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Gallant Precision Machining Co., Ltd.

Annual Report 2023

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Contact Information

I. Company Spokesman：

	Spokesman	Deputy Spokesman
Name	Jenny Lee	Chia-Ju Tseng
Title	Executive Assistant	Deputy Manager
Tel	886-3-563-9999	886-3-563-9999
E-mail	jennylee@gpmcorp.com.tw	jessica@gpmcorp.com.tw

II. Headquarters and Facilities：

	Address	Tel
Headquarters	No.5-1, Innovation 1st Rd., Science Based Industrial Park, Hsinchu, 30076, Taiwan.	886-3-563-9999
Facilities	No.28, Keya W.Rd., Central Taiwan Science Park, TaiChung city, Taiwan	886-4-2565-8866

III. Stock Transfer Service：

Company ： President Securities Corporation, Transfer Agency Department
Address ： B1-1.,No.8, Dongxing Rd., Taipei City, Taiwan.
Website ： www.pscnet.com.tw
Tel ： 886-2-2746-3797

IV. Independent Auditor:：

Company ： PricewaterhouseCoopers Taiwan
Auditors ： Wu, Wei-Hao 、Chiang, Tsai-Yen
Address ： 5F, No.2 Industry East 3 Rd. Hsinchu Science Park, 30075, Taiwan
Website ： www.pwc.tw
Tel ： 886-3-5780205

V. Foreign Securities Trade & Exchange：NA。

VI. Website：www.gpmcorp.com.tw。

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I. Letter to Shareholders

Dear Shareholders:

First of all, we would like to thank you for your continuous and unwavering support to Gallant Precision Machining Co., Ltd. ("GPM" or "the Company"). Hereafter is the financial performance of 2023.

1. 2023 Business Report

In the fiscal year 2023, GPM's individual operating revenue was NT$1,810,810 thousand, a YoY decline of 38.27%. The consolidated operating revenue for the group was NT$3,089,360 thousand, a YoY decline of 34.74%. In terms of profitability, GPM's individual net profit after tax was NT$203,703 thousand, a YoY decrease of 47.8%. The gross profit margin decreased by 2.44% compared to the previous year, and the earnings per share were NT$1.25.

1.1 The overview of receipt/expense and profitability of Gallant Precision Machining Group ("GPM Group"):

Financial analysis data			2023
Debt to asset ratio (%)		(%)	56.79
Long-term Fund to Property, Plant and Equipment (%)		(%)	577.72
Return on total assets		(%)	3.36
Return on Equity Attributable to Shareholders of the Parent (%)		(%)	6.93
Percentage of paid-in capital (%)	Operating profit		9.36
	Pre-tax net profit		17.81
Net profit margin		(%)	7.85
Earnings Per Share		(NT$)	1.25

1.2 Products that have been developed by the Company in 2023

	Product
R&D accomplishments (Technology)	FOPLP IN-FEED Grinder development
	KLIV Mini LED TESTER
	Panel 2D AOI
	PLP substrate peeling machine
	Micro-LED vacuum pair application
	Intelligent vehicle dispatch central control system
	Forklift AGV
	JEDEC Tray to JEDEC Tray Inspection Sorter
	Jig Saw Sorter
	Wafer & Film Frame Mult-Input EFEM
	EFEM with Wafer FOUP & Wafer Frame FOUP Load Port
	Up and Down Translation Marking Mechanism of Laser Marking Machine
	Wafer & Reel to Multi-Frame Wafer Inspection Sorter
	Wafer & Reel to Wafer Substrate Face Down Die Bonder
	Larger Panel O/S Tester for 64K
	64K Electrical Measurement System

2.Future Plans

2.1 Operating Policy in 2024

2.1.1 Business Activities

- Next Generation Display Industry : Diversify, deepen and expand display industry .
- Smart Manufacturing Industry :Extend Market Share, GPM brand promotion.
- Semiconductor Industry: Lean Production , Strategic Partners , focus and continuous innovation.

(1) The foundation of the company is the research and development technology of the existing display equipment. Working closely with world class manufacturers and leading R&D institutions, focus and deeply development of FPD next generation high value-added equipment drive the company to diversify and manage in a sustainable way in order to expand the future in the display industry innovation and progress.

(2) Continuous efforts towards innovation ensure to differentiate existing products (IDMS) and optimize cost strategies to increase product competitiveness and profitability. We also continue to improvement core technologies and expand the market of Micro / Mini-LED Display Industry , and extend the market niche of next generation display industry.

(3) We take profit as the priority and master the current key advanced technology. Based on our electromechanical and software integration technology and QDTCSS, the intelligent production management system is the backbone to build a quality production system in the smart factory, intelligent logistics and intelligent dynamic process equipment. We continue to expand the achievements results of intelligent automation, and pool our resources to provide strategic partners and key industry representative customers with intelligent automation integration solutions to help them achieve their smart manufacturing goals.

(4) For smart logistics, improve developing potential customers and promote to customers for their other requirements. For IDMS, strengthen the promotion of IoT system products for various industries, introduce key industrial equipment, and provide AOI + AI service solutions to improve our brand image and customer value.

(5) Through technology introduction/cooperation, we link the needs of our partners and customers to develop high value-added advanced detection technology in the early stage of semiconductor, and improve the detection and flattening of the packaging process in the middle and final stages. Moreover, we focus on the performance of existing IC board products and product lines to expand customer base.

(6) We focus on semiconductor core technology, innovation and connection of international research and development resources. We understand Taiwan semiconductor marker and provide customers with process solutions. Quality is the priority to us. We improve the overall competitiveness and grasp the market trends in order to improve customer competitiveness and differentiation.

(7) have passed the ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management Systems), ISO 27001 (Information Security Management System) and ISO 14064 (greenhouse gas management system) certifications to accurately comply with international management procedures and standards, protect customers' interests with a higher level of standard for the quality management, overall safety and occupational management of plants, and information security management, regulate employees' behaviors and execution capacity, and provide for the overall quality of suppliers.

(8) We use the company's professional manufacturing brand image and popularity, and through effective management, to develop OEM/ODM Business , strive for orders from international

famous companies , reduce the impact of industrial cycle, promote customer alliance to other industrial areas and expand revenue sources.

(9) We make good use of the existing after-sales service mechanism, deepen the relationship with customers, help improve the production efficiency of the factory, achieve long-term business opportunities with value-added services, and seek a win-win strategy for customers and companies.

(10) We collaborate with various world-class institutes and strategic partners within different industries, to accelerate the research and development of new products, help customers launch new products timely and enter new markets, and build a long-term stable and profitable system.

(11) For our sustainable development, we make arrangements in three major aspects of environmental, social, and governance. GPM adheres to the sustainable operating philosophy and aims at realizing sustainable corporate operations, long-term partnerships with customers and communities, and the performance of responsibilities as a corporate citizen. We established solar power generation systems, made use of green energy for energy saving and carbon dioxide reduction, and applied for the ISO 14064 (Greenhouse Gases Management System) to further align ourselves with the goal of "Carbon Neutral & Net Zero Emission." Meanwhile, we established the Corporate Sustainability Committee in charge of the promotion of matters related to corporate social responsibility (CSR) and ethical corporate management. GPM will continue focusing on sustainable operations and implementing its responsibilities as a corporate citizen and grow together with its employees by emphasizing people-oriented ideas to jointly create maximum value for the Company, customers, and shareholders.

(12) The company has strengthened internal information security by establishing a cybersecurity committee to promote and implement security operations. Additionally, it has obtained ISO 27001 international information security certification and SEMI E187 cybersecurity certification. These measures effectively mitigate the risks of external intrusion and internal data breaches, safeguarding the interests of all employees and protecting R&D confidentiality.

2.1.2 R&D Aspect

Strengthen the development of the Company's core technologies: (1) grinding technology (2) wet process technology (3) AOI technology (4) lamination and peeling (5) Testing technology (6) Measurement technology (7) intelligent automation technology (8) Artificial intelligence technology.

Integrate products in different areas and create value-added, expand the core technology in application in displays, semiconductors, IC Substrate, Smart Factory, Smart Machine and Smart Transportation.

Future R&D Plans:

	Product
R&D Project (Technology)	Wafer 2D+3D AOI
	Wafer Inner defect Inspection
	Glass Substrate Grinder
	Smart logistics vehicle dispatch simulation analysis system

	Wafer & Reel to Wafer & Reel Inspection Sorter
	Wafer PBI System
	High Accuracy Extra Larger Panel O/S Tester for 64K
	Substrate Automatic Tester
	High Speed Electrical measurement system
	High Throughput and High Accuracy Fully Automatic Fan-Out Die Bonder
	High Throughput and High Accuracy Fully Automatic Flip Chip Die Bonder
	SoIC Die Bonder

2.2 The Company's forecast on sales volume and its basis for 2024:

unit: set

Main products	2024 budget
Display Process Equipment	100
Semiconductor Process Equipment	276
Intelligent automation equipment	2

Note: The forecast is based on the customers' forecast and taking into account the market conditions.

2.3 Important production and marketing policies

1. Integrating operations, talent, and resources across the Taiwan Strait, we aim to strengthen customer management, sales, and efficiency integration to maximize overall effectiveness and expand into markets in mainland China, the United States, Japan, and Southeast Asia.
2. Conduct strategic alliance with industry-university-research units and end customers, continuously improve system integration capability and develop new products and technologies in new fields such as display, semiconductor and intelligent automation, to improve marketing efficiency and achieve differentiated niche.
3. Strengthen product cost control mechanism, together with design improvement, efficiency improvement and supply chain management, increase orders of high-gross margin products, and ensure reasonable profit of products.
4. Continuously promote the intelligence, modularization and standardization of major products, simplify the manufacturing process, improve product function and reliability, and reduce costs.
5. Collecting the Company’s various real-time production data, analyzing and integrating it with the internal system, and providing information to the decision-making supervisors as a reference for performance.
6. To meet the customer demand for fast delivery, effectively control quantity and amount of raw materials and inventory, reduce inventory turnover days and reduce loss on inventory falling price.
7. Accelerate installation and acceptance efficiency, improve after-sales service quality to ensure customer satisfaction, establish a win-win service system with customers and continuously strengthen accounts receivable and cash flow management.
8. We introduced energy policies related to green energy and carbon emission reduction. We built a solar farm in our plant to sell the power generated to Taipower and establish the energy-saving and environmental image of the Company, making contributions to the sustainability and renewal of the

earth.

3.Strategies for Future Development

(1) Adopt innovation transformation, market extension, sustainable development as the guiding principle of development strategy.

(2) Business Aspect

－Deepen promotion of development of the display industry, semiconductor industry and intelligent automation industry.

－Extend related products to other foreign markets for business promotion.

－Enhancing the business opportunities of Taiwanese businessmen returning and decentral-ized production by international manufacturers.

－Deeply cultivate the after-sales service market of equipment and components, and grow together with customers.

(3) Product Aspect

－Deeply develop core technologies (equipment & processes).

－Extend core technology for cross-industrial product integration application development.

(4) Internationalization strategy of diverse talents cultivation

(5) GPM formed a G2C business strategic alliance with its partners, C. Sun and GMM, to provide one-stop services for smart production. By integrating the human resources, material resources, and technical resources of multiple companies, we established a robust supply chain system and customer service system that connect all production equipment from upstream to downstream to assist customers in creating maximum value, and in turn, achieving the common belief of price fortification by securing costs, joint creation through mutual efforts, harmony and sharing, and long-term partnerships.

4.Impact from Competition, Legislation and Overall Business Environment

4.1 The impact of the external competitive environment

However, the rapidly changing industrial operating environment, influenced by factors such as the war in Ukraine, conflicts in the Middle East, US-China trade tensions, the COVID-19 pandemic, and geopolitical shifts, has led to diverse changes in market and product application trends. Facing the global display industry's expansion slowdown, intensified external competition, and China's promotion of domestic equipment manufacturing, our company's traditional mainstay, the display industry, is facing increasingly fierce competition and challenges, testing the adaptability of our team. GPM will continue to strengthen its proprietary product technology, complemented by the introduction of advanced foreign technologies, to enhance product functionality, quality, and sophistication, thereby moving away from price-based competition. Additionally, we will explore opportunities in industries such as semiconductors, Micro/Mini LED, and smart manufacturing, while expanding into international markets. In response to changes in the industry and operating environment, we will demonstrate stability, precision, and rapid response capabilities, while establishing a diversified business layout and development goals for the industry.

4.2 Regulatory Environment:

Integrity is deep rooted in the Company's core culture. As a result, the Company has been complying with legal norms, honest, and self-disciplined in its business. In addition to

collecting information concerning external regulatory changes at any time for the management's reference, the Company is establishing, reviewing, updating and adjusting its internal management and operational rules and regulations in order to actively respond to various changes in the regulatory environment.

4.3 Overall Business Environment:

(1) The current international economy faces many variables and is influenced by factors such as the COVID-19 pandemic, US-China trade tensions, and geopolitical issues. The world is gradually forming two major camps (G2), and China's manufacturing is no longer the sole choice globally. This will affect the production locations of various product supply chains, forecasting of material preparations, and supply chain delivery operations. Current conditions worldwide show disruptions in supply and demand due to COVID-19, along with global shortages of various products, conflicts such as the Russia-Ukraine war and ongoing tensions in the Middle East, rising oil prices, persistent high inflation, labor shortages, and transportation congestion. The impact on high-tech products is particularly significant. Looking ahead, the global economic growth indices and investment activities will be viewed with caution and stability. Despite challenges, Taiwan's overall economic outlook remains optimistic this year, with gradual improvements expected. GPM will diversify its business orders, adopt more flexible manufacturing speeds, and leverage its strong internal production and sales capabilities along with long-term external collaborations in the supply chain to meet challenges and create the future.

(2) Over the years, Taiwan's semiconductor and display technology industries have thrived through concerted efforts. Despite challenges posed by the COVID-19 pandemic in recent years and the ongoing trade tensions between the US and China, Taiwan's economy has faced new challenges due to geopolitical factors and global environmental changes. However, Taiwan's technology industry has experienced growth against the odds, driven by the semiconductor industry's momentum, effective epidemic controlled by the government, and novel approaches in supply chain diversification by international giants. Since 2021, Taiwan's technology industry has become one of the most promising regions in the global economy. Furthermore, the pandemic has altered human work patterns. With the growing demand for autonomous vehicles, the normalization of remote work and education, and the emergence of the "stay-at-home" economy, along with the explosive growth of AI and transformative changes led by ChatGPT, the demand for semiconductors and related industries has been boosted. In recent years, GPM has actively engaged in research and development in collaboration with partner companies. It is expected that there will still be gains in the semiconductor, display, and smart automation industries this year. In response to these changes, GPM will seize the opportunity to expand its growth in high-tech equipment and play an important role in the customer equipment supply chain.

(3) The COVID-19 and the recent trade war between the US-China have accelerated the speed of partial enterprises in China to move abroad, return to Taiwan, or set up factories in Southeast

Asian countries to spread the risk. However, insufficient technicians and surging labor costs in Southeast Asian countries have become an unreversible condition in the region. Due to the demand for the increasing overall quality of local manufacturing plants, replacing human labor with smart-auto systems and equipment is the only solution. With its long-term efforts in the field of equipment manufacturing and the particular advantage of Taiwan in this wave of supply chain readjustment, the Company will attract overseas Taiwanese businesses and international manufacturers to choose us as a cooperative partner.

(4) GPM, C.Sun, and GMM joined hands and formed the G2C alliance in 2020 for joint creation. The companies have their own expertise in the equipment for semiconductor procedures; through technological connection and integration, the alliance becomes a material force to drive the continual advances in wafer production, allowing the outstanding performances recorded by the Company in terms of its operating income.

(5) In addition, AI, 5G, AR/VR, Metaverse, IoT, and Big Data facilitated a more comprehensive smart auto application. GPM possesses technologies for the solutions of automated equipment application procedures that span across diverse technology industries. In recent years, GPM joined forces with a world-renowned manufacturer in major industries and gained substantial achievements in terms of the integration of smart auto solutions.

(6) GPM adheres to the spirit of corporate sustainability, gradually entering the ESG field and establishing future sustainability goals for GPM based on the United Nations SDGs in the categories of Environment, Social, and Governance. GPM has completed the ISO14064-1:2018 verification and hopes to collaborate with partners worldwide to address the challenges of climate change, particularly in key areas such as greenhouse gas and carbon management. Looking ahead, with an excellent management team and professional technical capabilities, GPM is confident that it can achieve its goals and attain the best operational results through the concerted efforts of all employees.

