(6)	582,745	10	411,653	8
1197	Financing lease payments receivable, net	4, 6(7)	22,237	-	22,653	-
1200	Other receivables		28,553	-	36,683	1
1210	Other receivables - related parties	7	102,085	2	14,095	-
1220	Income tax assets		324	-	324	-
1310	Inventories, net	4, 6(8)	669,148	10	574,277	11
1410	Prepayments	7	19,225	-	23,504	1
1470	Other current assets		161	-	91	-
11xx	Total current assets		<u>2,066,762</u>	<u>32</u>	<u>2,084,161</u>	<u>39</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	323	-	-	-
1517	Financial assets at fair value through other comprehensive income	4, 6(3)	71,864	1	75,789	1
1535	Financial assets measured at amortized cost	4, 6(4), 8	1,700	-	1,034	-
1550	Investment accounted for under equity method	4, 6(9)	2,291,696	35	1,984,213	37
1600	Property, plant and equipment	4, 6(10), 8, 9	1,768,852	28	419,109	8
1755	Right-of-use asset	4, 6(23)	137,033	2	53,260	1
1780	Intangible assets	4, 6(11)	7,870	-	7,635	-
1840	Deferred tax assets	4, 6(27)	52,181	1	52,445	1
1915	Prepayment for equipment		26,994	-	674,541	12
194D	Long-term financing lease payments receivable	4, 6(7)	52,453	1	37,455	1
1990	Other non-current assets	6(12)	9,002	-	9,002	-
15xx	Total non-current assets		<u>4,419,968</u>	<u>68</u>	<u>3,314,483</u>	<u>61</u>
1xxx	Total Assets		<u>\$6,486,730</u>	<u>100</u>	<u>\$5,398,644</u>	<u>100</u>

(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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Liabilities and Equity		2022		2021	
	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(13), 8	\$200,000	3	\$370,000	7
2130	Contract liabilities	4, 6(21)	9,797	-	19,716	-
2150	Notes payables		-	-	243	-
2170	Accounts payables		421,909	7	482,547	9
2180	Accounts payables - related parties	7	58,578	1	38,020	1
2200	Other payables	6(14)	312,022	5	337,965	6
2220	Other payables - related parties	7	5,778	-	3,466	-
2230	Current income tax liabilities	4	37,836	1	11,293	-
2280	Lease liabilities	4, 6(23)	23,736	-	13,035	-
2321	Current portion of bonds payable	4, 6(15)	279,367	4	390,051	7
2322	Current portion of long-term loans	4, 6(16), 8	143,100	2	21,100	1
2399	Other current liabilities		1,887	-	1,907	-
21xx	Total current liabilities		<u>1,494,010</u>	<u>23</u>	<u>1,689,343</u>	<u>31</u>
	Non-current liabilities					
2530	Corporate bonds payable	4, 6(15)	314,465	5	-	-
2540	Long-term loans	4, 6(16), 8	1,151,550	17	426,649	8
2570	Deferred income tax liabilities	4, 6(27)	62,800	1	51,477	1
2580	Lease liabilities	4, 6(23)	113,864	2	42,434	1
2600	Other non-current liabilities	4, 6(17), 6(18)	2,751	-	706,835	13
25xx	Total non-current liabilities		<u>1,645,430</u>	<u>25</u>	<u>1,227,395</u>	<u>23</u>
2xxx	Total liabilities		<u>3,139,440</u>	<u>48</u>	<u>2,916,738</u>	<u>54</u>
31xx	Equity					
3100	Capital	6(19)				
3110	Common stock		810,063	13	718,953	13
3200	Capital surplus	6(19)	1,683,612	26	1,272,704	24
3300	Retained earnings	6(19)				
3310	Legal reserve		113,931	2	97,260	2
3320	Special reserve		89,286	1	104,819	2
3350	Unappropriated earnings		722,425	11	388,006	7
3400	Other components of equity		(72,027)	(1)	(89,285)	(2)
3500	Treasury Stock	6(19)	-	-	(10,551)	-
3xxx	Total equity		<u>3,347,290</u>	<u>52</u>	<u>2,481,906</u>	<u>46</u>
3x2x	Total liabilities and equity		<u>\$6,486,730</u>	<u>100</u>	<u>\$5,398,644</u>	<u>100</u>

(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, 2022 and 2021

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

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(21),7	\$2,314,519	100	\$1,927,630	100
5000	Operating costs	7	<u>(1,839,110)</u>	<u>(79)</u>	<u>(1,599,306)</u>	<u>(83)</u>
5900	Gross profit		<u>475,409</u>	<u>21</u>	<u>328,324</u>	<u>17</u>
	Operating expenses	4, 6(24),7				
6100	Sales and marketing		(177,977)	(8)	(168,079)	(8)
6200	General and administrative		(149,191)	(7)	(109,497)	(6)
6300	Research and development		(31,616)	(1)	(36,349)	(2)
6450	Expected credit gains (losses)	6(22)	<u>(17)</u>	<u>-</u>	<u>(3,941)</u>	<u>-</u>
6000	Total operating expenses		<u>(358,801)</u>	<u>(16)</u>	<u>(317,866)</u>	<u>(16)</u>
6900	Operating income		<u>116,608</u>	<u>5</u>	<u>10,458</u>	<u>1</u>
	Non-operating incomes and expenses	4, 6(25),7				
7100	Interest incomes		8,878	-	2,814	-
7010	Other incomes		51,082	2	49,279	3
7020	Other gains and losses		95,994	4	(20,497)	(1)
7050	Finance costs		(30,918)	(1)	(11,236)	(1)
7060	Share of profit or loss of associates		231,915	10	149,686	8
	and joint ventures accounted for under the equity method					
7000	Total non-operating income and expenses		<u>356,951</u>	<u>15</u>	<u>170,046</u>	<u>9</u>
7900	Income before income tax		473,559	20	180,504	10
7950	Income tax expense	4, 6(26)	<u>(50,709)</u>	<u>(2)</u>	<u>(13,738)</u>	<u>(1)</u>
8200	Net income		<u>422,850</u>	<u>18</u>	<u>166,766</u>	<u>9</u>
8300	Other comprehensive income (loss)	6(26)				
8310	Items that not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		446	-	(177)	-
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		(3,679)	-	3,536	-
8320	Unrealized gains or losses on financial assets at fair value through other comprehensive income		1,051	-	126	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		<u>20,937</u>	<u>1</u>	<u>7,398</u>	<u>-</u>
8300	Total other comprehensive income (loss), net of tax		<u>18,755</u>	<u>1</u>	<u>10,883</u>	<u>-</u>
8500	Total comprehensive income		<u>\$441,605</u>	<u>19</u>	<u>\$177,649</u>	<u>9</u>
9750	Earnings per share - basic (in NT\$)	6(28)	<u>\$5.74</u>		<u>\$2.35</u>	
9850	Earnings per share - diluted (in NT\$)	6(28)	<u>\$4.58</u>		<u>\$2.11</u>	

(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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	Common Stock 3100	Capital Surplus 3200	Retained Earnings			Other Components of equity		Treasury Stock 3500	3XXX
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange differences on translation of foreign operations 3410	Unrealized gain (loss) on financial assets at fair value through other comprehensive income (loss) 3420		
A1	Balance as of January 1, 2021	\$675,330	\$1,118,900	\$87,235	\$109,023	\$312,112	\$(104,819)	\$4,600	\$(10,551)	\$2,191,830
	Appropriation and distribution of 2020 earnings:									
B1	Legal reserve			10,025		(10,025)				-
B3	Special reserve				(4,204)	4,204				-
B5	Cash dividends - common shares					(85,000)				(85,000)
D1	Net income for 2021					166,766				166,766
D3	Other comprehensive income (loss) for 2021					(51)	7,398	3,536		10,883
D5	Total comprehensive income (loss)	-	-	-	-	166,715	7,398	3,536	-	177,649
N1	Share-based payments	1,870	2,059							3,929
I1	Conversion of convertible bonds	41,753	151,745							193,498
Z1	Balance as of December 31, 2021	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 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