Last but not least, we wish our shareholders health and success!



Jason Chen
Chairman

II. Company Profile

1. Date of Establishment：December 22, 1978

2. Milestones

1978	● GPM was founded with a capital of NT$2 million. Engaged in the design, manufacture and sales of semiconductor precision molds and components. Sales began under the proprietary brand name of GPM.
1979	● Became the first manufacturer in the country to complete the production of IC molding.
1982	● First company in Taiwan to manufacture a semi-automatic dejunk/trim system. ● Kingroup Systems was founded, engaging in robot manufacturing and automation equipment. The company was merged into GPM in 2006.
1983	● Fully automatic dejunk/trim system was adopted by AT&T and BNS, officially launching the company onto the international market.
1989	● Reinvested in Malaysia's FORMOSA Engineering and withdrew our investment in 1995.
1993	● First in the country to launch smart IC molding and laser markers.
1995	● IPO ● Gallant Precision Industries (Suzhou) CO., Ltd.
1996	● Launched the first semi-automatic IC molding machine
1997	● Attained OTC status Launched the first fully automated IC molding machine in Taiwan. ● Established Walton Advanced Engineering, Inc. (joint venture with TOSHIBA), officially engaging in IC packaging equipme manufacturing. The company was merged into GPM in 2002. ● Received MOEA's "6th New Innovation Accomplishment Awards".
1999	● Passed ISO-9001 certification. ● Walton Advanced Engineering, Inc. was established in Hsinchu Science Park.
2000	● Received MOEASMEA's "Taiwan SMEs Innovation Award".
2001	● Passed ISO 2000 certification. ● Received MOEA's "9th New Innovation Accomplishment Awards" ● Established Apex-i Optoelectronics.
2002	● Acquired Walton Advanced Engineering, Inc. ● Received MOEA's "The 9th Innovation Research Awards".
2003	● Established the FPD BU, transferring technology from TOSHIBA ROBOT ● Established Gallant Micro. Machining (Suzhou) Co., Ltd., involving in the production of precision IC molds and IC packaging equipment.
2004	● Received 13th "National Award of Outstanding SMEs" . ● Received science park's "Outstanding Manufacturer and Innovative Product Awards" . ● Entered Commonwealth Magazine's 2006 Top 1,000 enterprises in the manufacturing industry for the first time, ranking 822nd. ● Apex-i Optoelectronics was renamed as Apex-i International Co., Ltd.
2005	● Ranked 539th in Commonwealth Magazine's 2006 Top 1,000 enterprises in the manufacturing industry. ● Received "Excellent Enterprise Innovation Award" from MOEA for industry technology development. ● Received Hsinchu Science Park's "Outstanding Manufacturer and Innovative Product Awards".
2006	● Acquired Kingroup Systems. ● Received Hsinchu Science Park's "2006 Outstanding Manufacturer and

	Innovative Product Awards".
2007	● Headquarters moved to Hsinchu Science Park ● Ranked 330th in Commonwealth Magazine's 2006 Top 1,000 enterprises in the manufacturing industry. Ranked 12th in the Top 100 for best operating performance. Ranked 25th among the 50 fastest growing companies in the manufacturing industry. ● GMP won first place for equipment localization from MOEA when the flat panel display industry production exceeded the NT$1 trillion mark. ● Won first place for III-V compound semiconductor research alliance from DOIT, MOEA in 2007. ● Won second place for FPD research alliance from DOIT, MOEA in 2007.
2008	● Plant in CTSP completed. ● Received CTSP's Innovation Awards.
2009	● Received "Excellent Enterprise Innovation Award" from MOEA for industry technology development. ● Outstanding annual integrated project "Large flat panel display equipment development program".
2010	● Received CTSP's Innovation Awards ● Founded Gallant Precision Machining Co., Ltd.
2011	● Divided semiconductor-related operations and long-term investment into Gallant Precision Machining Co., Ltd.
2012	● Registered for MOEAIDB's technical service energy. In total, four items were registered: 1. AU1 product design; 2. AU2 automated materials transportation; 3. AU3 automated production; 4. AU4 automated system integration and planning technical service. ● Received an outstanding manufacturer award from the Central Taiwan Science Park (CTSP) for "High-Tech Equipment and Advanced Technology Development Project".
2013	● Received an outstanding manufacturer award from the Central Taiwan Science Park (CTSP) for "High-Tech Equipment and Advanced Technology Development Project".
2014	● MOEA's 2nd Taiwan Mittelstand Award and key assisted manufacturer. ● Outstanding manufacturer for CTSP's 2014 "High-Tech Equipment Prospective Technology Development Project". ●Rank 823 of 2013 Top 2000 Survey: Manufacturing-CommonWealth Magazine.. ● Awarded healthy workplace certification: Health promotion label.
2015	● Received TDUA "Gold Panel Awards 2015-Display Component Product Technology Award". ● Signed technology transfer contract with MICRONICS JAPAN CO., LTD. ● Rank 841 of 2014 Top 2000 Survey: Manufacturing-CommonWealth Magazine.
2016	●Top 6%~20% of OTC Companies Assessed by The 2nd 2015 Listed/OTC Company Governance. ●Signed technology cooperation contract with Sumitomo Precision Products CO., LTD. ● Signed technology transfer and cooperative development contract with International Business Machines Corporation. ● Rank 623 of 2015 Top 2000 Survey: Manufacturing-CommonWealth Magazine. ● Top 6%~20% company in 2016 TWSE Corporate Governance Evaluation. ● Gold Panel Awards 2016 - Smart Manufacturing and Equipment" – TDUA. ● Innovative Product Awards" - Central Taiwan Science Park Bureau. ● Development of Advanced Technologies for High-Tech Equipment

	Award -Talent Excellence" - Central Taiwan Science Park Bureau. ● Development of Advanced Technologies for High-Tech Equipment Award - Industry Technology" - Central Taiwan Science Park Bureau. ● 2016 Workplace Equality Model Company - Hsinchu Science Park Bureau. ● 2016 Work-Life Balance Awards - Ministry of Labor. ● 2016 "Excellent Enterprise, Happy Labors" 2-Star Awards - Taichung City Government.
2017	● Top 6%~20% of OTC Companies Assessed by The 3rd 2016 Listed/OTC Company Governance. ●Investment to Suzhou Gallant Precision Intelligence Technology Co., Ltd. through Gallant Precision Industries (Suzhou) Co., Ltd. ●Subsidiary Gallant Micro. Machining Co., Ltd. registering on TPEx Emerging Stock Board. ●1st Industry 4.0 Excellence Awards, Academia-Industry Consortium, Central Taiwan Science Park ●Passed OHSAS18001: 2007&TOSHMS qualification ●2017 "Excellent Enterprise, Happy Workplace" 2-Star Awards- Taichung City Government ●Taichung Factory received excellent award from "2017 Taichung City ●Government Workplace Dynamic Innovation Golden Point Award" ●Hsinchu Factory received Top 10 from "2017 Ministry of Health and Welfare ●Workplace Dynamic Innovation Golden Point Award" ●Rank 619 of 2016 Top 2000 Survey: Manufacturing-CommonWealth Magazine.
2018	● Top 6%~20% of OTC Companies Assessed by The 4th 2017 Listed/OTC Company Governance. ●Subsidiary Gallant Micro. Machining Co., Ltd. was listed on TPEx. ●Excellence Award in Taichung City Industrial Park Landscaping Evaluation ●Sports Administration iSports Certificate ●Vitality Award in Health Promotion Administration Workplace Health Award ●Bronze Award in Business Talent Quality-management System (TTQS) by ●Workforce Development Agency, Ministry of Labor ●Rank 532 of 2017 Top 2000 Survey:Manufacturing-CommonWealth Magazine.
2019	● Top 6%~20% of OTC Companies Assessed by The 5th 2018 Listed/OTC Company Governance. ●6th National Industrial Innovation Award, M.O.E.A. Rank 542 of 2018 Top 2000 Survey:Manufacturing-CommonWealth Magazine. ●GPM Ranked Top 11 Little Giants of CommonWealth Magazine 2020 Corporate Citizen Awards. ●5th Taiwan Mittelstand Award (MOEA) ●TDUA Gold Panel Awards 2019 ●One of the superior manufacturers of Projects for Industry Contribution Award, Central Taiwan Science Park. ● One of the superior manufacturers of Projects for Prospective Innovation Award, Central Taiwan Science Park. ●2019 “CSR Excellence in Cooperate Social Responsibility Reward” - The Little Giant Group.
2020	●Top 6%~20% of OTC Companies Assessed by The 6th 2019 Listed/OTC Company Governance. ●2020 “CSR Excellence in Cooperate Social Responsibility Reward” - The 9th Price of Little Giant Group. ●Excellent Manufacturer with “Innovative Product Reward” in Hsinchu Science Park of Ministry of Science and Technology in 2020 _ Panel Probe Detection Equipment.

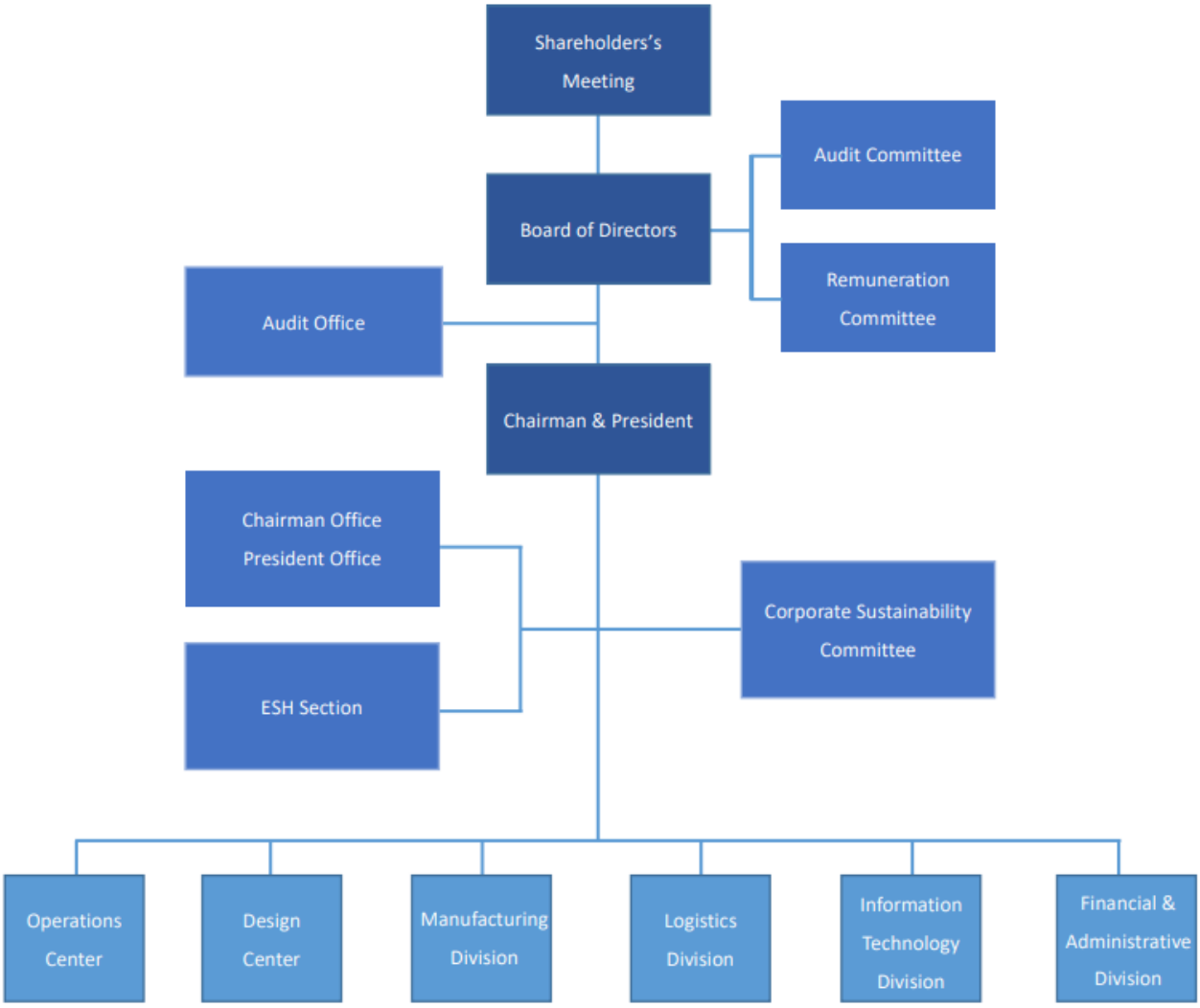
	●Excellent Manufacturer with “Innovative Product Reward” in Central Taiwan Science Park of Ministry of Science and Technology in 2020 _ Strip Grinding Machine. ●Taiwan Display Union Association “Golden Panel Awards 2020 Display Component Product Technique Reward” Excellent Product Reward - Intelligent Manufacture and Equipment Category _ 10.5 Generation Etching Machine. ●The 17th “Taiwan Golden Root Reward” of Taiwan Industrial Technology Association ●The 20th “Outstanding Enterprise Golden Peak Reward” of Outstanding Enterprise Manager Association. ●The 20th “Outstanding Innovation R&D Reward” of Outstanding Enterprise Manager Association. ●Super Excellence Reward Evaluated by Excellent Business Unit of “Promote Affirmative Right in Workplace” of Central Taiwan Science Park. ●Authentication of Enterprises Love Sports of Sports Administration ●Promote Environment and Friendly Enterprise - Environmental Protection Convoy Authentication of Hsinchu County Environmental Protection Bureau ●2020 Occupational Safety and Health Excellent Unit of Central Taiwan Science Park Administration ●2020 Promoting Occupational Safety and Health Excellent Unit of Hsinchu Science Park Administration ●Four-Star Reward Evaluated by Taichung “Happy Workplace” of Labor Affairs Bureau of Taichung City ●Excellent Healthy Work Place - Health Management Reward” of Health Promotion Administration, MOHW
2021	●Top 6%~20% of OTC Companies Assessed by The 7th 2020 Listed/OTC Company Governance. ●Chairman Jason Chen won the "Entrepreneur of Optimization and Co-Prosperity Award" of the Ernst & Young Entrepreneur Award ●11th in the Little Giant Group of the Corporate Sustainable Citizenship Award made by the Commonwealth Magazine. ●Four-Star award in 2021 Taichung City "Happy Workplace" reward activity. ●Environmental Fleet Certification for environmentally friendly enterprises certified by Environmental Protection Bureau, Hsinchu County Government in promoting. ●"National Outstanding Healthy Workplace - Vitality Award" granted by Health Promotion Administration, Ministry of Health and Welfare. ●The 2021 excellent unit in driving occupational safety and health granted by Central Taiwan Science Park Administration. ●The 2021 excellent unit in driving occupational safety and health granted by Hsinchu Science Park Administration. ●Golden Medal of 2021CHR Health Corporate Citizenship Award hosted by Common Health Magazine
2022	●Top 6%~20% of OTC Companies Assessed by The 8th 2021 Listed/OTC Company Governance. ●Hsinchu Science Park "Innovative Product Award" -Bare Wafer AOI ●Won the 2023 Taiwan Fine Silver Award - wet etching machine ●Central Science Park "Innovative Product Award" - Intelligent Diagnosis Maintenance System (IDMS) ●"The Second Excellent Award for Intelligent Robot System" - Wafer AI Automatic Optical Inspection System, Ministry of Economic Affairs, Industry Bureau ●Outstanding Product Award of "Gold Panel Awards 2022 Display Component Product Technology Award" by Taiwan Display Industry Federation – Intelligent Manufacturing and Equipment _G8.6 generation large size (30 "~100") polarizer attaching machine ●Ranked the 11th in Little Giant Group for World Magazine's Enterprise

	Sustainable Citizen Award ●Selected as outstanding institution by Central Science Park for "promoting workplace equality" ●Ministry of Health, National Health Service "National High Performance Healthy Workplace Award" ●Selected as outstanding institution by Central Science Park Administration for promoting occupational safety and health in 2022 ●2022 Taichung City Healthy Pedometer Competition - No. 2 in the workplace with more than 100 people in the workplace
2023	●Top 6%~20% of OTC Companies Assessed by The 9th 2022 Listed/OTC Company Governance. ●Innovative Product Awards - Versatile smart grinder tool for next-gen glass display technologies- Central Taiwan Science Park Bureau. ●GPM Wafer AOI get Cybersecurity SEMI E187 Standard Certified ●TDUA_"Gold Panel Awards 2023"_ Versatile smart grinder tool for next-gen glass display technologies ●iSports Certification – Sports Administration ●Chubu Science Park "Promoting Equality in the Workplace" Excellent Institution Selection Award ●National Healthy Workplace-Health Management Award ●Green Fleet Certificated -HsinChu County Environmental Protection Bureau ●Talent Quality-management System Bronze Medal Award ●Taichung City Workplace Innovation and Health "Best Service Award"
Jan. 1 to April 25, 2024	