(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, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2022	2021	Code	Item	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$473,559	\$180,504	B00040	Acquisition of financial assets measured at amortized cost	-	(110,722)
A20000	Adjustments:			B00050	Proceeds from disposal of financial assets measured at amortized cost	109,224	-
A20010	Income and expense adjustments:			B01800	Acquisition of investment accounted for under equity method	(48,399)	(136,048)
A20100	Depreciation (including right-of-use assets)	71,133	54,973	B02700	Acquisition of property, plant and equipment	(64,641)	(5,445)
A20200	Amortization	3,710	5,533	B02800	Proceeds from disposal of property, plant and equipment	750	100
A20300	Expected credit losses (gain)	17	3,941	B03700	Decrease (increase) in refundable deposits	-	(5,918)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	1,920	3,428	B04300	Decrease (increase) in other receivables - related parties	(92,175)	-
A20900	Interest expense	30,918	11,236	B04500	Acquisition of intangible assets	(2,913)	(3,955)
A21200	Interest income	(8,878)	(2,814)	B06000	Decrease (increase) in financing lease payments receivable	29,456	(9,786)
A21300	Dividend income	(1,103)	-	B07100	Increase in prepayments for equipment	(743,900)	(32,883)
A22300	Share of profit or loss of associates and joint ventures accounted for under the equity method	(231,915)	(149,686)	B09900	Increase in advance land payment	-	(641,116)
A22500	Loss (gain) on disposal of property, plant and equipment	(2,049)	285	BBBB	Net cash provided by (used in) investing activities	(812,598)	(945,773)
A23700	Loss on inventory valuation	13,101	40,617				
A29900	Loss (gain) on lease modification	(1,328)	(31)	CCCC	Cash flows from financing activities:		
A30000	Changes in operating assets and liabilities:			C00100	Increase in (repayment of) short-term loans	(170,000)	370,000
A31130	Notes receivables	(1,702)	(2,507)	C01600	Increase in long-term loans	1,170,000	400,000
A31150	Accounts receivables	(171,109)	(94,135)	C01700	Repayment of long-term loans	(323,099)	(362,433)
A31180	Other receivables	9,486	(18,755)	C03000	Increase (decrease) in guarantee deposits	1,035	6
A31190	Other receivables - related parties	5,495	(8,688)	C04020	Cash payments for the principal portion of the lease liabilities	(24,568)	(14,984)
A31200	Inventories	(107,972)	(187,911)	C04300	Increase in other non-current liabilities	-	704,314
A31230	Prepayments	4,064	5,164	C04500	Cash dividends paid	(85,000)	(85,000)
A31240	Other current assets	(70)	(89)	C04800	Exercise of employee share options	1,987	3,929
A32125	Contract liabilities	(9,920)	4,916	CCCC	Net cash provided by (used in) financing activities	570,355	1,015,832
A32130	Notes payables	(244)	(5,263)				
A32150	Accounts payables	(60,636)	228,098	EEEE	Increase (decrease) in cash and cash equivalents	(249,804)	228,395
A32160	Accounts payables - related parties	20,558	(20,092)	E00100	Cash and cash equivalents at beginning of period	882,751	654,356
A32180	Other payables	(16,822)	114,747	E00200	Cash and cash equivalents at end of period	\$632,947	\$882,751
A32190	Other payables - related parties	2,312	(970)				
A32230	Other current liabilities	(20)	128				
A32240	Net defined benefit liabilities	(248)	(254)				
A33000	Cash generated from (used in) operations	22,257	162,375				
A33100	Interest received	6,139	2,800				
A33200	Dividend received	1,103	-				
A33300	Interest paid	(19,435)	(6,369)				
A33500	Income tax paid	(17,625)	(470)				
AAAA	Net cash provided by (used in) operating activities	(7,561)	158,336				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese  
Global Tek Fabrication Co., Ltd.  
Notes to the Parent-Company-Only Financial Statements  
As of December 31, 2022 and 2021 and For the years then ended  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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 financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on March 23, 2023.

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 the 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, 2022. The new standards and amendments had no material impact on the Company.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- (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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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) 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.

(d) 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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(e) 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.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretation have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2022 and 2021 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 specified.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

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.



Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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- (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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
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- (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 balance sheet.

Notes to the Parent-Company-Only Financial Statements (Continued)  
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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) 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 measured 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 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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
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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.



Notes to the Parent-Company-Only Financial Statements (Continued)  
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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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
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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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(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 affect 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 prorata 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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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.



Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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 applied to the Company's accounting policies for intangible assets is as follows:

	<u>Computer Software</u>
Useful life	3~5 years
Amortization method used	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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- 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 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 and 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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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(14).

(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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.CONTENTES OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash and petty cash	\$458	\$543
Checking and savings	309,876	771,488
Time deposit	322,613	110,720
Total	<u>\$632,947</u>	<u>\$882,751</u>

(2) Financial assets at fair value through profit or loss

	As of December 31,	
	2022	2021
Mandatorily measured at fair value through profit or loss:		
Convertible corporate bond redemption rights	\$493	\$775
Current	\$170	\$775
Non-current	\$323	\$-

No financial assets at fair value through profit or loss was pledged as collateral.

The Company entered into an agreement to acquire 70% equity interest in Malaysia-based Allied Advantage Sdn Bhd in January 2019. On January 31, 2019, the Company paid a price of MYR 6,080 thousand to acquire 19% ownership and the remaining 51% shares is a forward contract to obtain control of the company and is therefore measured at fair value through profit or loss.

The Company announced in January 2022 that due to the impact of Covid-19, the Group and the Malaysia-based Allied Advantage Sdn Bhd intended not to execute the second phase of the share transaction of the 70% equity agreement, but still retain the 19% stake of the first phase. The 51% interest forward contract of the second phase could not be realized, so the forward contract was derecognized and a loss of NT\$2,628 thousand was recognized in 2021.

(3) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income—		
Non-current:		
Unlisted companies stocks		
Techplasma Technology Co., Ltd.	\$41,223	\$43,912
Allied Advantage Sdn Bhd	30,641	31,877
Total	<u>\$71,864</u>	<u>\$75,789</u>

No financial assets at fair value through other comprehensive income was pledged as collateral.

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.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income amount to NT\$1,103 thousand for the year ended December 31, 2022.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Restricted of deposits	\$1,700	\$111,754
Time deposits of more than three months	830	-
Total	<u>\$2,530</u>	<u>\$111,754</u>
Current	<u>\$830</u>	<u>\$110,720</u>
Non-current	<u>\$1,700</u>	<u>\$1,034</u>

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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,	
	2022	2021
Notes receivable arising from operating activities	\$8,337	\$6,635
Less: loss allowance	-	-
Total	<u>\$8,337</u>	<u>\$6,635</u>

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,	
	2022	2021
Accounts receivable, gross	\$586,808	\$415,699
Less: loss allowance	(4,063)	(4,046)
Total	<u>\$582,745</u>	<u>\$411,653</u>

(b)Accounts receivables were not pledged.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(c)Accounts receivable are generally on 60-120 day terms. The total carrying amount for the year ended December 31, 2022 and 2021, are NT\$586,808 thousand and NT\$415,699 thousand, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the year ended December 31, 2022 and 2021, respectively. Please refer to Note 12 for more details on credit risk.

(7) Financial lease payments receivable

	As of December 31,			
	2022		2021	
	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	\$23,786	\$22,237	\$24,278	\$22,653
More than one year but less than five years	54,678	52,453	38,070	37,455
Total non-discounted lease payments	78,464	\$74,690	62,348	\$60,108
Less: Unearned finance income	(3,774)		(2,240)	
Gross investment in the lease (Financing lease payments receivable)	\$74,690		\$60,108	
Current	\$22,237		\$22,653	
Non-current	52,453		37,455	
Total	\$74,690		\$60,108	

(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. In October 2018 and June 2021, the Company also sub-leased part of the factory buildings on Gaoshi Road, Taoyuan, and received a fixed lease payment of NT\$1,076 thousand per year. The remaining lease term of the master lease is fully sub-leased, it is classified as a financial lease.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of December 31, 2022 and 2021, 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 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, 2022 and 2021, 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,	
	2022	2021
Raw material	\$72,200	\$61,282
Work in process	223,216	207,618
Finished goods	317,575	238,305
Merchandises	56,157	67,072
Total	<u>\$669,148</u>	<u>\$574,277</u>

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese  
Global Tek Fabrication Co., Ltd.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(b)The cost of inventories recognized in expenses amounted to NT\$1,839,110 thousand and NT\$1,599,306 thousand for the years ended December 31, 2022 and 2021, respectively. The following losses were included in cost of sales :

Item	For the year ended December 31,	
	2022	2021
Loss from inventory market decline	\$13,101	\$40,617
Unallocated manufacturing overhead	14,279	13,256
Loss from inventory write-off obsolescence	4,714	-
Loss from inventory physical count	3,261	1,565
Total	<u>\$35,355</u>	<u>\$55,438</u>

(c)The inventories were not pledged.

(9)Investments accounted for under the equity method

Investee companies	As of December 31,			
	2022		2021	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Global Tek Co., Ltd.	\$321,216	100%	\$214,770	100%
Global Tek Fabrication Co., Ltd. (Samoa)	1,855,443	100%	1,655,517	100%
Global Tek GmbH	19,866	100%	18,679	100%
Subtotal	<u>2,196,525</u>		<u>1,888,966</u>	
Investment in associates:				
AvioCast Inc.	95,171	36.72%	95,247	36.72%
Total	<u>\$2,291,696</u>		<u>\$1,984,213</u>	

(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.



Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

- (b) The Company's investments accounted for under the equity method were not pledged.
- (c) 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, 2022, the investment amount of US\$ 1,575 had been remitted.
- (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.

A. Investments in associates

As of December 31, 2022 and 2021, the aggregate carrying amount of the Group's interests in AvioCast Inc. were NT\$95,171 thousand and NT\$95,247 thousand. The aggregate financial information based on Company's share as follows:

	For the year ended December 31,	
	2022	2021
Loss from continuing operations	\$(76)	\$(23,841)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	\$(76)	\$(23,841)

There aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of December 31, 2022 and 2021.

- B. The Company's investment accounted for under equity method as of December 31, 2022 and 2021 were NT\$95,171 thousand and NT\$95,247 thousand, respectively. For the year ended December 31, 2022 and 2021 share of investment loss from these associates and joint venture amount to NT\$(76) thousand and NT\$(23,841) 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,	
	2022	2021
Owner occupied property, plant and equipment	\$1,768,852	\$419,109

(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, 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
As of January 1, 2021									
As of January 1, 2021	\$107,810	\$176,411	\$285,508	\$2,180	\$7,991	\$97,290	\$19,757	\$1,846	\$698,793
Additions	-	353	5,259	184	-	5,776	-	-	11,572
Disposals	-	-	(234)	(59)	-	(477)	(760)	-	(1,530)
Reclassification	-	487	15,894	25	-	2,983	-	-	19,389
As of December 31, 2021	\$107,810	\$177,251	\$306,427	\$2,330	\$7,991	\$105,572	\$18,997	\$1,846	\$728,224
Depreciation and impairment:									
As of January 1, 2022	\$3,119	\$59,329	\$180,525	\$1,937	\$5,021	\$49,271	\$9,913	\$-	\$309,115
Depreciation	-	4,338	23,268	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
As of January 1, 2021									
As of January 1, 2021	\$3,119	\$54,603	\$158,862	\$1,839	\$3,574	\$38,467	\$7,350	\$-	\$267,814
Depreciation	-	4,726	21,803	157	1,447	11,281	3,032	-	42,446
Disposals	-	-	(140)	(59)	-	(477)	(469)	-	(1,145)
As of December 31, 2021	\$3,119	\$59,329	\$180,525	\$1,937	\$5,021	\$49,271	\$9,913	\$-	\$309,115

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese  
Global Tek Fabrication Co., Ltd.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
Net carrying amount as of:									
December 31, 2022	\$1,416,636	\$113,584	\$117,120	\$5,921	\$3,155	\$60,024	\$50,566	\$1,846	\$1,768,852
December 31, 2021	\$104,691	\$117,922	\$125,902	\$393	\$2,970	\$56,301	\$9,084	\$1,846	\$419,109

- (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 our company Huang Yaxing, chairman of the board of directors, registered in the name of the company and handled the setting with the company as the right holder.

(11) Intangible assets

	<u>Computer software</u>
<u>Cost:</u>	
As of January 1, 2022	\$39,091
Additions – acquired separately	2,913
Reclassification	1,032
Deduction	-
As of December 31, 2022	<u>\$43,036</u>
As of January 1, 2021	\$35,136
Additions – acquired separately	3,955
Deduction	-
As of December 31, 2021	<u>\$39,091</u>
 <u>Amortization and Impairment:</u>	
As of January 1, 2022	\$31,456
Amortization	3,710
Deduction	-
As of December 31, 2022	<u>\$35,166</u>
As of January 1, 2021	\$25,923
Amortization	5,533
Deduction	-
As of December 31, 2021	<u>\$31,456</u>
Net carrying amount as of	
December 31, 2022	<u>\$7,870</u>
December 31, 2021	<u>\$7,635</u>

Amortization of intangible assets is as follows:

Item	For the year ended December 31,	
	2022	2021
Operating cost	\$116	\$23
Sales and marketing	337	173
General and administrative	2,363	3,187
Research and development	894	2,150
Total	<u>\$3,710</u>	<u>\$5,533</u>

(12) Other non-current assets

	As of December 31,	
	2022	2021
Refundable deposits	<u>\$9,002</u>	<u>\$9,002</u>

(13) Short-term loans

	As of December 31,	
	2022	2021
Unsecured financial structure loans	\$100,000	\$370,000
Secured financial structure loans	100,000	-
Total	<u>\$200,000</u>	<u>\$370,000</u>
Interest Rate (%)	<u>1.80% ~ 1.84%</u>	<u>0.88% ~ 0.98%</u>

The company's unused short-term lines of credits amounted to NT\$400,000 thousand and NT\$580,000 thousand as of December 31, 2022 and 2021, respectively.

Please refer to Note 8 for more details of assets pledged as collaterals.

(14) Other payables

	As of December 31,	
	2022	2021
Payable of salary and bonuses	\$83,662	\$38,628
Accrued interest payable	619	270
Accrued compensation to employees and directors	14,646	5,583
Payable on equipment	9,894	24,364
Payable of processing fees	135,690	191,409
Other	67,511	77,711
Total	<u>\$312,022</u>	<u>\$337,965</u>

(15) Bonds payable

A. The details of the bonds payable as of December 31, 2022 and 2021 is as follows:

	As of December 31,	
	2022	2021
Liability component:		
Unsecured domestic convertible bonds.	\$606,300	\$400,000
Less: discounts on bonds payable	(12,468)	(9,949)
Subtotal	593,832	390,051
Less: current portion	(279,367)	(390,051)
Net	<u>\$314,465</u>	<u>\$-</u>
Embedded derivative - redemption, put options	<u>\$493</u>	<u>\$775</u>
Equity component - conversion right	<u>\$60,914</u>	<u>\$18,792</u>

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).

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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B. On August 27, 2019, the Group issued the 1<sup>st</sup> 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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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.

C. On January 3, 2022, the Group issued the 2<sup>nd</sup> 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



Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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- (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 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).

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

D. The unsecured convertible bonds in the amount of NT\$623,700 thousand have been converted to 13,437 thousand common shares as of 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\$532,554 thousand; in addition, due to the exercise of corporate bond conversion rights, the capital reserve recognized in the original issue - convertible corporate bond warrants a decrease of NT\$60,067 thousand and a decrease of NT\$16,840 thousand in the discount of corporate bonds payable.

(16) Long-term loans

Details of long-term loan as of December 31, 2022 and 2021 are as follows:

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	

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

Debtor	Type of Loan	Maturity	As of December	
			31,2021	Repayment
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$47,749	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	300,000	The principal and interest will be amortized monthly.
Shanghai Commercial & Savings Bank, Ltd.	Credit loan	2019.06.24- 2022.06.24	80,000	Interest is paid monthly, and the principal has a grace period of 2 years, after which it will be repaid quarterly.
Land Bank of Taiwan	Credit loan	2020.08.19- 2023.08.19	100,000	The principal is paid at maturity, three-year revolving loan.
Total			527,749	
Less: current portion			(101,100)	
Non-current portion			\$426,649	

(a) Please refer to Note 8 for more detail of assets pledged as collaterals.

(b) As of December 31, 2022 and 2021, the interest rate intervals for long-term loans were 0.98% ~ 1.88 and 0.90% ~ 1.28%, respectively.

(17) Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2022	2021
Advance receipt of convertible corporate bonds	\$-	\$704,314
Net defined benefit liability	851	1,656
Deposits received	1,900	865
Total	\$2,751	\$706,835

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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, 2022 and 2021 are NT\$9,557 thousand and NT\$8,385 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 15<sup>th</sup> 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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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\$10thousand to its defined benefit plan during the 12 months beginning after 31 December 2022.

As of December 31, 2022 and 2021, the maturities of the Company's defined benefit plan were expected in 2033 and 2030, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the year ended December 31,	
	2022	2021
Net interest of defined benefit	\$10	\$8

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Defined benefit obligation	\$4,441	\$5,133	\$4,903
Plan assets at fair value	(3,590)	(3,477)	(3,215)
Other non-current liabilities – net defined benefit liability on the consolidated balance sheets	\$851	\$1,656	\$1,688

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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, 2021	\$4,903	\$(3,215)	\$1,688
Current period service costs	-	-	-
Net interest expense(revenue)	24	(16)	8
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	24	(16)	8
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	146	-	146
Actuarial gains and losses arising from changes in financial assumptions	(77)	-	(77)
Experience adjustments	194	-	194
Return on project assets (except the amount included in net interest)	-	(41)	(41)
Re-measurement on defined benefit assets	-	-	-
Subtotal	263	(41)	222
Payments from the plan	(57)	57	-
Contributions by employer	-	(262)	(262)
As of December 31, 2021	5,133	(3,477)	1,656
Current period service costs	-	-	-
Net interest of defined benefit	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)

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
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

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.375%	0.625%
Expected rate of salary increases	2.25%	2.00%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(121)	\$-	\$(153)
Discount rate decrease by 0.25%	126	-	160	-
Future salary increase by 0.25%	123	-	155	-
Future salary decrease by 0.25%	-	(119)	-	(150)

Notes to the Parent-Company-Only Financial Statements (Continued)  
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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, 2022 and 2021, 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\$810,063 thousand and NT\$718,953 thousand, respectively, divided into 81,006 thousand shares and 71,895 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, the 1<sup>st</sup> unsecured convertible bonds in amount of NT\$41,753 thousand and employees executed stock options in amount of NT\$1,870 thousand, were converted into 4,362 thousand shares. The registration was completed on February 9, 2022.



Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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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 year ended December 31, 2022, the 1<sup>st</sup> unsecured convertible bonds in amount of NT\$25,481 thousand were converted into 2,548 thousand shares. The base date for the capital increase of 1,502 thousand shares was March 23, 2023.

For the year ended December 31, 2022, the 2<sup>nd</sup> unsecured convertible bonds in amount of NT\$67,139 thousand were converted into 6,714 thousand shares. The base date for the capital increase of 2,989 thousand shares was March 23, 2023.

(b) Capital surplus

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Additional paid-in capital	\$1,621,376	\$1,252,590
Employee stock option	1,322	1,322
Components of convertible corporate bonds	<u>60,914</u>	<u>18,792</u>
Total	<u>\$1,683,612</u>	<u>\$1,272,704</u>

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 to NT\$0 and NT\$2,470 thousand, respectively, divided into 0 shares, and 247 thousand shares, respectively, as of December 31, 2022 and 2021.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

The movement schedule of treasury stock for the years ended December 31, 2022 and 2021 was as below (in thousand shares).

<u>Purpose of repurchase</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>
<u>For the years ended December 31, 2022</u>				
Transfer of shares to employees	<u>247</u>	<u>-</u>	<u>247</u>	<u>-</u>
<u>For the years ended December 31, 2021</u>				
Transfer of shares to employees	<u>247</u>	<u>-</u>	<u>-</u>	<u>247</u>

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.

Notes to the Parent-Company-Only Financial Statements (Continued)  
(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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(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 reserve 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.

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(d)The appropriations of earnings for 2022 and 2021 were approved through the board meetings and shareholders' meetings held on March 23, 2023 and June 23, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$42,056	\$16,671		
Special reserve	(17,259)	(15,533)		
Cash dividend(Note1)	173,000	85,000	\$2.11	\$1.18
Total	<u>\$197,797</u>	<u>\$86,138</u>		

Note1: The number of shares calculated for shareholder dividends amounted to 82,022 thousand shares and 71,744 thousand shares as of March 3, 2023 and March 11, 2022, 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 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		2021	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (in dollars)
Outstanding at beginning of period	96	\$20.7	286	\$21.2
Granted	-	-	-	-
Forfeited	(96)	20.7	(187)	21.2
Exercised	-	-	-	-
Over due	-	-	(3)	-
Outstanding at end of period	-	\$-	96	\$20.7
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 2021, are as follows:

	Exercise price	Weighted average remaining contractual life (Years)
As of December 31, 2021		
share options outstanding at the end of the period	\$20.7	0.083 Years

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B.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:

	<u>2017.01</u>
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:

	<u>2019.01</u>
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.

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(21) Operating revenue

	For the year ended December 31,	
	2022	2021
Revenue from contracts with customer		
Sales of goods	\$2,259,534	\$1,896,191
Other operating revenue	54,985	31,439
Total	<u>\$2,314,519</u>	<u>\$1,927,630</u>

Analysis of revenue from contracts with customers for the years ended December 31, 2022 and 2021 are as follows:

(a) Disaggregation of revenue

	For the year ended December 31,	
	2022	2021
Sale of goods	\$2,259,534	\$1,896,191
Other	54,985	31,439
Total	<u>\$2,314,519</u>	<u>\$1,927,630</u>

The timing for revenue recognition:

At a point in time	<u>\$2,314,519</u>	<u>\$1,927,630</u>
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For the analysis of each major product, please refer to Note 14 " Segment Information".

(b) Contract balances

A. Contract liabilities

	As of		
	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Sales of goods	<u>\$9,797</u>	<u>\$19,716</u>	<u>\$14,800</u>

Analysis of contract liabilities for the year ended December 31, 2022 are as follows:

	<u>Sales of goods</u>
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

Analysis of contract liabilities for the year ended December 31, 2021 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(1,046)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	5,962

(22) Expected credit (losses) gains

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating expenses – Expected credit (losses) gains		
Account receivables	<u>\$(17)</u>	<u>\$(3,941)</u>

Please refer to Note 12 for more details on credit risk.



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The Company 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 Company's loss allowance as of December 31, 2022 and 2021, respectively are as follows:

A. The Company 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 follow:

2022.12.31

	Not due (Note)	Overdue			Total	
		Less than 60 days	61-120 days	121-180 days		More than 181 days
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

2021.12.31

	Not due (Note)	Overdue			Total	
		Less than 60 days	61-120 days	121-180 days		More than 181 days
Gross carrying amount	\$393,402	\$24,656	\$1,206	\$285	\$2,785	\$422,334
Loss ratio	0~0.1%	2.83%	19.23%	54.85%	91.74~100%	
Lifetime expected credit losses	(405)	(698)	(232)	(156)	(2,555)	(4,046)
Carrying amount of accounts receivables	\$392,997	\$23,958	\$974	\$129	\$230	\$418,288

Note: The Company's note receivables were not overdue.

Notes to the Parent-Company-Only Financial Statements (Continued)  
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B. The movement in the provision for impairment of notes receivables and accounts receivables for the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2022	\$-	\$4,046
Addition (reversal) for the current period	-	17
As of December 31, 2022	<u>\$-</u>	<u>\$4,063</u>
As of January 1, 2021	\$-	\$105
Addition (reversal) for the current period	-	3,941
As of December 31, 2021	<u>\$-</u>	<u>\$4,046</u>

(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.

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

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	
	2022	2021
Land	\$8,106	\$30,277
Buildings	120,440	10,448
Transportation Equipment	6,807	9,976
Office equipment	122	319
Other equipment	1,558	2,240
Total	\$137,033	\$53,260

The Company's right-of-use assets increased by NT\$135,536 thousand and NT\$9,930 thousand for the year ended December 31, 2022 and 2021, respectively.

(ii) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	\$137,600	\$55,469
Current	\$23,736	\$13,035
Non-current	113,864	42,434
Total	\$137,600	\$55,469

Please refer to Note 6(25)(d) for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2022 and 2021.

B. Amounts recognized in the income statement

(i) Depreciation of right-of-use assets

	For the year ended December 31,	
	2022	2021
Land	\$1,575	\$1,361
Buildings	14,923	5,520
Transportation equipment	4,864	4,020
Office equipment	428	550
Other equipment	1,166	1,076
Total	<u>\$22,956</u>	<u>\$12,527</u>

C. Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	\$(915)	\$(1,680)
Income from subleasing right-of-use assets	1,929	1,613

As of December 31, 2022 and 2021, 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, 2022 and 2021, the Company's total cash outflow for leases amounted to NT\$25,483 thousand and NT\$16,826 thousand, respectively.

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(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.

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Lease income for operating leases		
Income relating to fixed lease payments	<u>\$10,521</u>	<u>\$6,042</u>

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, 2022 and 2021 are as follows:

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Less than one year	\$8,907	\$6,127
More than one year but less than five years	<u>2,991</u>	<u>765</u>
Total	<u>\$11,898</u>	<u>\$6,892</u>

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, 2022 and 2021 are as follows:

	As of December 31,	
	2022	2021
Undiscounted lease payments		
Year 1	\$23,786	\$24,278
Year 2	18,243	16,926
Year 3	14,565	11,383
Year 4	12,287	7,705
Year 5	9,583	2,056
Total undiscounted lease payments	78,464	62,348
Less: lease payment unearned revenue	(3,774)	(2,240)
Net investment in the lease (Finance lease receivables)	\$74,690	\$60,108
Current	\$22,237	\$22,653
Non-current	52,453	37,455
Total	\$74,690	\$60,108

(24) Summary of employee benefits, depreciation and amortization by function is as follows:

Nature \ Function	For the year ended December 31,					
	2022			2021		
	Operating costs	Operating expense	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	\$113,938	\$206,559	\$320,497	\$99,885	\$167,594	\$267,479
Labor and health insurance	11,182	9,918	21,100	8,783	9,612	18,395
Pension	4,294	5,273	9,567	3,554	4,839	8,393
Directors' remuneration	-	5,242	5,242	-	3,893	3,893
Other employee benefits expense	6,116	6,482	12,598	6,000	6,719	12,719
Depreciation	47,410	23,723	71,133	39,990	14,983	54,973
Amortization	116	3,594	3,710	23	5,510	5,533

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Note 1 : The average headcounts of the Company amounted to 324 and 313, respectively, as of December 31, 2022 and 2021. Among the Company's directors, there were 6 and 5 who were not the employees, respectively.