III. Corporate Governance

1. Organization

1.1 Organization Chart



Major Corporate Functions

Department	Functions
Chairman Office/ President Office	• Execute short-term to long-term development policy and corporate business management • Management comprehensively the Company's operation and management • Plan, monitor and analyze internal risk management • Technology development project application and management
Audit Office	• Audit the implementation of management system
ESH Section	• Extinguish working environment hazardous factors and lower risk in order to keep employees operational safety • Execute pollution prevention in lowering environmental burden

Operations Center Design Center	• Plan, develop, and manage all the product sales plan • Research on market conditions and assist in new product development evaluation • Explore domestic and international market and maintain existing customers • Provide various equipment and design of machining, software development and programming in catering client's specification • After-sales service of improvement on equipment that did not meet the specification • Machine relocation/remodeling/execution • Overdue receivables management
Manufacturing / Logistics Division	• Integrating and executing of cross-factory material purchase, outsourcing, purchase examination, logistic and storage and machine assembling • Equipment assembly
Financial & Administrative Division	• Recruitment, training, employee relations, public affairs, plant affairs and general administration related affairs • Manage capital, budget, investment, accounting treatment and cost calculation
Information Technology Division	• Design computer program, maintain the operation of computer, engage in computerized management
Remuneration Committee	• Establishment and periodic examination of performance evaluation and remuneration policy, standard, system and framework of Directors and Managers of the Company • Periodic assessment and determination of the remuneration of Directors and Managers
Audit Committee	• Establishment or revision the assessment of the effectiveness of the internal control system and the internal control system • Establishment or revision of the following handling procedure: major financial and operational behaviors such as acquisition and disposal of assets, trading of derivatives, loaning of funds, and making of endorsements/guarantees. • Matters involved Directors' self interest • Evaluation of material asset or derivatives transactions • Evaluation of material lending funds, endorsements or guarantees • Evaluation of offering, issuance, or private placement of any equity-type securities • Evaulation of hiring or dismissal of an attesting CPA, or the compensation given thereto • Evaluation appointment or discharge of financial, accounting, or internal auditing officers; • Review of financial reports
Corporate Sustainability Committee	• Responsible for promoting corporate governance (including ethical management,) risk management (including information security,) environmental sustainability, supply chains, and matters regarding social integrity. • Supervise and carry out the review, tracking, and revision of the execution and results of relevant matters.

2. Directors and Management Team

2.1 Information Regarding Board Members

As of April 20, 2024.;Unit:Shares

Title/Name	Nationality or Registry	Date Elected	Gender Age	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Junpeng Investment Co., LTD. Represented by: Jason Chen (Note 1)	R.O.C.	2023/06/19	Male 60	3	2023/06/19	500,000	0.3%	500,000	0.3%	0	0%	0	0%	Master of Mechanical Engineering, National Sun Yat-sen University Director of Design Department, Chunghwa Picture Machinery Works Vice General Manager of Gallant Precision Machining Co., Ltd. Legal director representative of Gallant Micro. Machining CO., Ltd.	Chairman and General Manager of Gallant Precision Machining Co., Ltd. Director of C SUN Mfg., Ltd. Director of Shinyu Light Co., LTD. Chairman of Apex-I International Co., Ltd. Chairman of Gallant-Rapid Corporation Limited Chairman and General Manager of Gallant Precision Industries (Suzhou) CO., Ltd. Chairman of Gallant Precision Intelligence Technology CO.,Ltd. Director of ESGWD Vice Chairman of TEEIA Vice Chairman of TAIROA Independent Director of TONGTAI MACHINE & TOOL CO., LTD.

Title/Name	Nationality or Registry	Date Elected	Gender Age	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Vice Chairman C SUN MFG. LTD. Represented by: FRANK, LIANG	R.O.C.	2023/06/19	Male 47	3	2014/06/20	44,758,827	27.1%	44,758,827	27.1%	0	0%	0	0%	Class 40, Department of Business Administration, National Chengchi University Being granted the degree of Master of Business Administration (MBA), Washington State University (WSU) Being granted the degree of Master of Laws, Northwestern University Completed the Business Administration Courses at Northwestern University Chairman and Director of GALLANT MICRO. MACHINING CO., LTD. Special assistant to the Chairman, C SUN Mfg., Ltd. Chairman of Suzhou Chuangfeng Optoelectronic Technology Co., LTD. Chairman of Wat Sun. Intelligent Technology Co., Ltd. Director and Supervisor of VIEWMOVE TECHNOLOGIES, INC.	Chairman and CEO of GALLANT MICRO. MACHINING CO., LTD. General Manager of C SUN Director of TPCA. Supervisor of Guangxin Venture Capital Co. Ltd. Director of UTRON TECHNOLOGIES CORP. Chairman of TOP CREATION MACHINES CO., LTD. Chairman of POWER EVER ENTERPRISES LIMITED, TAIWAN BRANCH (SAMOA) Director of Suzhou Top Creation Machines Co., Ltd. Chairman of Good Team International Enterprise Limited Director of Nantong Top Creation Photoelectric Equipment Co., Ltd. Legal director representative of Phoenix Silicon International Corporation. Independent Director of Contrel Technology Co., Ltd.

Title/Name	Nationality or Registry	Date Elected	Gender Age	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Director Hsu, Hung-Ming	R.O.C.	2023/06/19	Male 56	3	2017/06/16	1,000	0.00%	1,000	0.00%	0	0%	0	0%	Graduated from Department of Electronic Engineering Technology, National Taiwan University of Science and Technology Director of Quality Assurance Department, Director of Engineering Department, GALLANT PRECISION MACHINING CO., LTD. General Manager of GALLANT MICRO. MACHINING CO., LTD.	Director of Gallant Micro. Machining (Suzhou) Co., Ltd. Director of Gallant Micro Machining (M) Sdn. Bhd. Chairman of UTRON TECHNOLOGIES CORP. Director of GALLANT MICRO. MACHINING CO., LTD.
Independent Director MA, CHIEN-YUNG	R.O.C.	2023/06/19	Male 66	3	2023/06/19	0	0%	0	0%	0	0%	0	0%	Doctors of metallurgy, Universität Stuttgart Chief of National ChungShan Institute of Science&Technology General Manager of TOUCH MICRO-SYSTEM TECHNOLOGY CORP. General Manager / Chairman of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. Director / Chairman of HTC & SOLAR TECH SERVICE LIMITED	Director of SOLAR APPLIED MATERIALS TECHNOLOGY CORP. Chairman of FORCERA MATERIALS CO., LTD. Director of Solar International Technology (HK) Limited Director of SOLAR APPLIED MATERIALS USA, INC. Director of YU TAY VACUUM CO., LTD. Director of HIGHLIGHT TECH CORP. Independent Director of Sino-American Silicon Products Inc. Independent Director of ADVANCED WIRELESS SEMICONDUCTOR COMPANY

Title/Name	Nationality or Registry	Date Elected	Gender Age	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director TSANG, KWOK-AH	R.O.C.	2023/06/19	Male 63	3	2023/06/19	0	0%	0	0%	0	0%	0	0%	Bachelor of Accountancy, National Chengchi University Executive Master of Business Administration, National Chiao Tung University Auditing department, Partner accountant of PwC Taiwan	Partner accountant of Sunwise CPA Firm Independent Director of SIGURD IICROELECTRONICS CORP.

Independent Director Lo, Wei	R.O.C.	2023/06/19	Male 66	3	2020/06/17	0	0%	0	0%	0	0%	0	0%	PhD in Management Science, National Chiao Tung University Supervisor of ZYTPE COMMUNICATIONS CORPORATION Representative of Zyxel Networks Corporation Independent Director of TAI-TECH Advanced Electronics Co., Ltd.	Senior Vice General Manager /Financial Accounting Supervisor/Spokesperson of Unizyx Holding Corporation Senior Vice General Manager /Financial Accounting Supervisor of Zyxel Communications Corp. Senior Vice General Manager /COO/Financial Accounting Supervisor of MitraStar Technology Corp. Legal representative of Wuxi Alliance Network Technology Co., LTD. Representative of Bluebell Overseas Ltd. Supervisor of Wuxi Yanqin Information Technology Co., LTD Representative of MitraStar Technology Corp. Legal representative of Shanghai Montenke Communication Equipment Trading Co., LTD. Representative of MitraStar Technology Corp. Supervisor of Beijing Huaqin Tiandi Technology Co., LTD. Representative of Wuxi Yanqin Information Technology Co., LTD. Vice Chairman of Zyxel (Türkiye) Communications Corp. Representative of Zyxel Communications Corp. Director of Heguan Investment Co., LTD. Representative of Zyxel Communications Corp. Supervisor of Ardomus Networks Corporation Representative of ZYFX TECHNOLOGIES INC. Director of Black Cat Incorporation. Representative of Unizyx Holding Corporation Director/Senior Vice President/Financial Accounting Supervisor of Zyxel Networks Corporation

Title/Name	Nationality or Registry	Date Elected	Gender Age	Term (Yrs)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Chen, Yi-Mei	R.O.C.	2023/06/19	Female 74	3	2020/06/17	0	0%	0	0%	0	0%	0	0%	Master of Computer Science, University of Oregon President of American Guifen International Enterprise Co., LTD. President of the United States Texas Win-Win Credit Brokerage Company and Xun'an Credit Audit Document Review Company CEO of Credit Branch, Wells Fargo, Austin, Texas Instructor (Adjunct) of National Tsing Hua University Co-Founder and President of StarFab Accelerator Independent Director of TALIANG TECHNOLOGY COMPANY LIMITED	Distinguished Researcher of ITRI

Remarks:

Note 1: If the chairman of the Board of Directors and the general manager or the equivalent person (the top manager) are the same person, spouses or first-degree relatives, the reasons, rationality, necessity and countermeasures (such as increasing the number of independent directors, and more than half of the directors should not serve as employees or managers, etc.) should be explained:

The chairman of the Company is also the general manager, in order to improve the operational efficiency and decision-making execution, but in order to strengthen the independence of the Board of Directors, the Company has actively trained suitable candidates; In addition, the chairman usually communicates closely with all directors about the company's operating conditions and planning guidelines to implement corporate governance. Currently, the Company has had the following details measures:

1. The currently four independent directors are specialized in industrial fields and can effectively play their supervisory functions.
2. Arrange each director to attend the professional director courses of external institutions every year to improve the operational efficiency of the Board of Directors.
3. Independent directors can fully discuss and put forward knowledge in functional committees for the reference of the Board of Directors to implement corporate governance.
4. More than half of the board members are part-time employees or managers.

Major shareholders of institutional shareholders

Names of institutional shareholders	Main shareholders of the institutional shareholders
C SUN Mfg., Ltd.	Gallant Precision Machining Co., Ltd. (12.73%) Haihsing Investment Co. (9.65%) Pinchin Investment Co. (7.85%) Mao-Chung Liang (4.62%) Treasury Share Special Account of C Sun(4.47%) Mao-Sheng Liang (4.45%) Chin-Tu Chien (1.97%) Morgan Stanley Account in Custody of HSBC (Taiwan) (1.53%) Good Dollar Investment Limited (1.19%) Standard Chartered Entrusted with the SPDR Profile Emerging Market ETF Special Account (1.14%)

Note 1: Data is based on March 23, 2024, the book closure date of the Company.

Major Shareholders of Institutional Shareholders

Name of corporate shareholders	Major shareholders of institutional shareholders
Haihsing Investment Co.	Liang, Pi-Chen, Liansheng Co., Ltd. (19.53%) Chun-Mei Tsou (16.67%) Mao-Sheng Liang (16.67%) Liang,Pi-Ju, Pinchin Investment Co. (12.79%) Mao-Chung Liang (9.68%) Liang,Yeh-Chin-Chih (9.68%) Chang Liang,Hsiu-Chieh (5.22%) Fu Liang, Hsiu-Hung (5.22%) Liang,Yu-Wen (1.35%) Chen Liang,Chin-Jung (1.18%)
Pinchin Investment Co.	Pi-Ju Liang (33.33%) Liang,Pi-Yin (33.33%) Liang,Yu-Wen (33.33%)
Good Dollar Investment Limited	SHEN, LI-TING (36.15%) TSAI, HUI-FEN (33.00%) SHEN, HSIEN-HO (30.84%)

2.2 Directors' Professional Qualifications and Independent Directors' Independence Status

Criteria / Name	Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Jason Chen	For Directors' professional qualification and experience, please refer to "Information Regarding Board Members" on page 15-20 of this Annual Report. None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law.	Not Applicable	1
Frank Liang			1
Hsu, Hung-Ming			0
MA, CHIEN-YUNG		All of the following situations apply to each and every of the Independent Directors: 1. Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and"Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and FuturesBureau 2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a"non-audit service"	2
TSANG, KWOK-AH			1
Lo, Wei			0
Chen, Yi-Mei			0

Diversity and independence of the Board of Directors:

(1) In addition to the Company's articles of association, the Company has also established the "Standard Procedure for Accepting Shareholders' Proposals and Reviewing Director Nominations" that clearly specifies the qualifications for directors; Board of Directors shall pass the Procedure and submit it to the shareholders' meeting for directors selection. The association of the Board of Directors should consider the diversification, and set proper diversification policy according to the operation, running type and development needs of Board of Directors, which should include but not limited to the following two aspects:

a. Basic conditions and values: Gender, age, nationality and culture, etc.

b. Professional knowledge and skills: Professional background (law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The Company's current board members are specialized in the areas of financial accounting, law, electronics and electrical, and chemistry. Among the board members, there is one female director, accounting for 14% of all directors; one director is age under 50 years old, 5 directors are 50-70 years old, and 1 directors are over 70 years old.

Diversified core projects / Name	Gender	Age Under 50	Age 50-70	Age Over 70	Operational judgments	Accounting and financial analysis	Management administration	Conduct crisis management	Know-ldge of the industry	International market perspective	Lead	Law
Junpeng Investment Co., LTD. Represented by: Jason Chen	Male		✓		✓	✓	✓	✓	✓	✓	✓	
C SUN MFG. LTD. Represented by: FRANK, LIANG	Male	✓			✓	✓	✓	✓	✓	✓	✓	✓
Hsu, Hung-Ming	Male		✓		✓		✓	✓	✓		✓	
MA, CHIEN-YUNG	Male		✓		✓		✓	✓	✓	✓	✓	
TSANG, KWOK-AH	Male		✓			✓	✓	✓	✓	✓	✓	
Lo, Wei	Male		✓			✓	✓	✓		✓	✓	
Chen, Yi-Mei	Female			✓		✓	✓	✓	✓	✓	✓	

(2) Independence of the Board of Directors:

There are currently 7 board directors in the Company’s Board of Directors, including 4 independent directors (accounting for 57.14% of all directors and more than 1/2 of the seats of Board of Directors) and 3 directors with employee status (accounting for 42.86% of all directors); The four independent directors have been the independent director for less than 6 years. All independent directors comply with the regulations of the Securities and Futures Bureau, Financial Supervisory Commission for independent directors, and there is no case for the directors and independent directors stipulated in Items 3 and 4, Article 26.3 of the Securities and Exchange Act, and they have no internal kinship including spouse or second-level relatives.

2.3 Management Team：

As of April 20, 2024.;Unit:Shares

Title/Name	Nationality or Registry	Date Elected	Gender	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman & President Jason Chen	R.O.C.	2006/10/01	Male	1,035,146	0.63%	15,000	0.01%	500,000	0.3%	Master of Mechanical Engineering, National Sun Yat-sen University Director of Design Department, Chunghwa Picture Machinery Works Vice General Manager of Gallant Precision Machining Co., Ltd. Legal director representative of Gallant Micro. Machining CO., Ltd.	Chairman and General Manager of Gallant Precision Machining Co., Ltd. Director of C SUN Mfg., Ltd. Director of Shinyu Light Co., LTD. Chairman of Apex-I International Co., Ltd. Chairman of Gallant-Rapid Corporation Limited Chairman and General Manager of Gallant Precision Industries (Suzhou) CO., Ltd. Chairman of Gallant Precision Intelligence Technology CO.,Ltd. Director of ESGWD Vice Chairman of TEEIA Vice Chairman of TAIROA Independent Director of TONGTAI MACHINE & TOOL CO., LTD.	None		

Title/Name	Nationality or Registry	Date Elected	Gender	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education & Experiences	Selected Current Positions at GPM and Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
Senior Associate Vice President Mufa Chien	R.O.C.	2013/07/01	Male	390,105	0.24%	11,000	0.01%	0	0%	Master's graduate. Senior engineer, Chunghwa Picture Tubes Ltd. Associate Vice President, Gallant Precision Machining Co., Ltd.	President, SuZhou Gallant Precision Intelligence Technology Co., Ltd Legal director representative of Gallant Micro. Machining CO., Ltd. Legal director representative of Ohmplus Technology Inc.	None		
Senior Associate Vice President H.M. Lee	R.O.C.	2013/07/01	Male	420,447	0.25%	0	0%	0	0%	Master's graduate. Engineer, Chunghwa Picture Tubes Ltd. Associate Vice President, Gallant Precision Machining Co., Ltd.	Director, Apex-I International Co., Ltd. Director, Gallant Precision Industries (Suzhou) Co., Ltd. Legal director representative of OPXION Technology Inc.	None		
Associate Vice President Roger Lin	R.O.C.	2010/10/01	Male	201,336	0.12%	0	0%	0	0%	Master's graduate. Manager, Walton Advanced Engineering, Inc. Associate Vice President, Gallant Precision Machining Co., Ltd.	None	None		
Associate Vice President Chen- Shun Hsu	R.O.C.	2018/07/01	Male	269,824	0.16%	0	0%	0	0%	Master's graduate. Supervisor, Lingsen Precision Industries ,Ltd. Associate Vice President, Gallant Precision Machining Co., Ltd.	None	None		
Associate Vice President Shu-Sheng Chang	R.O.C.	2021/07/01	Male	175,887	0.11%	0	0%	0	0%	Master of National Centry University Director, Gallant Precision Machining Co., Ltd. YU JING TECHNOLOGY CO., LTD., Assistant Manager Grand Process Technology Corp., R&D Engineer	None	None		
Chief Financial Officer Chia-Ju Tseng	R.O.C.	2019/07/22	Female	57,436	0.03%	0	0%	0	0%	Bachelor's degree. Senior Associate, Former Partners of Tiaoho & Co. Administrator, Opto Tech Corporation. Administrator, Etron Technology, Inc. Deputy Manager, Gallant Precision Machining Co., Ltd.	Director, Gallant Precision Industries (Suzhou) Co., Ltd. Chief Corporate Governance, Gallant Precision Machining Co., Ltd.	None		

3. Remunerations Paid to Directors, President and Vice President

3.1 Remunerations Paid to Directors

Unit: NT$ thousands/%

Title/Name	Remunerations Paid to Directors								Total Compensation (A+B+C+D) & a % of 2022 Net Income		Employees' Profit Sharing Bonus								(A+B+C+D+E+F+G) & % of Net Income		Other Compensations from nonsubsidiary affiliates
	Salary (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Salary, Bonus, etc. (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM		From All Consolidated Entitie		From GPM	From All Consolidated Entitie	
															Cash	Stock	Cash	Stock			
Chairman Junpeng Investment Co., LTD. Represented by: Jason Chen Vice Chairman C SUN MFG. LTD. Represented by: FRANK, LIANG Director Hsu, Hung-Ming old appointment Director C SUN MFG. LTD. Representative: Ronald H. Chen	1,472	1,472	0	0	2,577	4,024	138	222	4,187 2.06%	5,718 2.81%	4,250	9,901	15	15	1,324	0	1,824	0	9,776 4.8%	17,458 8.57%	0
old appointment Independent Director Chia-chin Tong Independent Director Lo, Wei Independent Director Chen, Yi-Mei Independent Director MA, CHIEN-YUNG Independent Director TSANG, KWOK-AH	0	0	0	0	2,720	2,720	156	156	2,876 1.41%	2,876 1.41%	0	0	0	0	0	0	0	0	2,876 1.41%	2,876 1.41%	0

1.Please specify the policies, programs, standards, and structure of the remuneration payment of the independent directors, and relate the amount of remuneration to the responsibilities, risks, time invested, and other factors:

(1) The Company's policies, programs, standards, and structure of the performance evaluation and remuneration payment of the directors and managers are formulated and reviewed regularly by the Remuneration Committee. It will be submitted to the Board of Directors for discussion.

(2) The remuneration to directors and independent directors is paid in accordance with the Company's Articles of Association and regulations. It positively correlates with the operating performance and is adjusted properly according to the potential risks.

2.Other than disclosure in the above table, Directors remunerations earned by providing services (i.e. non-employee consulting services) to companies which are listed in financial reports in 2023: None.

Remunerations Paid to Directors

Range of Remuneration	Name of Directors			
	Compensation Paid to Directors (A+B+C+D)		**Total Compensation Paid to Directors** (A+B+C+D+E+F+G)	
	From GPM	**From All Consolidated Entities**	**From GPM**	**From All Consolidated Entities**
NT$0 ~ NT$1,000,000	Jason Chen / Hsu, Hung-Ming/ Ronald H. Chen//C SUN MFG. LTD/ Junpeng Investment Co., LTD./Chia-chin Tong/ Lo, Wei/ Chen, Yi-Mei/ MA, CHIEN-YUNG/ TSANG, KWOK-AH	Jason Chen / Ronald H. Chen//C SUN MFG. LTD/ Junpeng Investment Co., LTD./Chia-chin Tong/ Lo, Wei/ Chen, Yi-Mei/ MA, CHIEN-YUNG/ TSANG, KWOK-AH	Hsu, Hung-Ming / Ronald H. Chen//C SUN MFG. LTD/ Junpeng Investment Co., LTD./Chia-chin Tong/ Lo, Wei/ Chen, Yi-Mei/ MA, CHIEN-YUNG/ TSANG, KWOK-AH	Ronald H. Chen//C SUN MFG. LTD/ Junpeng Investment Co., LTD./Chia-chin Tong/ Lo, Wei/ Chen, Yi-Mei/ MA, CHIEN-YUNG/ TSANG, KWOK-AH
NT$1,000,001 ~ NT$2,000,000	Frank Liang	Hsu, Hung-Ming	Frank Liang	
NT$2,000,001 ~ NT$3,500,000		Frank Liang		Hsu, Hung-Ming
NT$3,500,001 ~ NT$5,000,000				
NT$5,000,001 ~ NT$10,000,000			Jason Chen	Jason Chen / Frank Liang
NT$10,000,001~ NT$15,000,000				
NT$15,000,001~ NT$30,000,000				
NT$30,000,001~ NT$50,000,000				
NT$50,000,001 ~ NT$100,000,000				
Over NT$100,000,000				
Total	11(Contains 2 legal entities)	11(Contains 2 legal entities)	11(Contains 2 legal entities)	11(Contains 2 legal entities)

3.2 Remuneration of the President and Vice President

Unit: NT$ thousands/%

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Salary, Bonus, etc. (C)		Employees' Profit Sharing Bonus (D)				(A+B+C+D) & % of Net Income		Other Compensations from nonsubsidiary affiliates
		From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities	From GPM		From All Consolidated Entities		From GPM	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Jason Chen	5,694	6,334	436	436	2,650	2,685	2,005	0	2,005	0	10,785 5.29%	11,460 5.63%	0
Deputy President	Mufa Chien													
Deputy President	H.M. Lee													

Compensation Paid to President & CEO and Vice Presidents

Range of Remuneration	Name of President and Vice President	
	From GPM	From All Consolidated Entities
NT$0 ~ NT$1,000,000		
NT$1,000,001 ~ NT$2,000,000		
NT$2,000,001 ~ NT$3,500,000	Mufa Chen/ H.M. Lee	Mufa Chen/ H.M. Lee
NT$3,500,001 ~ NT$5,000,000		
NT$5,000,001 ~ NT$10,000,000	Jason Chen	Jason Chen
NT$10,000,001~ NT$15,000,000		
NT$15,000,001~ NT$30,000,000		
NT$30,000,001~ NT$50,000,000		
NT$50,000,001 ~ NT$100,000,000		
Over NT$100,000,000		
Total	3	3

3.3 Employees' Profit Sharing Bonus Paid to Management Team：

Unit: NT$ thousands/%

Title	Name	Stock (Fair Market Value)	Cash Total Employees' Profit Sharing Bonus	Cash Total Employees' Profit Sharing Bonus	Cash Total Employees' Profit Sharing Bonus(%)
President	Jason Chen	0	3,558	3,558	1.75%
Deputy President	Mufa Chien				
Deputy President	H.M. Lee				
Associate Vice President	Roger Lin				
Associate Vice President	Chen- Shun Hsu				
Associate Vice President	Shu-Sheng Chang				
Chief Financial Officer	Chia-Ju Tseng				

3.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

Year	Ratio of total remuneration paid to directors to net income (%)		Ratio of total remuneration paid to presidents and vice presidents to net income (%)	
	From GPM	From All Consolidated Entities	From GPM	From All Consolidated Entities
2022	3.06%	4.07%	6.07%	6.59%
2023	3.47%	4.22%	5.29%	5.63%

Note 1: The above remuneration to directors and supervisors includes salary, remunerations and allowances (excluding compensations earned as employee of GPM or of GPM Affiliates); The remuneration to president and vice president includes salary, bonus, pension, and employee compensation.

1. In accordance with Article 30 (1) of the Articles of Association, the Company shall allocate remuneration to employees and directors based on the profit in the current year not less than one percent and not more than twelve percent, provided that, any accumulated losses of the Company shall be covered.
Compensation may be in the form of stock or cash, which may include employees of affiliated companies who meet certain conditions.
The profit in the current year as mentioned under Paragraph 1 refers to the profit in the current year before deducting the compensation of employees and directors.
The remuneration of the employees and the remuneration of the directors shall be distributed by the Board of Directors with a resolution of more than two-thirds of the directors present and with the consent of a majority of the directors present and reported to the shareholders' meeting.

2. The remuneration of directors of the Company shall be assessed in accordance with the Organizational Regulations of the Remuneration Committee and the Guidelines on Compensation and Remuneration of Directors. Performance evaluation and compensation shall be based on the usual compensation level across the industry, and consider the rationality of the correlation with individual performance, company performance and future risks. The relevant performance assessment and compensation rationality are reviewed by the compensation committee and the Board of directors, and the compensation system, standard and structure are reviewed at any time according to the actual business situation, future risks and relevant laws and regulations, so as to strike a balance between the Company's sustainable operation and risk control.
3. The remuneration paid to the General Manager and Deputy General managers shall include salary, bonus, employee compensation and mid- and long-term incentives for talent retention. Among them,

the remuneration shall be decided by the Compensation Committee by considering the scope of power and responsibility of the title, rank, responsibility and other positions as well as the contribution to the Company's operating objectives, as well as the Company's annual operating performance, future risks and the industry level. Bonus and compensation are mainly linked to managers' performance evaluation items, including financial indicators (such as profitability, operating profit, annual strategy and other standard attainment rate, etc.) and enterprise ESG sustainable operation related indicators (such as corporate governance, risk management construction, environmental resources, supply chain management and talent development and care). In addition, remuneration system shall be reviewed timely and from time to time based on the actual business situation, future risks and relevant laws and regulations. The remuneration of the Company's managers shall be reviewed by the Remuneration Committee and submitted to the Board of directors for resolution.

4. Corporate Governance Report：

4.1 Operation of the Board

4.1.1 Board of Directors' Meeting Status：

The Company's shareholders elected the 16th Board of Directors in Annual General Meeting on June 19, 2023, effective immediately. (From June 19, 2023 to June 18, 2026)
The Board of Directors held 8 sessions in 2023. The attendance of the Directors is shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Chairman	Jason Chen	2	0	100%	Previous Term (Note 2)
Chairman	Junpeng Investment Co., LTD. Represented by: Jason Chen	6	0	100%	New Term (Note 1)
Vice Chairman	Frank Liang	2	0	100%	Previous Term (Note 2)
Vice Chairman	C SUN MFG. LTD. Represented by: Frank Liang	6	0	100%	New Term (Note 1)
Director	Hsu, Hung-Ming	8	0	100%	Reappointment (Note 1)
Director	C SUN MFG. LTD. Representative: Ronald H.	2	0	100%	Previous Term (Note 2)
Independent	Chia-chin Tong	2	0	100%	Previous Term (Note 2)
Independent Director	Lo, Wei	8	0	100%	Reappointment (Note 1)
Independent Director	Chen, Yi-Mei	8	0	100%	Reappointment (Note 1)
Independent	MA, CHIEN-YUNG	6	0	100%	New Term (Note 1)
Independent	TSANG, KWOK-AH	6	0	100%	New Term (Note 1)

Other Required Notes for the Board Meetings:

(1) Items listed in Article 14-3 in Securities and Exchange Act or Board resolutions independent directors have dissenting opinions or qualified opinions with notes in minutes of the directors meetings:

A. The Company has set up audit committee, therefore, Article 14-3 in Securities and Exchange Act is not applicable. Regarding Article 14-5 in Securities and Exchange Act, please refer to "Audit Committee Meeting Status" on page 35 of this Annual report.

B. Besides items listed in Article 14-3 in Securities and Exchange Act, board resolutions that independent directors have dissenting opinions or qualified opinions with notes in minutes of the directors meetings: None.

(2) For execution status regarding matters bearing on the personal interests and recusal of directors due to conflict of interests, the name of the director, proposal, the reason for recusal and board resolution shall be stated:

Date	Name of Director	Agenda	Reason for recusal	Voting results	Resolution
2023.05.03	Jason Chen	Acquisition of Gallant Precision Intelligence Technology Co., Ltd. shares by our subsidiary	Chairman simultaneously serving as Director of the target company	Did not vote	Other attending directors agreed accordingly

2023.07.07	Jason Chen	Remuneration of directors, high-level managers and employees	Also be the Company's manager	Did not vote	Other attending directors agreed accordingly
2023.07.07	Jason Chen	Manager salary adjustment	Interested in the directors	Did not vote	Other attending directors agreed accordingly

(3) The TWSE/TPEx listed companies shall disclose the cycle, period, scope, and methods of the self- (or peer-) evaluation of the Board of Directors. The infromation about the evaluation of the Company is provided in Attachment 1

(4) For the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, Measures taken to strengthen the functions of the Board (such as setting up Audit Committee, improve information transparency) and the results:

A. The Company is endeavoring to improve the transparency of information. GPM discloses real-time information MOPS website to maintain shareholder equity.

B. The Company set up Remuneration Committee on December 22, 2011. Remuneration Committee is in charge of assisting Board Meeting in reviewing the performance evaluation and remuneration policy, standard, system and framework for board of directors and officers.

C. Four of the Seven Directors are Independent Directors. The Independent Directors have expertise in different areas, in accordance with the policy of diversification.

D. The Company voluntarily set up Audit Committee. The Audit Committee's primary duty is to supervisor the fair presentation of financial statement, the hiring, dismissal, independence and performance review of the independent auditor, effectiveness of internal control, compliance of law and regulations, and risk control of existing or potential risk factors.

E. The Company set up Corporate Sustainability Committee in 2016 August. Corporate Sustainability Committee is in charge of promoting CSR, ethical management and corporate governance affairs and reports to Board of Directors periodically.

Note1：On June 19, 2023, the company's shareholders' meeting completed the election of the 16th board of directors.

Note 2: CHEN, HUNG-LUNG, the representative of C SUN MFG. Ltd., and independent director TUNG, CHIA-CHING completed their terms and stepped down on June 19, 2023.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Aspect
Annual	January 2023 - December 2023	Performance Assessment of Board of Directors and Individual Director Members	Internal Self-Assessment of Board of Directors, Self-Assessment of Director Members	Performance Assessment Content of Board of Directors: Participation in the company's operations, improving the decision-making quality of the Board of Directors, composition and structure of the Board of Directors, selection and continuing education of directors, internal control, etc. Performance Assessment Content of Individual Director Members: Mastering the company's objectives and tasks, directors' responsibilities, participation in the company's operations, internal relations management and communication, directors' professional and continuing education, internal control, etc.