Note 2 : Companies who have been listed on Taiwan Stock Exchange or Taiwan Over – The Counter Securities Exchange should disclose the following information:

- (1) Average employee benefits of 2022 and 2021 are NT\$1,144 thousand and NT\$997 thousand, respectively.
- (2) Average salaries of 2022 and 2021 are NT\$1,008 thousand and NT\$868 thousand, respectively.
- (3) Change in average salaries are 16.1%.
- (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.

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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, 2022 amounted to NT\$9,764 thousand, and NT\$4,882 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, 2021 amounted to NT\$3,722 thousand, and NT\$1,861 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\$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.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$3,722 thousand and NT\$1,861 thousand, respectively, for the year ended December 31, 2021, in a meeting held on March 25, 2022. 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, 2021.



(25) Non-operating income and expenses

(a) Interest income

	For the year ended	
	December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	\$7,464	\$1,799
Related party lending	736	-
Other	678	1,015
Total	<u>\$8,878</u>	<u>\$2,814</u>

(b) Other incomes

	For the year ended	
	December 31,	
	2022	2021
Rental income	\$10,521	\$6,042
Dividend income	1,103	-
Others	39,458	43,237
Total	<u>\$51,082</u>	<u>\$49,279</u>

(c) Other gains and losses

	For the year ended	
	December 31,	
	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$2,049	\$(285)
Foreign exchange gains (losses), net	94,539	(14,047)
Gains (losses) on financial assets at fair value through profit or loss	(1,920)	(3,428)
Gains on lease modification	1,328	31
Others	(2)	(2,768)
Total	<u>\$95,994</u>	<u>\$(20,497)</u>

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(d) Finance costs

	For the year ended	
	December 31,	
	2022	2021
Interest on borrowings from bank	\$19,776	\$6,544
Interests on convertible bonds	9,621	3,972
Interests on lease liabilities	1,513	715
Interest calculated on deposit	8	5
Total	<u>\$30,918</u>	<u>\$11,236</u>

(26) Components of other comprehensive income

For the year ended December 31, 2022

	Arising during	Reclassification	Other	Tax relating to	Other
	the period	during the	comprehensive	components of	comprehensive
		period	income, pre-	other	income, net of
			tax	comprehensive	income, net of
				income	tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$557	\$-	\$557	\$(111)	\$446
Unrealized gain (losses) 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 using the equity method	1,051	-	1,051	-	1,051
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	26,118	-	26,118	(5,181)	20,937
Total of other comprehensive income	<u>\$23,801</u>	<u>\$-</u>	<u>\$23,801</u>	<u>\$(5,046)</u>	<u>\$18,755</u>

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For the year ended December 31, 2021

	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	\$ (222)	\$ -	\$ (222)	\$ 45	\$ (177)
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	1,549	-	1,549	1,987	3,536
Share of other comprehensive income of associates, and joint ventures accounted for using the equity method	126	-	126	-	126
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	9,254	-	9,254	(1,856)	7,398
<b>Total of other comprehensive income</b>	<b>\$10,707</b>	<b>\$-</b>	<b>\$10,707</b>	<b>\$176</b>	<b>\$10,883</b>

(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,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$44,161	\$11,453
Adjustments in respect of current income tax of prior periods	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	6,517	2,285
Total income tax expense	<u>\$50,709</u>	<u>\$13,738</u>

Income tax relating to components of other comprehensive income

	For the year ended	
	December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$111	\$(45)
Unrealized gains (losses) from debt instruments investments measured at fair value through other comprehensive income	(246)	(1,987)
Exchange differences arising on translation of foreign operations	5,181	1,856
Total	<u>\$5,046</u>	<u>\$(176)</u>

(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,	
	2022	2021
Accounting income before tax from continuing operations	\$473,559	\$180,504
Tax payable at the enacted tax rates	\$94,712	\$36,101
Surtax on Undistributed retained earnings	4,029	-
Tax effect of expenses not deductible for tax purposes	(48,063)	529
Amount affected by deferred income tax on earnings of subsidiaries	-	(30,195)
Tax effect of deferred tax assets/liabilities	-	7,303
Adjustments in respect of current income tax of prior periods	7	-
Adjustments in respect of deferred income tax of prior periods	24	-
Total income tax expense recognized in profit or loss	\$50,709	\$13,738

(c) Deferred tax assets (liabilities) relate to the following:

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 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 arising 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)		<u>\$ (6,541)</u>	<u>\$ (5,046)</u>	
Net deferred tax assets/(liabilities)	<u>\$968</u>			<u>\$ (10,619)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$52,445</u>			<u>\$52,181</u>
Deferred tax liabilities	<u>\$ (51,477)</u>			<u>\$ (62,800)</u>

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For the year ended December 31, 2021

	Beginning balance as Jan. 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in comprehensive income	Ending balance as of Dec. 31, 2021
Temporary differences				
Unrealized loss on inventory valuation	\$9,671	\$8,123	\$-	\$17,794
Asset impairment loss	737	-	-	737
Unrealized exchange loss(gain)	7,856	(7,856)	-	-
Unused tax losses	4,995	(3,685)		1,310
Exchange differences arising on translation of foreign operations	26,212	-	(1,856)	24,356
Undistributed earnings of subsidiaries	(47,709)	(3,768)	-	(51,477)
Others	1,315	4,901	2,032	8,248
Deferred tax income/ (expense)		<u>\$(2,285)</u>	<u>\$(176)</u>	
Net deferred tax assets/(liabilities)	<u>\$3,077</u>			<u>\$968</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$50,786</u>			<u>\$52,445</u>
Deferred tax liabilities	<u>\$(47,709)</u>			<u>\$(51,477)</u>

(d)The assessment of income tax returns

As at December 31, 2022, the status of tax authority's assessment of the income tax returns of the Company was assessed and approved up to 2020.

(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.

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Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) 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,	
	2022	2021
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$422,850	\$166,766
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	73,724	71,055
Basic earnings per share (in NT\$)	\$5.74	\$2.35
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$422,850	\$166,766
Gain or loss on valuation of redemption from convertible bonds	1,536	-
Interest expense from convertible bonds	7,697	3,178
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$432,083	\$169,944
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	73,724	71,055
Effect of dilution:		
Employee stock options (in thousand shares)	-	95
Employee bonus – stock (in thousand shares)	211	81
Convertible bonds (in thousand shares)	20,487	9,232
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	94,422	80,463
Diluted earnings per share (in NT\$)	\$4.58	\$2.11



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

(2) Significant transactions with related parties

### A. Sales

	For the year ended December 31,	
	2022	2021
Global Tek GmbH	\$-	\$63
Global Tek (Xi'An) Co., Ltd.	57	-
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	1,451	926
Total	\$1,508	\$989

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,	
	2022	2021
Global Tek (Xi'An) Co., Ltd.	\$271,590	\$205,036

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,	
	2022	2021
Global Tek Co., Ltd.	\$2,441	\$2,339
Global Tek (Xi'An) Co., Ltd.	4,682	10,302
Global Tek (Wuxi) Co., Ltd.	736	365
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	1,473	1,089
Top Yes (Suzhou) Precision Industry Co., Ltd.	578	-
Total	\$9,910	\$14,095

D. Prepaid expenses

	As of December 31,	
	2022	2021
Global Tek GmbH	\$-	\$335

E. Accounts payables

	As of December 31,	
	2022	2021
Global Tek (Xi'An) Co., Ltd.	\$58,578	\$38,020

F. Other payables

	As of December 31,	
	2022	2021
Global Tek Co., Ltd.	\$2,140	\$2,059
Global Tek GmbH	1,065	1,303
GP Tech Inc. (US)	2,339	61
Global Tek (Xi' An) Co., Ltd	191	43
Global Tek (Wuxi) Co., Ltd.	43	-
Total.	<u>\$5,778</u>	<u>\$3,466</u>

G. Loans to related parties

(a) Other accounts receivable - related parties

	As of December 31,	
	2022	2021
Global Tek (Wuxi) Co., Ltd.	<u>\$92,175</u>	<u>\$-</u>

(b) Interest income

	For the year ended December 31,	
	2022	2021
Global Tek (Wuxi) Co., Ltd.	<u>\$736</u>	<u>\$-</u>

H. Rental income

	For the year ended December 31,	
	2022	2021
Global Tek Co., Ltd.	<u>\$48</u>	<u>\$-</u>