Attachment 2 The directors' attendance status for 2023

V: Attendance in Person ◎：By Proxy

2023	The first meeting	The second meeting	The third meeting	The fourth meeting	The fifth meeting	The sixth meeting	The seventh meeting	The eighth meeting
Chia-chin Tung	V	V						
Lo, Wei	V	V	V	V	V	V	V	V
Chen, Yi-Mei	V	V	V	V	V	V	V	V
MA, CHIEN-YUNG			V	V	V	V	V	V
TSANG, KWOK-AH			V	V	V	V	V	V

4.2 Operation of Audit Committee

4.2.1 Audit Committee Meeting

The Audit Committee held 6 sessions in 2023. The attendance of the Independent Directors is shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Independent Director	Chia-chin Tung	2	0	100%	Previous Term(Note 2)
Independent Director	Lo, Wei	6	0	100%	Reappointment (Note 1)
Independent Director	Chen, Yi-Mei	6	0	100%	Reappointment (Note 1)
Independent Director	MA, CHIEN-YUNG	4	0	100%	New Term(Note 1)
Independent Director	TSANG, KWOK-AH	4	0	100%	New Term(Note 1)

Other Required Notes for Audit Committee Meeting

1. Any action regulated by Securities and Exchange Act 14-5, or any resolution not approved by the Audit Committee but approved by two thirds or more of all directors instead:
   (1)Any action regulated by Securities and Exchange Act 14-5: Audit Committee's opinion or resolution on material items, please see Attachment 1.
   (2)There was no other resolution which was not approved by the Audit Committee but was approved by two thirds or more of all directors in 2023.
2. Any recusal of Independent Directors due to conflicts of interests: None
3. Descriptions of the communications between the independent directors, the internal auditors, and the independent auditors (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):
   (1) The Company convenes Audit Committee regularly and invites external auditors, chief internal auditor and relevant person in charge if necessary.
   (2) According to annual internal audit plan, the internal auditor officer reports to Audit Committee periodically.
   (3) The member of Audit Committee make periodic communications regarding quarterly review or audit of financial statements and other discussion required by laws and review the selection and independence of independent auditor.
   (4) For the communication history between audit committee, external auditor, and internal audit supervisor, please visit the Company's website.
4. Annual work key-points:
   (1) Regularly communicating the audit report results with the internal audit supervisor according to the annual audit plan.
   (2) Reviewing the financial report.
   (3) Assessing the effectiveness of internal control system.
   (4) Independence assessment of certified accountants.
   (5) Reviewing the amendment of the Company's "Procedure for Acquiring or Disposing of Assets", "Procedure for Endorsement and Guarantees", and "Procedures for Lending Money to Others".
   (6) Compliance with laws and regulations.

Note 1：At the shareholders' meeting on June 19, 2023, the company completed the election for the 16th Board of Directors. Mr. MA, CHIEN-YUNG and Mr. TSENG, KUO-HUA were elected as independent directors and became members of the Audit Committee.

Note 2: Mr. TUNG, CHIA-CHING completed his term and stepped down at the shareholders' meeting on June 19, 2023.

Attachment 1: Any action regulated by Securities and Exchange Act 14-5: Audit Committee's opinion or resolution on material items

The date of Audit Committee meeting	Proposals and Follow-up Actions	Any resolution not approved by the Audit Committee but approved by two thirds or more of all directors instead
17th Meeting of the 3rd Audit Committee	1. Approval of 2022 examination on effectiveness of internal control system and Statement of Internal Control System. 2. Approval of the distribution of directors' remuneration of 2022. 3. Approval of the 2022 Business Report and Financial statements. 4.Approval of the 2022 Annual Earnings Distribution Proposal. 5. Increasing the Company's investment in securities. 6. Approval of the amendment to the “Articles of Association” of the Company.	None
	Resolution: Adopted by all attending members of the Audit Committee.	
	Action taken by GPM in response to the Audit Committee's resolution: After being proposed in the Board meeting for discussion, the resolution was adopted by all attending directors.	
18 th Meeting of the 3rd Audit Committee	1.2023 Q1 consolidated financial statements. 2. The acquisition of equity in Gallant Precision Intelligence Technology Co., Ltd. by our subsidiary in mainland China. 3. The lifting of non-compete restrictions on newly appointed directors and their representatives of the company.	None
	Resolution: Adopted by all attending members of the Audit Committee.	
	Action taken by GPM in response to the Audit Committee's resolution: After being proposed in the Board meeting for discussion, the resolution was adopted by all attending directors.	
1 st Meeting of the 4th Audit Committee	1. The underwriting of subordinated corporate bonds of Fubon Life Insurance Co., Ltd. 2. Application for derivative financial instruments trading limits for hedging purposes.	None
	Resolution: Adopted by all attending members of the Audit Committee.	
	Action taken by GPM in response to the Audit Committee's resolution: After being proposed in the Board meeting for discussion, the resolution was adopted by all attending directors.	
2 nd Meeting of the 4th Audit Committee	1. 2023 Q2 consolidated financial statements. 2. Approval of the amendment to the 2023 interim budget of the Company.	None
	Resolution: Adopted by all attending members of the Audit Committee.	
	Action taken by GPM in response to the Audit Committee's resolution: After being proposed in the Board meeting for discussion, the resolution was adopted by all attending directors.	
3rd Meeting of the 4th Audit Audit Committee	1. 2023 Q3 consolidated financial statements. 2. Approval of the provided endorsement guarantee for the subsidiary "Apex-I International Co., Ltd." 3.PSI cash capital increase plan. 4.The "Operating Procedures for Related Party Transactions." 5.The "Procedures for Selecting and Reviewing Appointed Accountants."	None
	Resolution: Adopted by all attending members of the Audit Committee.	
	Action taken by GPM in response to the Audit Committee's resolution: After being proposed in the Board meeting for discussion, the resolution was adopted by all attending directors.	
4 th Meeting of the 4th Audit Audit Committee	1. Approval of 2024 internal audit plan. 2. Approval of 2024 annual budget. 3.The assessment of the independence and suitability of accountants (including AQIs indicators) and appointment. 4.The lifting of non-compete restrictions on directors and their representatives of the company. 5.The company's investment in securities. 6.The company’s increase in investment.	None
	Resolution: Adopted by all attending members of the Audit Committee.	
	Action taken by GPM in response to the Audit Committee's resolution: After being proposed in the Board meeting for discussion, the resolution was adopted by all attending directors.	

4.3 Taiwan Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
Does the Company establish and disclose the corporate governance best practice in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?		√		The Company have established the "Corporate Governance Best Practice" on June 17, 2015, and disclosed it on the Company's website: https://www.gpmcorp.com.tw/about_governance_regulations.php	None
Shareholding Structure and Shareholders' equity	Does the Company establish and implement an internal operating procedure for handling the suggestions, doubts, disputes, and lawsuits concerning the shareholders?	√		The Company has established the "Corporate Governance Best Practice" and a spokesperson system in accordance with the regulations. The affairs are assigned to the stock affair specialists and agencies and the contact person is disclosed on the Company's website.	None
	Does the Company retain a list of the main shareholders who possess the controlling power, and the persons who have the ultimate control over the said shareholders?	√		The company announces the shareholdings of the insiders every month in accordance with the regulations and has the changes in hand to maintain a list of the main shareholders who possess the controlling power, and the persons who have the ultimate control.	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	For the affiliates, does the Company establish and implement a risk control and firewall mechanism?	√		For the affiliates, the Company has established the "Procedures for Related Party Transactions", "Regulations Governing the Management and Operation of Subsidiaries", etc. to set up a risk control and firewall mechanism. The implementation of the above-mentioned regulations is audited by the audit unit once a year in accordance with the audit plan.	None
	Does the Company establish an internal regulation to forbid the insider to use undisclosed information on the markent in marketable securities exchange?	√		The Company has set up the "Procedures for Processing the Internal Major Information and Preventing Insider Trading" to prohibit the insiders from using unpublished information on the market in marketable securities exchange. It is available on the Company's internal website and website. The promotion course is provided once a year as needed.	None
The composition and responsibilities of the Board of Directors	Does the Board of Directors establish and implement the guidelines on the diversity of the members?	√		Our company has established the "Corporate Governance Best Practice Principles," which stipulate that the composition of the Board of Directors should consider diversity. Currently, all members of our Board possess operational judgment, management, leadership, decision-making abilities, accounting, financial analysis skills, international market perspective, and industry knowledge. They have diverse expertise from various industry backgrounds. For example: Lo Wei, Independent Director, serves as the CFO of Zyxel and holds a Ph.D; Chen Yi-Mei, Independent Director, was specially appointed by the ITRI; Ma Chien-Yung, Independent Director, has experience as an industry board member/chairman and holds a Ph.D; Tseng Guo-Hua, Independent Director, has a background as a certified public accountant. This diversity in our Board of Directors is in line with the principles of corporate governance. For more details on the educational and professional backgrounds of our board members, please refer to pages 15-20 of this annual report. https://www.gpmcorp.com.tw/about_governance_boardofdirectors.php	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	In addition to the Remuneration Committee and Audit committee established in accordance with the laws, does the Company voluntarily set up other types of functional committees?	√		In addition to setting up the Remuneration Committee in accordance with the laws, the Company also voluntarily establishe an Audit Committee, and both committees are composed of all independent directors. Furthermore, the Company's Enterprise Sustainability Committee consisted of the management personnel reports to the Board of Directors from time to time on the implementation status and results. For the responsibilities of the Enterprise Sustainability Committee, please refer to page 151 of this annual report.	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	Does the Company formulate the rules and methods for evaluating the performance of the Board of Directors, implement regular evaluation and report the results to the Board of Directors for reference and being used as the basis when evaluating the remuneration and considering the nomination of the individual directors?	√		The Company has established the "Measures for the Performance Evaluation of the Board of Directors" and the "Measures for Directors' Remuneration and Remuneration Payments" to regularly evaluate the performance of the Board of Directors every year. The measurement items of the performance evaluation on the Board of Directors of the Company include the following five aspects: 1. Participating degree on the Company's operations 2. Improving the decision-making quality of the Board of Directors 3. Board composition and structure 4. Selection of directors and continuing education 5. Internal Control The measurement items for the performance evaluation on the individual directors of the Company include the following six aspects: 1. Mastering the Company's goals and tasks 2. Awareness of directors' responsibilities 3. Participating degree on the Company's operations 4. Management and communication on internal relationship 5. Professional and continuing education for directors 6. Internal Control The measurement items of the performance evaluation on the audit committee of the Company include the following four aspects: 1. Participating degree on the Company's operations 2. Awareness of the responsibilities of the audit committee 3. Improving the decision-making quality of the audit committee 4. Internal Control The evaluation process is completed after the end of the evaluation year and before the latest board meeting; the scoring and performance evaluation results are reported to the Board of Directors, and are used as a reference for individual directors' remunerations and nomination for re-appointment, in the perspective of improving the functions of operations of Board of Directors. The Company has completed the performance evaluation of the Board of Directors in February 2024 and reported to the Board of Directors on February 27, 2024.	None

The composition and responsibilities of the Board of Directors	Does the Company regularly assess the independence of the certifying accountant?	√		Our company has established the "Regulations for the Appointment and Review of Certifying Accountants." Each year, the Audit Committee and the Board of Directors evaluate the independence and suitability of the current accountants. Before appointing accountants, the accountants must provide an "Independence Declaration" and "Audit Quality Indicators (AQIs)." The company's finance department confirms that the certifying accountants, apart from fees for certification and tax cases, have no other financial interests or business relationships. The company's shareholding agency is also asked to confirm the accountants' shareholding status. Once the finance department has verified the accountants' independence and suitability, the Audit Committee reviews and submits the findings to the Board of Directors for resolution. The most recent accountant review and evaluation report was submitted to the Audit Committee and Board of Directors on December 20, 2023. The key criteria for evaluating the independence and suitability of accountants are as follows: ➢ The accountant or their spouse and minor children do not have any investment or financial interest sharing relationship with the company. ➢ The accountant or their spouse and minor children do not have any loan relationships with the company, except for normal business relationships with financial institutions. ➢ The accounting firm does not issue assurance service reports on the design or effective operation of financial information systems. ➢ The accountant or audit service team members have not served as a director, manager, or held a significant position influencing the audit case at the company within the past two years. ➢ Non-audit services provided to the company do not directly impact significant audit items. ➢ The accountant or audit service team members do not promote or broker the company's issued stocks or other securities. ➢ Except for legally permissible services, the accountant or audit service team members do not represent the company in legal cases or other disputes with third parties. ➢ The accountant or audit service team members do not have a marital, direct blood relative, direct in-law, or close relative relationship within two degrees with the company's directors, managers, or significant persons influencing the audit case. ➢ Within one year of leaving their position, co-practicing accountants do not serve as directors, managers, or hold significant positions influencing the audit case at the company. ➢ The accountant or audit service team members do not receive significant gifts or special favors from the company, directors, managers, or major shareholders. ➢ The accountant is not currently employed by the client or the entity being audited, receiving a regular salary or serving as a director or supervisor. The accountant has not provided audit services to the company for seven consecutive years.	None
Does the TWSE/TPEx listed company deploy qualified and sufficient management personnel and appoint directors to handle governance-related matters (including but not limited to		√		The board of directors appointed the financial and accounting supervisor of the Company as the director of corporate governance, and set up the corporate governance team under the Corporate Sustainability Committee to promote corporate governance related matters, which are supervised by the senior manager, including handling the relevant matters of the board of	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
providing directors and supervisors with the necessary information to perform their duties, assisting directors and supervisors complying with laws and regulations, handling matters related to the holding of board and shareholder meetings according to law, and preparing minutes for board and shareholder meetings, etc.)?				directors and shareholders' meetings in accordance with the law, making the proceedings of the board of directors and shareholders' meetings, handling the Company registration and change registration, and arranging the directors' training courses. Please refer to attachment 2 for the training of corporate governance supervisor in 2023. The Company has established "Standard Operating Procedure for Handling Directors' Requests" to assist directors in complying with laws and responding to directors' questions.	
Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set aside a stakeholder area on the Company's website, and properly respond to the issues concerning corporate social responsibility in which the stakeholders may have a stake?		√		The Company has set aside a stakeholder area on the website, and, according to the type of stakeholders (employees, customers, suppliers, investors, government and society, etc.), disclosed and listed the communication channels and the issues concerning the performance of corporate social responsibility.	None
Does the Company appoint a professional stock affair agency to handle the matters related to the holding of the shareholders meeting?		√		The Company has appointed a professional stock affair agency - the stock agency department of President Securities Corporation, to handle the matters related to the stocks and holding of the shareholders meeting.	None
Information disclosure	Does the Company set up a website to disclose information about financial business and corporate governance?	√		The company has disclosed information about financial business and corporate governance on the Company's website (https://www.gpmcorp.com.tw/index.php).	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	Does the Company adopt other approaches to disclosing information (e.g. setting up an English website, designating a person dedicated to the collection and disclosure of the Company's information, implementing a spokesperson system, publishing the proceedings of investor conferences on the Company's website, etc.)?	√		1. Disclosure of financial information On the website, the Company has set aside a stakeholder area (https://www.gpmcorp.com.tw/investors_finance.php) on which the Company's financial information in Chinese, English, and Japanese is regularly updated for investors' reference. 2. Disclosure of business information The web pages of the company profile, product introduction, and core competency provide the public with up-to-date information about the products, operations, and activities in Chinese and English. 3. Disclosure of corporate governance The Company has disclosed important internal regulations, such as the organization and operation of internal audits, the Articles of Association, the procedures for acquiring/disposing of assets, the operating procedure for endorsement and fund lending, and the organic rules of the Audit Committee and Remuneration Committee on the website, implemented a spokesperson system, and designated a person responsible for collection and disclosure of the information and the announcement of the disclosure in accordance with the regulations.	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	Does the Company announce and report the annual financial statements within two months of the end of the fiscal year, and announce and report the first, second, and third-quarter financial statements and the monthly operating results ahead of time and within the specified time limit.	√		The Company announced and declared its annual financial report for 2023 on February 27, 2024, and declared its quarterly financial report and operating situation before the prescribed deadline. For disclosure of the foregoing information, please refer to the Public Information Observatory.	None

Does the Company provide other important information to facilitate the understanding of the corporate governance (including but not limited to employee rights, employee welfare, investor and supplier relations, stakeholder rights, retraining courses for directors and supervisors, the implementation of risk management and customer policies, and risk measurement standards, the purchase of liability insurance for directors and supervisors, etc.)?	√		**Employee rights and employee welfare** Our company values the rights and future development of our employees. We have established various welfare plans and set up an Employee Welfare Committee to implement diverse employee welfare measures. Additionally, we have created the "Education and Training Quality Manual" to provide employees with various training and skills development opportunities, as well as the "Sexual Harassment Prevention Measures and Disciplinary Guidelines." We prioritize employee communication and work-life balance, organizing a variety of physical and mental well-being activities. For more information, please refer to the "Career Life" and "Corporate Sustainability - Friendly Workplace" sections on our company's website: https://www.gpmcorp.com.tw/index.php **Investor relationship** Refer to the "Investor Zone" on our website. **Supplier relationship** The Company has established the "Supplier Management Procedure" and "Contractor Management Measure" to restrict the business behavior of suppliers and the Company, avoiding damage to the reputations and interests of both parties. Non-Disclosure Agreements (NDA) are signed to protect the rights and obligations of both parties. And propagandize the sustainable concepts and goals of GPM in four aspects: The quality improvement, cost reduction, delivery assurance, and sustainable performance. The Company regularly holds agreement organization meetings for contractors, conducts two-way communication and coordination, and signs a " Letter of Undertaking for Safety, Health, Sustainability, and Information Security by Contractor " with the contractors to ensure and specify the contractor's construction safety at the client and factory sites. Refer to the "Corporate Sustainability - Sustainable Supply Chain" zone on our website. **Rights of stakeholders** The Company provides various communication channels for various stakeholders, regularly discusses the feedback and improvement of stakeholders internally, and has established a "Contract Review Procedure" to protect the Company's interests and take into account the rationality of the contracts; and will also report to the Board of Directors on the results of communication with various stakeholders. Refer to "Corporate Sustainability - Stakeholders Zone" on our website. **Directors' training** The directors of the Company continue to study in accordance with the "Measure Driving the Training for Directors and Supervisors of Listed OTC Companies". The training status is announced on the Open Information Observatory Station and disclosed in Attachment 1. **Implementation of risk management policies and risk measurement standard** Refer to page 151 of this Annual Report. **Implementation of Customer Policy** The Company usually maintains close contact with customers, and builds a professional customer service team and perfect sales service system to provide full-scale and high-quality services to help customers improve their competitiveness and create higher added value. **Purchase of liability insurance for directors** The Company has bought the directors, supervisors and managers liability insurance for all directors to reduce and disperse the risk of serious damage to the Company and shareholders caused by the wrong or negligent behavior made from the directors, and has	None

Evaluation Item	Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Brief Description	
			announced it on the Open Information Observatory Station. The respective insurance was reported to the Board of Directors on February 27, 2024.	

Based on the results of the most recent corporate governance evaluation conducted by the Corporate Governance Center, Taiwan Stock Exchange Co., Ltd, please describe the improvement has been made and the priority of and the measures for items to be improved.

In the ninth governance evaluation, the Company was evaluated as the top 6%~20% of the entries by the Corporate Governance Center, Taiwan Stock Exchange Co., Ltd.

The Company sticks to the concept of sustainable operation, and, in order to develop a sustainable business, build a long-term partnership with customers and social communities, and fulfills the corporate citizenship responsibilities, an Enterprise Sustainability Committee is set up in 2016 to take the responsibilities and attain ethical corporate management. The implementation and results would be reported to the Board of Directors every year.

For the results of corporate governance evaluation, the intended corrections and measures for items to be imporved are described as below:

The company has implemented the following measures to address the areas for improvement identified in the corporate governance evaluation:

- The minutes of the shareholders' meetings include the important content of shareholders' questions and the company's responses.
- By the 10th of each month, the company uploads the changes in the shareholdings of insiders for the previous month to the Market Observation Post System (MOPS).
- The annual report discloses the link between the performance evaluation and remuneration of directors and managers.
- In accordance with the GRI Standards issued by the Global Reporting Initiative (GRI), the company prepares and uploads the sustainability report to the MOPS and the company website by the end of August.
- The company discloses the annual greenhouse gas emissions, water usage, and total weight of waste for the past two years.

Attachment 1: Training Record of Directors and Independent Directors in 2023

Title	Name	Date of Training	Organized by	Name of Course	Training Hours	Total Training Hours in 2023
Chairman	Jason Chen	2023.03.28	Independent Director Association Taiwan	How Board Members (Including Independent Directors) Can Avoid Liability for Financial Reporting Fraud? Identifying Financial and Operational Red Flags from Misleading Financial Reports	3	15
		2023.05.10	Independent Director Association Taiwan	Internal Investigations and E-Discovery in Corporate Settings	3	
		2023.09.21	Independent Director Association Taiwan	Analyzing Practical Cases of Board Members' (Including Independent Directors) Responsibilities	3	
		2023.11.14	Independent Director Association Taiwan	Merger and Acquisition Strategies and Post-Acquisition Management	3	
		2023.11.22	Taiwan Institute of Directors	Decisions at the Crossroads	3	
Vice Chairman	Frank Lian	2023.05.23	Taiwan Corporate Governance Association	Sharing on Carbon Emissions and Carbon Trading Mechanisms	3	6
		2023.09.19	Accounting Research and Development Foundation	How the Board Can Use OKRs to Improve Corporate Governance Efficiency	3	
Director	Hsu, Hung-Ming	2023.01.12	Taiwan Institute of Directors	Centennial Enterprise Strategy Turning Points Series - Part 1: Focusing on Core Competencies and Diversified Applications	3	6
		2023.07.07	Taiwan Corporate Governance Association	The AI Boom: ChatGPT’s technological advancements and application opportunities	3	
Independent Director	MA, CHIEN-YUNG	2023.05.05	Taiwan Corporate Governance Association	International Practices of Dual Transformation in Sustainability and Intelligence: Lighthouse Factory	3	6
		2023.08.07	Taipei Exchange	Information Session for Insider Equity Ownership in Listed and OTC Companies	3	
Independent Director	MA, CHIEN-YUNG	2023.11.01	Taiwan Corporate Governance Association	Utilizing Risk Management to Advance Corporate Sustainability	3	15
		2023.11.01	Taiwan Corporate Governance Association	Sharing on Carbon Emissions and Carbon Trading Mechanisms	3	
		2023.11.14	Taiwan Corporate Governance Association	Emerging Money Laundering Methods and Regulatory Trends	3	
		2023.10.23 2023.11.17	CPA ASSOCIATIONS R.O.C.(TAIWAN)	Recent Developments and Best Practices in Anti-Money Laundering	6	
Independent Director	Lo, Wei	2023.01.12-2023.01.13	Accounting Research and Development Foundation	Continuous Training for Issuers' and Securities Firms' Accountants	12	24
		2023.01.16-2023.01.17	Accounting Research and Development Foundation	Continuous Training for Issuers' and Securities Firms' Accountants	12	

Independent Director	Chen, Yi-Mei	2023.12.12	Accounting Research and Development Foundation	Recent Developments in ESG Sustainability and Financial Reporting Policies and Internal Control Practices: Updates on ESG Reporting Standards and Internal Controls	6	6

Attachment 2: Training Record of Chief Corporate Governance in 2023

Title	Name	Date of Training	Organized by	Name of Course	Training Hours	Total Training Hours in 2023
Chief Corporate Governance	Chia-Ju Tseng	2023.10.13	Securities and Futures Institute	Carbon Trading Mechanisms and Their Application in Corporate Management	3	12
		2023.10.20	Securities and Futures Institute	Discussing Corporate Governance Blueprint 3.0 and Directors' Responsibilities	3	
		2023.10.25	The allied accociation for science park industries	Practical Insights on TCFD Disclosures and the Role of Directors	3	
		2023.11.17	The allied accociation for science park industries	Functions and Tasks of Governance Personnel under the Corporate Governance Blueprint	3	

4.4 Operation of the Company's Remuneration Committee

4.4.1 Information Regarding Compensation Committee Members

March 31, 2024

Criteria / Title/Name		Professional Qualification and Experience	Independent Directors' Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member	Notes
Independent directors	Chia-chin Tong (Former Chairperson)	GPM's Compensation Committee is comprised of all three independent directors. For members professional qualification and experience, please refer to "Information Regarding Board Members" on page 15-20 of this Annual Report.	All the Compensation Committee members meet any of the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" issued by Taiwan's Securities and Futures Bureau 2.Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any GPM shares 3.Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	1	Previous Term (註 2)
Independent directors	Chen, Yi-Mei			0	Reappointment (註 1)
Independent directors	Lo, Wei			0	Reappointment (註 1)
Independent directors	TSANG, KWOK-AH (New Chairperson)			1	New Term (註 1)
Independent directors	MA, CHIEN-YUNG			2	New Term (註 1)

Note 1：At the shareholders' meeting held on June 19, 2023, the company completed the re-election of the 16th Board of Directors.

Note 2: Independent Director Tung Chia-Ching completed their term and retired on June 19, 2023.

4.4.2 Remuneration Committee Meeting Status

The tenure of the Company's 5th remuneration committee is from June 29, 2023 to June 18, 2026. The convener, Mr. TSANG, KWOK-AH held two meetings in 2023 and the attendance of members is shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
Independent Director	Chia-chin Tong	1	0	100%	Previous Term
Independent Director	TSANG, KWOK-AH	1	0	100%	New Term
Independent Director	Chen, Yi-Mei	2	0	100%	Reappointment
Independent Director	Lo, Wei	2	0	100%	Reappointment
Independent Director	MA, CHIEN-YUNG	1	0	100%	New Term

(1) In cases the Board doesn't adopt or revise Remuneration Committee's proposals, the Company shall list date/number of the Board meeting, agenda, the Board's resolution and the Company's response to Remuneration Committee's proposal: Attachment 1.

(2) In cases Remuneration Committee members have dissenting opinions or qualified opinions against the resolution and recorded with notes in paper, the Company shall list date, number of the Remuneration Committee meeting, agenda, all members' opinion and the follow-up of the members' opinion: None.

Attachment 1: Remuneration Committee's Resolutions on Major Proposals and Action Taken by GPM in Response to the Remuneration Committee's Resolutions

The date of remuneration committee Meeting	Proposals and Follow-up Actions
The 12th time of the 4th session	1. Employees' remuneration and directors' remuneration of the Company in 2022 are submitted for deliberation.
	Resolution Result: Passed without objection, except those members and senior managers who did not participate in the discussion and voting according to law.
	The company's handling of the opinions of the remuneration committee; After being submitted to the board of directors for discussion, it was approved by all the directors present.
The 1st time of the 5th session	1. Submitted to review the distribution of directors' remuneration and managers' remuneration of the Company in 2022. 2. To request the review on the Company's adjustment to manager' salary in 2023. 3.A proposal for the revision of the company's "Guidelines for Directors' Compensation and Remuneration" was submitted for review and approval.
	Resolution Result: Case 1 were passed without objection after the chairman consulted all the members present Cases 2 were passed without objection, except those members and senior managers who did not participate in the discussion and voting according to law. Cases 3 were passed without objection, except those members and senior managers who did not participate in the discussion and voting according to law.
	The company's handling of the opinions of the remuneration committee; After being submitted to the board of directors for discussion, it was approved by all the directors present.

4.5 Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission：

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	√		GPM has established a dedicated Corporate Sustainability Committee to drive its sustainability initiatives, chaired by President Jason Chen. Under this committee, several sub-committees have been formed: Corporate Governance Committee Risk Management Committee Environmental Sustainability Committee Sustainable Supply Chain Committee Social Inclusion Committee The responsibilities of the Integrity Management Committee have been integrated into the Corporate Governance Committee, and the Information Security Committee has been incorporated into the Risk Management Committee. The Corporate Sustainability Committee reports to the Board of Directors annually on its performance and outcomes. The 2023 performance report was presented at the Board meeting on December 20, 2023. For more information, please visit the "Corporate Sustainability - Sustainability Management" section on our company website. Sustainability Management and Strategy.	None
Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	√		The company has set up a "Corporate sustainability Committee" as a full-time unit to promote corporate sustainability, and its risk assessment boundary covers GPM Bamboo Factory and Zhongko Factory. In 2022, we will launch a mentoring program for sustainable reports and select nine major topics based on the principle of significance, including corporate governance, energy management and labor relations. In addition, risk assessment is carried out for each major subject, and improvement measures are proposed. Details regarding the Board of Directors' supervision and strategic objectives for sustainable development are disclosed on the company website under "Corporate Sustainability - Sustainability Management."	None

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Summary	
Environmental Topic	Does the company establish an appropriate environmental management system according to its industrial characteristics?	√		Implement green supply chain management, improve energy efficiency, and reduce the harm to the environment during operation. Wastewater generated from the process is properly treated by wastewater treatment facilities, which meets the discharge water standard. The Company takes "waste reduction and resource recovery" as its goal, and the packaging materials used take resource recovery as the priority treatment method, so as to improve the efficiency of waste management and reduce the environmental impact caused by waste treatment. The rest wastes are incinerated in consideration of their nature, and they are cleared and disposed of or recycled by qualified manufacturers. For manufacturers of general wastes, the compliance of laws and regulations shall be audited when signing contracts or as appropriate.	None
Environmental Topic	Does the Company commit to improving the utilization efficiency of various resources and using recyclable materials with low impact on the environment?	√		When designing, the Company chose smaller power transmission components to lighten the machine and high-efficiency power supply components (e.g. converter) to save energy; the cooling water source configuration is adopted for the water circulation system, the designing of shared filters for multiple machines can incorporate one manufacturing process with another and reuse the water resource by repouring the water filtered by the cleaner back to the system, and in turn to save up to 60% of water.	None

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Summary	
Environmental Topic	Does the company assess the potential risks and possibility of climate change and its impact on the Company now and in the future, and take corresponding measures to address the said issues?	√		As the issue of extreme weather emerges, the issue of greenhouse gases is getting more and more attention, and it is also the issue that mankind must work together to reduce. In order to avoid the risk of entering into extreme climate, the Company had accepted the guidance for greenhouse gas inventory under ISO14064-1: 2018 since 2021, and officially introduced greenhouse gas inventory in 2022, set up low-carbon emission policies to achieve carbon neutrality first, aiming at net zero emissions ultimately. The Company passed the external GHG inventory verification for 2022 & 2023.Please refer to the "Corporate Sustainability - Environmental Sustainability" section on our website. In response to the impact of climate change, the Company implements green supply chain management to improve energy efficiency and reduces environmental damage during operations, and actively drives greening works inside and outside the plant. The Company is dedicated to the effective use of chemicals, hydropower resources consumed in the process. The wastewater generated in the process is properly treated by wastewater treatment facilities, which meet the effluent standards. The generated waste is legally discharged after being treated by complete pollution prevention and control equipment.	None

Environmental Topic	Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	√		In the face of climate change, the Company has accepted the guidance for greenhouse gas inventory under ISO14064-1: 2018 since 2021, and officially introduced into ISO14064-1:2018 in 2022 and passed the external examination for greenhouse gas inventory in 2022, and will conduct greenhouse gas inventory annually, and make review and improvement based on the inventory results. The greenhouse gas s covered by the inventory include carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), nitrogen trifluoride (NF3), sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs). The inventory falls under Categories I, II and III, and the base year is 2021. In addition, the Company has set up energy-saving efficiency improvement programs, such as: lighting management, energy management, water resources management and waste management, monthly reviews electricity and water consumption and implements improvement measures, and publishes the water consumption, electricity consumption and waste volume in the recent three years on the official website. Please refer to "Annual Report - V. Operations Overview - (V) Information on Labor Relations - Corporate Sustainability in Performance "and "Corporate Sustainability - Environmental Sustainability" on the company website. **Carbon reduction program** In respect of energy saving and carbon reduction management, the Company is committed to use of power-efficient lamps to reduce the consumption of fossil fuels. • In 2023, the total quantity of electricity purchased was 2,549,732 kWh, and the CO2 emission was 1,262,117 kg. • The electricity consumption in 2023 declines by 170,158 kWh compared with 2022. • GPM invested approximately NT$14,678 in replacing T8 fluorescent tubes, energy-saving bulbs, and traditional recessed lights with LED lighting. This initiative resulted in an annual reduction of 5,106 kWh in electricity consumption and a decrease of 2,528 kg in CO2 emissions. **Waste control** The Company takes "waste reduction and resource recovery" as the management goal, and puts priority to waste recycling to improve the management efficiency of waste and reduce the impact of waste treatment on the environment. In 2023, there was an increase of 17.09 tons of waste compared to 2022. Details on the handling and execution of waste management measures are disclosed on the company's website.	