For the year ended December 31, 2022 and 2021, 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, 2022 and 2021, the service income recognized by the company entrusted by Global Tek Co., Ltd. was 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:

<u>Asset type</u>	<u>Related party</u>	<u>Book value</u>	<u>Selling price</u>	<u>Gains on disposal</u>	<u>Price Reference</u>
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,	
	2022	2021
Global Tek GmbH	\$14,076	\$15,534
GP Tech Inc. (US)	9,549	8,395
Total	\$23,625	\$23,929

L. Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2022	2021
Short-term employee benefit	\$12,719	\$12,863
Post-employment benefit	162	162
Total	\$12,881	\$13,025

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8. ASSETS PLEDGED AS COLLATERAL

Assets pledged for security	Carrying amount As of December 31,		Secured liabilities
	2022	2021	
Financial assets measured at amortized cost-current	\$-	\$110,720	Short-term loans
Financial assets measured at amortized cost-noncurrent	1,700	1,034	Security deposit to custom authority
Land	1,410,612	104,691	Long-term loans
Property, plant and equipment – buildings(net)	83,010	85,180	Long-term loans
Total	<u>\$1,495,322</u>	<u>\$301,625</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a)As of December 31,2022 and 2021, the outstanding contracts relating to purchased property, plant and equipment of Company for business needs were as follows:

	As of December 31,	
	2022	2021
Purchased property, plant and equipment Global Tek Fabrication Co., LTD.	<u>\$42,046</u>	<u>\$685,797</u>

(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 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 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.

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10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On February 24, 2023, the Company remitted US\$1,575 thousand to Global Tek Fabrication Co., Ltd. (Samoa) to increase the cash capital.

12. OTHERS

(1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2022	2021
Financial asset at fair value through profit of loss:		
Mandatorily measured at fair value through profit of loss	\$493	\$775
Financial assets at fair value through other comprehensive income	71,864	75,789
Financial assets measured at amortized cost		
Cash and cash equivalents	632,947	882,751
Financial assets measured at amortized cost	2,530	111,754
Accounts receivables	665,772	478,396
Other receivables (including related parties)	130,638	50,778
Refundable deposits	9,002	9,002
Total	<u>\$1,513,246</u>	<u>\$1,609,245</u>

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<u>Financial liabilities</u>	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Financial liabilities at amortized cost:		
Short-term loans	\$200,000	\$370,000
Payables (including related parties)	798,287	862,241
Long-term loans (current portion included)	1,294,650	447,749
Bonds payable (current portion included)	593,832	390,051
Lease liabilities	137,600	55,469
Guarantee deposits received	1,900	865
Total	<u>\$3,026,269</u>	<u>\$2,126,375</u>

(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 activities. 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.

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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, 2022 and 2021 is increased/decreased by NT\$8,434 thousand and NT\$7,035 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, 2022 and 2021 to decrease/increase by NT\$862 thousand and NT\$463 thousand, respectively.



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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 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 profit for the years ended December 31, 2022 and 2021 by NT\$719 thousand and NT\$758 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.

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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 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 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, 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
As of Dec. 31, 2021					
Short-term loans	\$372,500	\$-	\$-	\$-	\$372,500
Long-term loans	25,490	183,290	254,571	-	463,351
Payables	862,241	-	-	-	862,241
Convertible bonds	400,000	-	-	-	400,000
Lease liabilities (Note)	13,629	14,459	2,164	32,525	62,777

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	11 to 15 years	Over than 15 years	Total
As of Dec. 31, 2022	\$25,146	\$86,151	\$58,120	\$-	\$-	\$144,271
As of Dec. 31, 2021	13,629	16,623	5,082	5,082	22,361	62,777

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(6) Reconciliation schedule of liabilities arising from financing activities

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

Reconciliation schedule of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of January 1, 2021	\$-	\$410,182	\$859	\$60,886	\$579,577	\$1,051,504
Cash flows	370,000	37,567	6	(14,984)	-	392,589
Non-cash changes						
Lease range changes	-	-	-	8,852	-	8,852
Interest expense	-	-	-	715	3,972	4,687
Convertible bonds	-	-	-	-	(193,498)	(193,498)
As of December 31, 2021	\$370,000	\$447,749	\$865	\$55,469	\$390,051	\$1,264,134

Notes to the Parent-Company-Only Financial Statements (Continued)  
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(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 fair 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.)

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(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,		
	2022	2021	
Financial liabilities:			
Bonds payable	\$593,832	\$390,051	
		Fair value as of December 31,	
		2022	2021
Financial liabilities:			
Bonds payable	\$596,775	\$397,240	

(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, 2022 and 2021, 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 asset 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, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
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 measured at fair value through other comprehensive income	-	-	71,864	71,864

Financial liabilities:

None

As of December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$775	\$-	\$775
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	75,789	75,789

Financial liabilities:

None



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Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, 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, 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	\$88,224

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	Assets	
	Financial asset at fair value through other comprehensive income	Financial asset at fair value through profit or loss
	Stock	Forward purchase contract
As of January 1, 2021	\$74,240	\$2,628
Total gains and losses recognized for the year ended December 31, 2021:		
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-	(2,628)
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	1,549	-
As of December 31, 2021	\$75,789	\$-

For the years ended December 31, 2022 and 2021, 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.
Forward purchase contract	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, 2022		
	Foreign		
	currencies	Exchange rate	NTD
<u>Financial assets</u>			
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

	As of December 31, 2021		
	Foreign		
	currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$27,045	27.68	\$748,600
EUR	860	31.32	26,948
RMB	2,253	4.3460	9,791
JPY	119,144	0.2403	28,630

Financial liabilities

Monetary items:

USD	\$1,630	27.68	\$45,127
EUR	399	31.32	12,484

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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\$94,539 thousand and NT\$(14,047) thousand for the years ended December 31, 2022 and 2021, 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, 2022: Please refer to Attachment 1.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2022: Please refer to Attachment 2.
- c. Marketable securities held as of December 31, 2022. (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, 2022: None.

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- 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, 2022: 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, 2022: 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, 2022: 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, 2022: 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, 2022: None.
    - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.
    - (c) Marketable securities held as of December 31, 2022 (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, 2022: 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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: None.

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

(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	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percent age of Owners hip	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					Outflow	Inflow						
Global Tek (Xi'An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$67,742 (USD 2,100)	(2)A	\$19,458 (USD 642)	\$-	\$-	\$19,458 (USD 642)	\$95,868 (RMB 21,674) (Note2&4)	100%	\$95,868 (RMB 21,674) (Note2&4)	\$341,038 (RMB 77,350) (Note2&4)	\$-

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percent age of Owners hip	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					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)	\$54,999 (RMB 12,435) (Note2&4)	100%	\$54,999 (RMB12,435) (Note2&4)	\$1,596,294 (RMB 362,054) (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	\$-	\$-	\$-	\$-	\$14,393 (RMB 3,254) (Note2&4)	100%	\$14,393 (RMB 3,254) (Note2&4)	\$47,599 (RMB 10,796) (Note2&4)	\$-
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$8,893 (RMB 2,017) (Note2)	(2)D	\$-	\$-	\$-	\$-	\$(222) (RMB(50)) (Note2&4)	100%	\$(222) (RMB(50)) (Note2&4)	\$8,672 (RMB 1,967) (Note2&4)	\$-



English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Notes to the Parent-Company-Only Financial Statements (Continued)

(Amounts Expressed In Thousands Of New Taiwan Dollars Unless Otherwise Specified)

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022	Net income(loss) of investee company	Percent age of Owners hip	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2022	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022
					Outflow	Inflow						
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	\$421,473 (RMB 101,666)	(2)E	\$-	\$48,398 (USD 1,575)	\$-	\$48,398 (USD 1,575)	\$(162,014) (RMB(36,630)) (Note2&4)	4.11%	\$(6,658) (RMB (1,505)) (Note2&4)	\$78,682 (RMB 17,647) (Note2&4)	\$-

Accumulated Investment in Mainland China as of Dec. 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$571,331 (USD18,595)	\$821,740 (USD26,745)	\$2,008,374

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 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.

B. Significant transactions with the investees in mainland China:

(a) Purchase and balances of related accounts payable as of December 31, 2022:

	Purchases		Accounts Payables	
	Amount	% to Net Purchase	Amount	% to Account Balance
Global Tek (Xi'An) Co., Ltd.	\$271,590	20%	\$58,578	12%

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.

(b) Sales, the ending balance of related accounts receivable and their weightings.