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Summary	
Social Topic	Does the Company formulate relevant management policies and procedures in accordance with applicable regulations and the "International Bill of Human Rights"?	√		The Company does comply with relevant labor laws and regulations and observe the internationally recognized principles of basic labor and human rights, protects the legitimate rights and interests of employees and implements fair and non-discriminatory employment policy, and has developed appropriate management system for supervision and management. In 2023, during monthly new employee training sessions, GPM conducted advocacy on various human rights policies for a total of 51 hours, ensuring that all employees understand their human rights and entitlements.Please refer to the "Human Rights Management" section on our website: https://www.gpmcorp.com.tw/enterprise_human_rights.php	None
Social Topic	Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation, and other benefits), and appropriately reflect the operating performance or results in the employee's remuneration?	√		Pursuant to Article 30-1 of the Articles of Association of the Company, the Company shall distribute employee remuneration within a range between 1% and 12% of the annual profit, formulate a competitive salary and compensation policy, and give priority to a human resources strategy of retaining talents. The Company conducts the industry salary survey once a year to formulate a reasonable and competitive salary system as well as varies the distributed amount based on the employee's operating performance and actual contribution. The Company also provide the employee incentives, such as innovation research bonus, proposal improvement bonus, outstanding team performance bonus, and outstanding employee bonus to arouse the employees' enthusiasm for work and teamwork and share the fruits of hard work with every member. Furthermore, a reward and punishment system is established to impose the punishment according to the seriousness of the violation. The Company purchases the employees the labor and health insurance, life insurance, accident insurance and disease, cancer, and disability insurance, and provides a retirement pension.Refer to “Information on Employer-Labor Relations - Employee welfare measures" on page 128 of this annual report	None

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Summary	
Social Topic	Does the Company create a safe and healthy working environment for employees, and regularly provide safety and health education courses for the stuff?	√		• GPM provides a workplace that complies with the Occupational Safety and Health Act, offering a comfortable and secure working environment. The company has implemented the ISO 45001:2018 Occupational Health and Safety Management System. Regular hazard risk assessments are conducted, with continuous improvements made to reduce environmental risks. • GPM has regularly organized occupational safety and health education, specific emergency response drills (include: emergency response, comprehensive fire drills, chemical response drills,) health seminars, and a series of health promotion activities to maintain a healthy, safe, and high-quality work environment. • Work Environment Monitoring: Every six months, GPM conducts operational environment monitoring to assess individual exposure levels, which serves as a basis for improving workplace conditions. • Fire Safety: In 2023, GPM reported no fire incidents, and therefore, no casualties or injuries occurred. For more detailed information, please refer to page 132 of the annual report under "Labor Relations Information - Employee Work Safety and Health" and visit the "Corporate Sustainability - Friendly Workplace - Occupational Safety and Health" section on our company website.	None
Social Topic	Does the Company establish effective career development training programs for employees?	√		The Company has created a good environment for facilitating the career development of employees and established effective career development training programs. For the implementation of the education and training, please refer to page 130 of this annual report	None

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Summary	
Social Topic	When providing products and services, does the company pay attention to customers' health, safety, and privacy, conduct the marketing and labeling in accordance with relevant regulations and international standards, and formulate policies and grievance procedures to protect consumers' rights?	√		The Company conducts the marketing and labeling in accordance with relevant regulations and international standards without any deceptive, misleading, fraudulent, or other behavior that may undermine customers' trust or damage customers' rights and interests. For many years, Gallant sticks to our quality policy - "Quality First, Customer Foremost, Keep Improving and Creating Value" to build a professional customer service team and a comprehensive sales and service system. To provide quality services, we have set up a 24 hours hotline - 0800-387-387 and disclosed the dedicated mailboxes of the business center and customer service center on the website, through the said channels, the complaint about the products and services can be appropriately and explicitly addressed. The personal data provided by customers will be handled in accordance with the Company's "Measures for Personal Data Management" and applicable regulations to protect customers' privacy.	None
Social Topic	When providing products and services, does the company pay attention to customers' health, safety, and privacy, conduct the marketing and labeling in accordance with relevant regulations and international standards, and formulate policies and grievance procedures to protect consumers' rights?	√		The Company is responsible for our products and services. We pay much attention to marketing ethics and does not engage in any form of unfair business activities. Through the stages of research and development, procurement, production, operation, and service, the transparency and safety of information about products and services are always kept in our mind. In order to prevent consumers' rights from being damaged by the products or services and help customers to enhance competitiveness and increase the added value, the Company has formulated and disclosed the customer right policy, and implement it in the daily operation.	None

Assessment Item		Implementation Status			Non-implementation and Its Reason(s)
		Yes	No	Summary	
Social Topic	Does the Company formulate and implement supplier management policies, by which the suppliers are required to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	√		The Company has established a supplier evaluation system based on the "Procedures for Supplier Management" to dispatch an evaluation team to conduct on-site inspections and evaluations. Through the "Supplier On-site Evaluation Form", the information about supplier's production capacity, quality system, R&D capabilities, etc is obtained. During the annual supply chain conference, in addition to conveying the sustainability philosophy and goals of Gallant Precision Machining Co., Ltd, we also express our admiration for outstanding suppliers in four aspects (quality improvement, cost reduction, reliable delivery, and sustainable performance). In addition to the transaction status and product quality, the reputation of the supplier (for environmental protection, safety, and health, etc) is also incorporated in the evaluation items and taken into consideration when ranking and scoring. If the Company finds that the supplier violated the corporate social responsibility policy and the violation has a significant impact on the environment and society during the actual evaluation, the business transactions will be suspended or terminated. The company also actively helps suppliers to improve and enhance product quality and promulgate our philosophy of green procurement and environmental protection. According to the "Procedures for Supplier Management", a confidentiality agreement must be signed between the supplier and the Company for the cooperation to define the rights and obligations of both parties. The Company reserved the right to take legal action for possible infringement. The Company's suppliers are required to sign the "Social Responsibility, Probity and Integrity Commitment". If the supplier violates the commitment and the violation has a significant adverse impact on the environment and society, the Company may terminate or cancel the contract at its sole discretion.	None
?Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquire third party verification or statement of assurance?		√		The 2023 Sustainability Report of GPM has been prepared in accordance with the GRI Standards but has not yet obtained third-party assurance. For more details, please refer to the "Corporate Sustainability - Sustainable Management - Sustainability Report" section on our company website.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
If the Company has established its sustainable development code of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences. The Company has established a "Standards for Corporate Social Responsibility", and there is no significant deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". It is available on the Company's website or Market Observation Post System. For the performance of corporate social responsibilities, please refer to this annual report or Company's website.				

Other important information to facilitate better understanding of the Company's implementation of sustainable development:

(1) Environmental Sustainability

- The general domestic water equipment in the plants adopts water-saving appliances to reduce the waste of water resources, and the lighting devices in the plants are replaced to power-saving type to reduce CO2 emissions.
- Replace T8 fluorescent tubes with LED tubes: Totally 100 tubes were replaced, reducing electricity consumption by 4,160 kWh throughout the year and reducing CO2 emissions by 2,059 kg.
- Replaced 58 E27 incandescent bulbs with LED bulbs: Achieved an annual reduction of 603 kWh in electricity consumption and reduced CO2 emissions by 299 kg annually.
- Replaced 15 traditional recessed lights with LED recessed lights: Achieved an annual reduction of 343 kWh in electricity consumption and reduced CO2 emissions by 170 kg annually.
- Continue to promote office greening and green plant coverage in each factory area.

(2) Social co-prosperity

- Care for public welfare
  * Totally 4 schools are sponsored: Including Taoshan Elementary School, Huayuan Elementary School, Wufeng Junior High School and Jianshi Junior High School. Student who meets the standard in elementary school will receive a subsidy of NT$ 600 each, and student who meets the standard in the junior high school will receive a subsidy of NT$ 1,000 each. There are 218 students in total under the subsidy; the greatest progress has been made. However, there were 29 students who did not meet the standard of progress in the semester, with a total of NT$ 199,400 subsidy received.
  *To encourage diligent study and university enrollment among students in rural schools, GPM offers the "Taijan Yacheng Yuanyuan Scholarship." Students who previously received the GPM Rural Scholarship can apply through their respective schools. Each eligible student receives a grant of NTD 5,000, with 25 beneficiaries, totaling NTD 125,000.
  * Held the activity of "Donating Invoices to Help the Public Welfare" and donated all the invoices to the "Creation Foundation" to take care of vegetative people.
  * Donated to the "Love Without Borders Caring Association", joined the "Ailin New Seed Sponsorship Program" to support the education project for poor children in Burkina, West Africa, and cared for disadvantaged children, adopted two children, and spent NT$ 36,000 in total.
  * Sponsored the "ESG Global Citizenship Digital Governance Foundation", assisted listed companies in the incubation and training of directors, and provided propaganda for ESG, climate change, international planning concepts and activities, in the perspective of enhancing the concept of ESG in various companies; and spent NT$ 200,000 in total.
  * Sponsored the 2023 "One World: Global Citizens Together" concert by the ESGWD Foundation with a donation of NTD 50,000. This sponsorship aims to cultivate more individuals with a sense of global citizenship.
  *GPM employees voluntarily donated coffee materials and packaging supplies, while other employees acted as volunteers to package the coffee into drip bags for sale. The initiative allows employees to enjoy coffee while contributing to charity. In 2023, approximately 1,053 packs of coffee were sold, with the proceeds donated to those in need.
- Incubation platform
  * Sponsored the "Zhongping Junior Baseball Team" to drive character baseball, incubate young talents in Taiwan's baseball world; carry out a five-year long-term sponsorship plan with an annual sponsorship of NT$ 20,000.
  *Organized an external "Children's Creative Painting Competition" involving four long-term sponsored schools. 53 students participated, each receiving a participation award of NTD 300. Selected outstanding works were awarded prizes ranging from NTD 2,000 to NTD 800, and were displayed within the company premises.
- Industry-Academic Cooperation
  * In order to encourage top professors in Taiwan to continue their academic advancement, the Company donated the "Academic Advancement Award" to the College of Engineering of Taiwan University, which also established a link between faculty and enterprise research and development, making donations totaling NT $300,000.
  * To strengthen recruitment and retention of top domestic and international talent, the company donated NTD 300,000 to the College of Engineering for the "Academic Endeavor Youth Lectures." This initiative aims to bridge new faculty members with corporate R&D, addressing the talent crisis in universities.
  * Donated NTD 600,000 to support the "National Taiwan University Outstanding Overseas Chinese Student Scholarship." This scholarship encourages continuous learning and fosters a positive learning attitude among overseas Chinese students, aligning with the company's commitment to sustainable development and industry-academia integration.
  *Sponsored the Taiwan Society of Precision Engineering with NTD 800,000 for organizing precision engineering projects and paper awards. This sponsorship aims to promote social engagement and identify potential talents in the field.

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Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Summary	
* Joined the GOLF Learning and Use Integration Alliance, initiated the driving of practical training through the cloud learning platform, and promoted students to integrate with the industry early through industry-university cooperation via online professional course prerequisites and offline corporate internship visits; a total of NT$ 50,000 was spent. * Organized a technology-themed summer camp named DIT Robotics Summer Camp at National Tsing Hua University. The camp aimed to attract and cultivate employees' children who are interested in technology, grooming them for future corporate needs. The total expenditure for the camp was NTD 75,325. * Sponsored the work of 2022 thematic practice competition in Chung Yuan University, with a total spending of NT$ 20,000. *. Donated 54 components valued at approximately NTD 1,089,099 to the Mechanical Engineering Departments of Yunlin University of Science and Technology and Chung Yuan Christian University. The donation aimed to provide students with more practical opportunities to understand the real-world application of their knowledge, fostering early familiarity with industrial applications. *Providing internship opportunities for students in school, using the characteristics and abilities of young people to increase the vitality and creativity of the organization; meanwhile, supplementing the human resources of enterprises in the short term to explore future talents, total of 12 people a total of NT$ 416,014 was spent. *. Provided scholarships and internship opportunities for seven outstanding students in high-tech fields, with a total investment of NTD 750,000. The program includes monthly stipends and internship opportunities during their studies, with a priority for employment after graduation. * College visits: Due to pandemic prevention, only one session was held to provide a detailed introduction of equipment to help students and enterprises understand the equipment industry, arrange production line supervisors to take students to visit the on-site working environment, and promote industry-university cooperation. *To encourage domestic college students to invest in the cross-field design and practical implementation of intelligent automation, and to inherit the spirit of the original Ministry of Education's incubation program on industrial state-of-the-art equipment and talents, the Company hosted the Intelligent Automation Creation Award to assist college youths in the field of smart manufacturing, to incubate outstanding smart manufacturing talents and design energy for the country and enhance industrial competitiveness, with a total spending of NT$ 1,261,785. **(3) Accolades** • National Healthy Workplace-Health Management Award • Chubu Science Park "Promoting Equality in the Workplace" Excellent Institution Selection Award • Green Fleet Certificated -HsinChu County Environmental Protection Bureau • iSports Certification – Sports Administration				

Climate-Related Information for Listed Companies

Climate-Related Information Implementation Status

Item	Implementation Status
1.Oversight and Governance of Climate-Related Risks and Opportunities by the Board and Management	GPM's highest climate governance body is the Board of Directors. The Board is responsible for setting the company's climate-related strategic direction, regularly proposing comprehensive response strategies and targets for key climate risks, and delegating the Corporate Sustainability Committee to implement various action plans. Climate governance and sustainable development oversight are ensured through annual sustainability performance reports to the Board.
2.Explanation of How Identified Climate Risks and Opportunities Affect Business, Strategy, and Financials (Short, Medium, and Long Term)	The Corporate Sustainability Committee convenes relevant executive units to assess and identify four key climate risks and opportunities: changes in precipitation (water) patterns and extreme climate variations, changes in customer behavior, costs of transitioning to low-carbon technologies, and the development and/or expansion of low-carbon products and services.

Aspects	Climate Risks / Opportunities	Affected Schedules	Financial Impacts	Strategies and Management Responses
Physical Risks	Precipitation (water) pattern changes and extreme climate variations	Mid-term (3-10yrs)	■ Rising raw material costs cause higher operational costs ■ Higher electrical consumption cause higher operational costs ■ A lack of employee attendance, water and power supply, and material, etc. disrupt operations and lower revenues	1. To address drought, GPM regularly holds joint meetings across plants to review water supply priorities, minimizing the impact on production lines. 2. GPM plans to develop solar power plants for self-use, creating a secondary power source. This initiative aims to reduce power outages due to climate impacts and enhance the stability of electricity supply while achieving energy-saving and carbon reduction goals. 3. Supply Chain Adjustments and Alternative Raw Materials • Processing Parts: If central regions experience water restrictions, the backup supply chain will be activated, shifting processing to the northern regions. • Procurement Parts: Develop alternative raw materials and source from overseas or other local brands to avoid operational disruptions due to material shortages.
Transformation Risks	Changes in customer behavior	Mid-term (3-10yrs)	■ Failure to satisfy customer needs causes lower market sales and lower revenues ■ R&D investment leads to higher operational costs	1. When developing products and equipment, GPM evaluates the consumption of energy resources (water and electricity) alongside cost estimates to enhance product competitiveness and market share. 2. GPM establishes two-way communication channels with customers, providing feedback mechanisms to understand customer requirements for product specifications, enabling design adjustments accordingly.
Transformation Risks	costs of transitioning to low-carbon technologies	Mid-term (3-10yrs)	■ R&D materials and human resources contribute to higher operational costs ■ A failed transformation loses orders, lowers market shares, and contributes to lower revenues	1. GPM aims to reduce product carbon footprint through digitization and intelligent manufacturing. This includes introducing IDMS for equip ment health diagnostics and troubleshooting, enhancing energy efficiency. 2. Through regular R&D meetings, Junhao focuses on: • Improving processing methods for higher efficiency • Multifunctional equipment capabilities • Increasing machines' energy efficiencies • Utilizing smart operation control's automatic detection to reduct standby time and minimize waste GPM's finished development projects in recent years include:

				➢ Cooling Water Recycling: Implementing a dual system that uses a collection tank to mix cooling liquid, filters and recycles colling water to save water. ➢ Green Idle Control: Automatically reducing equipment frequency during non-production periods to save energy. 3. 3R Concept in Product Design: Incorporating recyclable and reusable materials in procurement, and reusing by-products in production processes.
Opportunities	the development and/or expansion of low-carbon products and services.	Mid-term (3-10yrs)	■ Provide low-carbon products to increase competitiveness, market share, and raise revenue	1. GPM adopts the following measures to reduce product carbon footprint: • Prioritize domestically produced raw materials (localization). • Integrate GPM-exclusive designs to accurately list commonly-used materials, monitor material levels continuously, and reduce transportation carbon emissions. 2. IDMS Smart Monitoring: During equipment testing, IDMS and electricity meters capture energy consumption data, aiding R&D in design decisions. 3. GPM actively seeks raw materials that offer energy savings, carbon reduction, or energy storage benefits. In 2023, we engaged with three suppliers of components like air compression, motors, and inverters, sharing insights at the plant. By March 2024, we had contacted two suppliers, with further arrangements planned. 4. GPM fosters transparent and shared information with suppliers, aiming for a green supply chain and mutual business opportunities.