	Sales		Accounts receivable	
	Amount	% to Net Sales	Amount	% to Account Balance
Global Tek (Xi'An) Co., Ltd.	\$57	-%	\$-	-%
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	1,451	1%	-	-%
Total	\$1,508	1%	\$-	-%

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:

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

(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:

<u>Ownership of shares</u> Name	Number of shares held (shares)	Ownership ratio
Ting, Ling-Chuan	11,530,000	14.23%
Haochi Investment Co., Ltd.	8,128,000	10.03%
Hsingying Investment Co., Ltd.	7,854,000	9.69%
Huang, Ya-Hsing	6,226,695	7.68%

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, 2022

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	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Other receivables	YES	\$92,175 (USD 3,000)	\$92,175 (USD 3,000)	\$92,175	2%	2	\$-	Business turnover and factory construction	\$-	None	-	\$669,458	\$1,338,916
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Other receivables	YES	\$30,725 (USD 1,000)	\$30,725 (USD 1,000)	\$-	2%	2	\$-	Business turnover	\$-	None	-	\$669,458	\$1,338,916
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	\$70,544 (RMB 16,000)	\$17,636 (RMB4,000)	\$17,636	4.57%	2	\$-	Business turnover	\$-	None	-	\$319,260	\$638,519

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 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, 2022

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 (Xi' An) Co., Ltd.	Subsidiary	\$669,458	\$180,493	\$119,043	\$-	\$-	3.56%	\$1,673,645	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Subsidiary	\$669,458	\$575,785	\$176,360	\$88,180	\$-	5.27%	\$1,673,645	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 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 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, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name	Relationship	Financial Statement Account	As of December 31, 2022				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	1,102,500	<u>\$41,223</u>	3.85%	<u>\$41,223</u>	Unlisted (counter) company stocks
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Allied Advantage Sdn, Bhd.	-	Financial asset at fair value through other comprehensive income,noncurrent	-	<u>\$30,641</u>	19.00%	<u>\$30,641</u>	Unlisted (counter) company stocks
Global Tek GmbH	<u>Stock</u> Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income,noncurrent	-	<u>\$16,360</u>	10.00%	<u>\$16,360</u>	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 assets at fair value through profit or loss	4,749	<u>\$546</u>	-%	<u>\$546</u>	

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, 2022

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, 2022			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%	\$321,216	\$105,182	\$105,182	Note
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 19,645	USD 18,070	-	100.00%	\$1,855,443	\$135,691	\$126,472	Note (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%	\$19,866 (EUR 608)	\$337 (EUR 11)	\$337 (EUR 11)	Note
Global Tek Fabrication Co., Ltd.	AvioCast INC.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$119,088	\$119,088	9,842,000 shares	36.72%	\$95,171	\$7,385	\$(76)	Note (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%	\$2,640 (USD 86)	\$(66) (USD 2)	\$(66) (USD 2)	Note
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 10,150	USD 10,150	-	100.00%	\$1,067,652	\$111,402	\$111,402	Note
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	\$748,471	\$26,225	\$24,326	Note
Global Tek Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	\$58,419	\$26,225	\$1,899	Note

Note1: Including investment gain recognized under equity method amounted to NT\$135,691 thousand and realized profit on transaction between subsidiaries amounted to NT\$13,857 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(23,279) thousand and realized profit on transaction between subsidiaries amounted to NT\$1,153 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(950) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,074 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT\$2,712 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, 2022

Attachment 5

(In Thousands of 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	\$271,590	20%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Account payables \$(58,578)	12%	
Global Tek Co., Ltd.	Global Tek (Xi' An) Co., Ltd.	Associate	Purchases	\$554,048	41%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Account payables \$(194,215)	38%	
Global Tek (Xi' An) Co., Ltd.	Globaltek Xi' An Machinery Manufacturing Co., Ltd.	Associate	Sales	\$276,777	50%	90 days after monthly dosing	And general trading conditions no different	And general trading conditions no different	Accounts receivables \$105,362	61%	

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

As of December 31, 2022

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	\$194,215	3.44	\$-	-	\$151,577	\$-
			(Note1)					
Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'an Machinery Manufacturing Co., Ltd.	Associate	\$105,362	2.77	\$-	-	\$77,153	\$-
			(Note1)					

Note 1: Accounts receivables.

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Global Tek Fabrication Co., Ltd.

1. Statement of Cash and Cash Equivalents

As of December 31, 2022

(In Thousands of Foreign Currency / New Taiwan Dollars)

Item	Description	Amount	Note
Petty cash:		\$458	1.Cash and Cash equivalents were not pledged.
			2.Exchange Rate
			USD : NTD=30.725 : 1
Checking and savings accounts :			CNY : NTD=4.4090 : 1
Checking		628	JPY : NTD=0.2325 : 1
Savings		63,915	EUR : NTD=32.7200 : 1
Foreign savings accounts :			
– USD		193,595	USD 6,301
– JPY		41,640	JPY 179,097
– EUR		9,121	EUR 279
– CNY		977	CNY 222
Subtotal		<u>309,876</u>	
Fixed-term deposits:			
Time deposits – USD	rate 3.15%-5.18%	<u>322,613</u>	USD10,500
Total		<u><u>\$632,947</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

2. Statement of Financial Assets Measured at Amortized Cost - Current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Amount	Note
Land Bank	Time deposits:	3		\$830	0.82% ~ 1.07%	<u>\$830</u>	

Global Tek Fabrication Co., Ltd.

3. Statement of Note Receivable, net

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	\$5,317	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	2,299	
Client C	693	2.Non related parties.
Others	28	
Subtotal	8,337	
Less: loss allowance	-	
Net	<u>\$8,337</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

4. Statement of Accounts Receivables, net

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client D	\$196,610	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client E	103,034	
Client F	51,472	2.Non related parties.
Client G	44,820	
Others	<u>190,872</u>	
Subtotal	586,808	
Less: loss allowance	<u>(4,063)</u>	
Net	<u><u>\$582,745</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

5.Statement of Other Receivables

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Vat Refund	\$9,357	
Income receivable	1,454	
Others	<u>17,742</u>	
Total	<u>\$28,553</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

6.Statement of Inventories

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$93,555	\$92,690	1. Inventories are valued at lower of cost or net realizable value item by item.
Work in progress	257,691	637,650	
Finished goods	362,305	678,374	
Merchandises	<u>57,669</u>	<u>221,003</u>	2. The insurance coverage for inventories was NT\$566,029 thousand as of December 31, 2022
Subtotal	771,220	<u>\$1,629,717</u>	
Less: allowance for inventory valuation losses	<u>(102,072)</u>		3. Inventories were not pledged.
Net	<u>\$669,148</u>		



Global Tek Fabrication Co., Ltd.

7. Statement of Prepayments

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepayment for purchases	\$7,592	
Other prepaid expense	5,827	
Office supplies	3,951	
Prepaid insurance expenses	1,730	
Prepaid rent expenses	125	
Total	<u>\$19,225</u>	

Global Tek Fabrication Co., Ltd.

8.Statement of Other current Assets

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary payments	<u>\$161</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

9.Statement of Changes in Financial Assets at Fair Value through other comprehensive income - Non Current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Financial Instruments	As of January 1, 2022		Additions		Decrease		As of December 31, 2022		Provide a guarantee pledge situation	Note
	Shares	book value	Shares	Amount	Shares	Amount	Shares	book value		
Financial asset at fair value through other comprehensive income, non-current										
Techplasma Technology Co., Ltd.	1,102,500	\$30,000	-	\$-	-	\$-	1,102,500	\$30,000	None	
Allied Advantage Sdn Bhd		39,098	-	-	-	-		39,098	None	
Total		69,098		-		-		69,098		
Add : Financial asset at fair value through other comprehensive income unrealized gains and losses on financial assets		6,691		-		3,925		2,766		
Net		<u>\$75,789</u>		<u>\$-</u>		<u>\$3,925</u>		<u>\$71,864</u>		

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

10.Statement of Financial Assets Measured at Amortized Cost - Non Current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Amount	Note
Land Bank	Time deposits	2		\$1,700	1.0650%	<u>\$1,700</u>	Security deposit to custom authority

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

11. Statement of Changes in Long-term Investment Accounted for Under the Equity Method

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2022		Additions		Decrease		As of December 31, 2022			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
GLOBAL TEK CO., LTD.	2,000,000	\$214,770	-	\$106,446 (Note1)	-	\$-	2,000,000	100.00%	\$321,216	-	\$321,216	None	
GLOBAL TEK FABRICATION CO., LTD.(Samoa)	-	1,655,517	-	199,926 (Note2)	-	-	-	100.00%	1,855,443	-	1,867,062	None	
GLOBAL TEK Gmbh	-	18,679	-	1,187 (Note3)	-	-	-	100.00%	19,866	-	19,866	None	
AVIOCAST INC.	9,842,000	95,247	-	-	-	(76) (Note4)	9,842,000	36.72%	95,171	-	34,267	None	
Total		<u>\$1,984,213</u>		<u>\$307,559</u>		<u>\$(76)</u>			<u>\$2,291,696</u>		<u>\$2,242,411</u>		

Note1: Including investment gain recognized under equity method amounted to NT\$105,182 thousand and foreign currency statements translation adjustments amounted to NT\$213 thousand and the remeasurement amount of defined benefit plans was NT\$1,051 thousands.

Note2: Including acquired cost to NT\$48,399 thousand and investment gain recognized under equity method amounted to NT\$135,691 thousand and foreign currency statements translation adjustments amounted to NT\$25,055 thousand and realized profit on transaction between subsidiaries amounted to NT\$13,857 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(23,279) thousand and realized profit on transaction between subsidiaries amounted to NT\$1,153 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(950) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,074 thousand.

Note3: Including investment gain recognized under equity method amounted to NT\$337 thousand and foreign currency statements translation adjustments amounted to NT\$850 thousand.

Note4: Including investment gain recognized under equity method amounted to NT\$2,712 thousand and premium amortization of NT\$2,788 thousand.

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Global Tek Fabrication Co., Ltd.

12.Statement of Short-term Loans

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Description	Type	As of December 31, 2022	Contract Period	Interest Rates	Loan Commitments	Collateral	Note
Land Bank of Taiwan	Credit loans	\$100,000	111.12.26-112.03.26	Note	NTD 150,000	None	
Bank of Taiwan	Secured loan	<u>100,000</u>	111.08.12-112.08.12	Note	NTD 250,000	Please refer to Note 8	
Total		<u><u>\$200,000</u></u>					

Note: As of December 31, 2022, the interest rate intervals for short-term loans were 1.8% ~ 1.84%.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

13.Statement of Accounts Payable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Supplier A	\$57,654	1.The amount of individual vendor included in "others" does not exceed 5% of the account balance.
Client B	57,142	
Supplier C	31,153	2. All accounts are not related parties.
Supplier D	30,775	
Supplier E	30,000	
Supplier F	26,130	
Supplier G	23,688	
Others	165,367	
Total	<u>\$421,909</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

14.Statement of Other Payables

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued payroll	\$83,662	
Employee bonus	9,764	
Compensation payable to directors and supervisors	4,882	
Accrued utilities expense	2,700	
Service fee payable	6,062	
Accrued manufacturing overhead	135,690	
Accrued interest payable	619	
Others	58,749	
Payables on equipment	9,894	
Total	<u>\$312,022</u>	



English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

15. Statement of Changes in Current Tax Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2022	\$11,293	
Add: Income tax accrual for 2022	40,132	
Surtax on undistributed earnings accrual for 2021	4,029	
Adjustments in respect of current income tax of prior periods	5	
Approved tax rebates for previous years	2	
Less: Income tax payment for 2022	(597)	
Interim temporary tax payment	(5,729)	
Income tax payment for 2021 and for undistributed earning for 2020	<u>(11,299)</u>	
As of December 31, 2022	<u><u>\$37,836</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

16.Statement of Lease Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Period	Discount rate	Amount
Land	2022.01.01-2027.12.31	1.15%	\$8,018
Buildings	2018.08.13-2032.02.28	1.15%	121,321
Transport equipment	2019.04.17-2025.05.29	1.15%	6,636
Office equipment	2019.05.01-2024.05.12	1.15%	108
Other	2019.01.01-2023.12.31	3.5%	1,517
Less: Current portion of lease liabilities			<u>(23,736)</u>
Non-Current portion of lease liabilities			<u><u>\$113,864</u></u>

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

17. Statements of Bonds Payable

As of December 31, 2022

(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, 2022			
First Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2019.08.27	-	-%	\$600,000	\$(316,200)	\$283,800	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	(307,500)	322,500			
Less: Discounts on bonds payable							(12,468)			
Net							\$593,832			
Less: Current portion of bonds payable							(279,367)			
Non-Current portion of bonds payable							<u>\$314,465</u>			

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

18. Statement of Long-Term Loans

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Lenders	Description	Amount	Year maturity	Interest Rates	Collateral	Note
Bank of Taiwan	Secured loans	\$296,000	2026.10.20	1.64%	Please refer to Note 8	
Bank of Taiwan	Secured loans	28,650	2024.06.27	1.88%	Please refer to Note 8	
Land Bank of Taiwan	Secured loans	870,000	2027.03.28	1.88%	Please refer to Note 8	
Bank Sinopac Company	Credit loans	100,000	2023.02.23	1.73%		
Total		1,294,650				
Less: Current portion of long-term loans		(143,100)				
Non-current portion of long-term loans		<u>\$1,151,550</u>				

Global Tek Fabrication Co., Ltd.

19.Statement of Operating Revenues

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Quantity(thousand)	Amount	Note
Sales revenue			
Industrial Products	12,809	\$2,106,706	
Aerospace products	407	207,813	
Total		<u>\$2,314,519</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.  
20.Statement of Operating Costs  
For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	\$88,404	
Add: Raw materials purchased	398,742	
Transfer from work in process	10,749	
Transfer from finished goods	84,523	
Transfer from merchadise	147	
Others	21,103	
Less: Ending balance	(93,555)	
Transfer to work in process	(6,422)	
Procurement	(61,861)	
Sales	(15,033)	
Loss from inventory physical count	(17)	
Raw materials scrapped	(1,220)	
Direct materials used	<u>425,560</u>	
Direct labor	62,458	
Manufacturing overhead (Detailed list 21)	<u>559,602</u>	
Manufacturing cost	1,047,620	
Add: Work in process, beginning balance	232,216	
Supplies and parts purchased	180,061	
Transfer from finished goods	232,272	
Transfer from raw materials	6,422	
Less: Work in process, ending balance	(257,691)	
Transfer to merchadise	(62,774)	
Transfer to raw materials	(10,749)	
Transfer to finished goods	(605)	
Loss from inventory physical count	(1,597)	
Work in process scrapped	(776)	
Others	(10,665)	
Cost of finished goods	1,353,734	
Add: Finished goods, beginning balance	274,319	
Finished goods purchased	375,575	
Transfer from work in process	605	
Less: Finished goods, ending balance	(362,305)	
Transfer to work in process	(232,272)	
Transfer to raw materials	(84,523)	
Procurement	(4,659)	
Loss from inventory physical count	(1,641)	
Finished goods scrapped	(2,695)	
Others	(1,709)	
Cost of goods sold at normal production level	<u>1,314,429</u>	
Add: Merchadise beginning balance	68,309	
Merchadise purchased	398,435	
Transfer from work in process	62,774	
Less: Merchadise ending balance	(57,669)	
Transfer to raw materials	(147)	
Loss from inventory physical count	(6)	
Merchadise scrapped	(23)	
Others	(145)	
Cost of merchandise sold	<u>471,528</u>	
Other costs	32,077	
Loss from inventory valuation	13,101	
Loss from inventory physical count	3,261	
Loss from inventory scrapped	4,714	
Total	<u><u>\$1,839,110</u></u>	

Global Tek Fabrication Co., Ltd.

21. Statement of Manufacturing Overhead

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Indirect labor	\$55,774	
Shipping	7,681	
Repair and maintenance	12,310	
Utilities	16,277	
Insurance	11,707	
Processing fees	358,698	
Depreciation	47,410	
Amortization	116	
Meal expense	3,800	
Employee benefits	2,293	
Consumption	20,849	
Miscellaneous purchases	3,856	
Others	18,831	
Total	<u>\$559,602</u>	

Global Tek Fabrication Co., Ltd.

22.Statement of Sales and Marketing

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$109,551	
Travels	1,607	
Utilities	1,721	
Insurance	7,773	
Depreciation	14,344	
Amortization	337	
Meal expense	1,968	
Shipping	14,901	
Miscellaneous purchases	1,896	
Miscellaneous fees	4,246	
Professional service fees	14,788	
Others	4,845	
Total	<u>\$177,977</u>	



Global Tek Fabrication Co., Ltd.

23. Statement of General and Administrative

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$79,540	
Employee Bonus	9,764	
Compensation to Directors And Supervisors	4,882	
Repair and maintenance	1,168	
Utilities	3,912	
Insurance	3,546	
Entertainment fee	1,135	
Donate	1,256	
Depreciation	9,060	
Amortization	2,363	
Employee benefits	1,473	
Miscellaneous purchase	2,624	
Professional service fees	19,460	
Others	9,008	
Total	<u>\$149,191</u>	

Global Tek Fabrication Co., Ltd.

24.Statement of Research and Development

For the year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$13,337	
Depreciation	319	
Amortization	894	
Commissioned research fee	15,783	
Others	1,283	
Total	<u>\$31,616</u>	

**GLOBAL TEK FABRICATION CO.,  
LTD.**

**Chairman: Huang, Ya-Hsing**