3. Detail how extreme climate events and transition actions affect the company's financials.	GPM evaluates the timing of climate change risks and opportunities, considering the likelihood and impact on the company. This process identifies key climate change risks and opportunities and analyzes their potential operational and financial impacts, as detailed in point 2.
4. Explain how the processes for identifying, assessing, and managing climate risks are integrated into the company's overall risk management framework.	The Risk Management Committee conducts an annual review following TCFD guidelines, industry reports, and international trends to gather relevant climate issues for GPM. They collect annual climate risk response information from various facilities and departments. Interviews are conducted with relevant units to assess the impact and likelihood of climate issues, identifying GPM's annual key climate risks and opportunities. The committee then establishes mitigation measures. This process and its results are reported to the Corporate Sustainability Committee and presented to the Board of Directors annually.
5. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.	Under planning

6. If there are transition plans for managing climate-related risks, describe the content of these plans and the indicators and targets used to identify and manage physical and transition risks.	Under planning
7. If internal carbon pricing is used as a planning tool, explain the basis for setting the price.	Under planning
8. If climate-related goals are set, explain the activities covered, the scope of greenhouse gas emissions, the planning period, annual progress, and other relevant information. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, explain the sources and quantities of offsets and RECs.	Under planning
9. GHG Inventory and Assurance, Reduction Targets, Strategies, and Action Plans.	(Detailed in 1-1 and 1-2)

1-1 The Company's GHG inventory and assurance statuses for the last two years

1-1-1 GHG Inventory Data

Statement of GHG emissions, intensity, and their data coverages for the last two years

Since 2021, GPM has established a GHG inventory mechanism in accordance with the ISO 14064-1:2018 standard issued by the International Organization for Standardization (ISO). This mechanism involves the annual verification of greenhouse gas emissions from the company's individual entities and obtaining third-party assurance. The greenhouse gas emissions, intensity, and data coverage for GPM's individual entities over the past two years are detailed in the table below:

	2022	2023
Scope 1 Emissions (tons CO2e)	124.31	123.48
Scope 2 Emissions (tons CO2e)	1,417.29	1,275.73
Total	1,541.60	1,399.21
Revenue (million NTD)	2,933	1,810
Intensity (tons CO2e per NT$ million)	0.53	0.77
Data Coverage	GPM Individual Company 100%	GPM Individual Company 100%

1-1-2 GHG Assurance

Description of assurance status for the most recent two years as of the annual report printing date, including assurance scope, assurance institute, and assurance opinion.

As of the printing date of this annual report, the company has obtained a reasonable assurance opinion for 2022 from BSI, the British Standards Institution, in accordance with ISO 14064-3:2006 issued by the International Organization for Standardization (ISO). The greenhouse gas data for the year 2023 has completed an internal audit and is expected to undergo assurance by BSI in May 2024.

Note 1: This should be handled according to the schedule prescribed by the order in Article 10, Paragraph 2 of these guidelines. If the company does not obtain a complete greenhouse gas assurance opinion by the printing date of the annual report, it should be noted that "complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it should be noted that "complete assurance information will be disclosed on the Market Observation Post System," and complete assurance information should be disclosed in the annual report of the following year.

Note 2: The assurance institution should comply with the relevant regulations on assurance institutions for sustainability reports set by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

Note 3: Disclosure content can refer to the best practice reference examples on the Taiwan Stock Exchange Corporate Governance Center website.

1-2 GHG Reduction Goals, Strategies, and Specific Actions

Description of the GHG reduction base year and its data, reduction goals, strategies, specific actions, and the goal achievement process.
To plan greenhouse gas reduction strategies, GPM has set the 2021 as the base year for GHG emissions reduction (Scope 1+2 total: 1,527.02 tonnes of CO2e) after the first inventory was completed. The goals are to achieve a 10% reduction from the baseline year by the year 2026, carbon neutrality for Scope 1+2 by the year 2028, and net-zero emissions by the year 2050. The company will continue to implement various energy-saving measures and draft a solar power generation self-consumption plan. Progress towards these reduction targets will be regularly reviewed, and the reduction goals will be achieved accordingly.

Note 1: This should be handled according to the schedule prescribed by the order in Article 10, Paragraph 2 of these guidelines.

Note 2: The base year should be the year in which the inventory is completed within the scope of the consolidated financial report. For example, according to the order under Article 10, Paragraph 2 of these guidelines, companies with capital of over 10 billion NTD must complete the inventory for the consolidated financial report of the 2024 fiscal year by 2025. Therefore, the base year is 2024. If a company completes the inventory of the consolidated financial report earlier, that earlier year can be used as the base year. Additionally, the data for the base year can be calculated based on a single year or an average of multiple years.

Note 3: Disclosure content can refer to the best practice reference examples on the Taiwan Stock Exchange Corporate Governance Center website.

4.6 Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission：

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
Formulating policies and plans for ethical management	Does the Company formulate an ethical corporate management policy approved by the Board of Directors, and specify the policies and practices of ethical management and the Board of Directors and top executives' commitment to actively implement the policies in the regulations and external documents?	√		The Company established the "Rules for Ethical Corporate Management" and "Code of Conduct" to incorporate the provisions must be followed by the Company and employee on December 17, 2014 and carried out the promotion activities from time to time. For the year 2023, the implementation of the rules and provisions were reported to the Board of Directors on December 20, 2023 and disclosed on the Company's website.	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	Does the Company establish a risk assessment mechanism for dishonesty, regularly analyze and evaluate the activities with a higher risk of dishonesty within the business scope, and, based on results, formulate a plan to prevent the dishonesty, and at least incorporate the precautionary measures against the items set out in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" in the plan?	√		The "Rules for Ethical Corporate Management" of the Company specifies the precautionary measures for dishonesty, such as providing illegal political contributions, offering or accepting inappropriate gifts, services, and other improper benefits, and infringing business secrets and intellectual property rights. Employees are required to sign a "Non-Disclosure and Digital Data Authorizing Agreement" to prevent business secrets. In addition to the "Rules of Ethical Corporate Management", the Company also formulate the "Procedures for Acquisition or Disposal of Assets", "Procedures for Endorsement and Guarantee", "Procedures for Loan to the Third Party", "Procedures for Related Person Transaction", etc…	None
	Does the company formulate and implement a dishonesty prevention plan, indicate the operating procedures, guidelines, disciplinary measures, and grievance procedures, and regularly review and revise the said plan?	√		The company has formulated a "Regulations for Reporting and Handling Illegal, Unethical or Dishonest Behavior" and regularly reports to the Board of Directors on the implementation every year.. For the year 2023, the implementation of the rules and provisions were reported to the Board of Directors on December 20, 2023 and disclosed on the Company's website.	None
Implementing ethical management	Does the company assess the history of the ethical conduct of the counterparty and incorporate the terms of ethical conduct in the contract with the counterparty?	√		The Company sticks to the commitment to fa irness and transparency when engaging in bu siness activities. Before entering into a partne rship, we will carefully investigate the counte rparty to avoid cooperating with a company engaging in dishonest activities. When entering into a commercial contract wi th the counterparty, the terms and conditions will be reviewed by the legal unit to avoid c ooperating with a company engaging in disho nest activities. For the course for employees on ethical management, please refer to page 65 of this annual report. The Company's suppliers are required to sign the "Social Responsibility, Probity and Integ rity Commitment". If the supplier violates its commitment of ethical conduct, it will be su bject to a penalty for the bribery and improp er benefit, and, in this case, the Company ha s the right to terminate, suspend or cancel th e transaction at its sole discretion.	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	Does the Company set up a unit subordinate to the Board of Directors and dedicated to facilitating and monitoring the implementation of ethical management, and the unit is required to report to the Board of Directors regularly (at least once a year) on the implementation of ethical management policy and dishonesty prevention plan?	√		The Company's Enterprise Sustainability Committee is responsible for the implementation of ethical management, and an audit office subordinate to the Board of Directors is established to detect the internal and external violations. Serious violations will be reported to the Board of Directors in accordance with relevant laws and procedures. The implementation will be reported to the Board of Directors once a year (during the fourth quarter). For the year 2023, the implementation was reported to the Board of Directors on December 20, 2023.	None
	Does the Company formulate and implement policies to prevent conflicts of interest and build accessible communication channels?	√		The internal regulations and employee code of conduct is disclosed on the Company's internal website, and the staff will be notified of any revision. Externally, a stakeholder area is set aside on the website of the Company (https://www.gpmcorp.com.tw/enterprise_stakeholder_contact.php).	None
Implementing ethical management	Does the Company establish an effective accounting system and internal control system for the implementation of ethical management, and the internal audit unit formulates relevant audit plans based on the results of the risk assessment of dishonesty, and, according to the plans, carries out the audit of the compliance with the procedures or appoints an accountant to do so?	√		The company has established an internal control system, detailed rules of internal audit, accounting system, and various management regulations, the above-mentioned regulations are implemented and help the Company to attain ethical management. A report produced by the annual internal audit of implementation will be delivered to each independent director before the end of the following month, and the results will be regularly reported to the Audit Committee and the Board of Directors.	None

Evaluation Item		Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
		Yes	No	Brief Description	
	Does the Company regularly carry out internal and external education and training on ethical management?	√		The Company regularly carries out relevant education and training of ethical management. In 2023, the Company carried out relevant internal and external education and training of ethical management for employees (including courses on laws and regulations of ethical management, legal practice, advanced financial management, laws and regulations of insider trading and returning rights, accounting system, and internal control). The total class hours and number of participants of the course are 387 students and 598 class hours respectively. Relevant operating procedures and guidelines have been published on the company's internal website.	None
Implemention of the reporting system of the Company	Does the Company establish a specific reporting and reward system and accessible reporting channels, as well as assign appropriate personnel to investigate the alleged perpetrator?	√		The Company has formulated the "Regulations for Handling the Reported Illegal and Unethical or Dishonest Behaviors" established reporting and complaint channels, such as reporting hotline and e-mail address and related disciplinary measures. The channels will be regularly reviewed and revised in order to enable effective and full communication of and quick response to the issues, and promptly assign appropriate personnel to investigate the alleged perpetrator.	None
	Does the Company establish the standard operating procedures for the investigation of alleged violations, the follow-up measures to be taken after the investigation, and the relevant confidentiality mechanism?	√		The Company has formulated the reporting procedures and provided a "complaint channel for violation of professional ethics" and an address on the Company's website for reporting the violations. The identity of the informer and content of the report will be treated as strictly confidential. The investigation results will be provided through E-mail.	None
	Does the Company take measures to protect the informer from improper treatment or reprisal?	√		The Company is responsible for the confidentiality of the informer and has taken measures to informer from improper treatment or reprisal.	None
Enhance information disclosure Does the Company disclose the content of the "Rules of Ethical Corporate Management" and information about the implementation on the website and the web page of the Market Observation Post System?		√		The "Rules of Ethical Corporate Management" of the Company has been uploaded to the web page of the Market Observation Post System and disclosed on the Company's website https://www.gpmcorp.com.tw/enterprise_honesty.php	None

Evaluation Item	Implementation Status			Reasons for the Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
	Yes	No	Brief Description	
If the Company has formulated its code of ethical corporate management based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please specify the implementation and its deviations from the official requirements: The Company acts in compliance with the domestic laws and regulations and requests the employees to comply with relevant internal regulations. The implementation of ethical management is grounded on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".				
Other important information that helps to understand the implementation of ethical management : (such as reviewing and revising the code of ethical management): 1. The Company has established the "Procedures for Handling Internal Material Information Preventing Insider Trading" to stipulate that, a natural person designated as the proxy according to Article 27 of the Company Act to exercise the directors and managers' duties and other persons exposed to material information due to his/her identity, occupation or control relationship, shall be loyal and on good faith and trust, and exercise the due care of a good administrator when conducting the business operation as well as sign a non-disclosure agreement. Directors, managers, and employees exposed to the Company's internal material information shall not reveal any information to the third party. 2. The Company's certifying accounting firm is PricewaterhouseCoopers Taiwan. The accountant does not serve as a director of the Company and maintains both professional and independence, which is reviewed by the Audit Committee and the Board of Directors every year and supported by a "Declaration of Independence" and "Audit Quality Indicators (AQIs)" presented be the accountant; the accountant is responsible for regularly auditing each major cycles and internal controls, and providing advice on the internal controls and accounting matters. 3. The Company's suppliers are required to sign the "Social Responsibility, Probity and Integrity Commitment" to specify its commitment concerning the working condition, morality and environment, such as anti-discrimination, prohibiting from hiring child labor, sticking to high moral standards, being prudent when handling the personal data of customers, protecting intellectual property rights, stating the metals used in the products or components are not banned by the procedures and standards for conflict minerals and waste management. If any violations, the supplier will be subject to a penalty for the bribery and improper benefit, and, in this case, the Company has the right to terminate, suspend or cancel the transaction at its sole discretion.				

4.7 More detailed information on corporate governance guidelines and regulations:

The Company established GPM's "Corporate Governance Practice", please go to MOPS (http://mops.twse.com.tw/mops/web/index) or the Company's website (https://www.gpmcorp.com.tw/about_governance_regulations.php)

4.8 Other Important Corporate Governance Information

The Company established "Handling of Internal Material Information and Prevention of Insider Trading Management Procedure" as a reference for handling of material information and disclosure. Depending on situation, the above procedure is subject to review from time to time in matching current laws and management needs. This procedure is also available in the internal document management system for managers and employees.

4.9 Internal Control System Execution Status

4.9.1 Statement of Internal Control System

Gallant Precision Machining Co., Ltd.

Statement of Internal Control System

Date: February 27, 2024

Gallant Precision Machining Co., Ltd. has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31, 2023, and hereby declares the following:

1. The Company acknowledges and understands that the establishment, enforcement, and preservation of internal control systems are the responsibility of the Board and that the managers and the Company have already established such systems. The purpose is to reasonably ensure the effectiveness (including profitability, performance, and security of assets), the reliability, timeliness, transparency of financial reporting, and legal and regulation compliance.

2. Internal control systems have limitations, no matter how perfectly they are designed. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls systems. The internal control systems of the Company feature certain self-monitoring mechanisms.
   The company will take immediate corrective actions once any shortcomings are identified.

3. The Company judges the effectiveness of the internal control systems in design and enforcement according to the “Criteria for the Establishment of Internal Control Systems of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control systems. There are five components for effective internal control as specified by the Criteria with which the procedures for effective internal controls are composed: (1) Control environment, (2) Risk evaluation, (3) Control operation, (4) Information and communication, and (5) Monitoring. Each of the elements in turn contains certain audit items, and the Criteria shall be referred to for details.

4. The Company has adopted the aforementioned internal control systems for an internal assessment of the effectiveness of internal control design and enforcement.

5. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.

6. This statement of declaration shall form an integral part of the annual report and prospectus of the Company and shall be made public. If there is any fraud, concealment, or unlawful practices discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, 32, 171, and 174 of the Securities and Exchanges Act.

7. This statement of declaration has been approved by the Board on February 27, 2024 with all Directors in session under unanimous consent.

Gallant Precision Machining Co., Ltd.



Jason Chen
Chairman



Jason Chen
President

4.9.2 If CPA was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

4.10 In the most recent year and up to the date of publication of the annual report, for the penalties imposed on the Company and its internal personnel for violating the laws, the penalties imposed by the Company on its internal personnel for non-compliance with the internal control program, to the extent that the penalty may have a significant impact on the equity of shareholders or the price of securities, the content, the items of major non-compliances and the improvements made for the non-compliance shall be specified.: None.

4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

Meeting Title	Meeting Date	Important Resolutions and Implementation
Shareholders' Meeting	2023.06.19	**Important Resolution:** 1. Acknowledged the business report and financial statements in 2022. 2. Acknowledged the proposal for the distribution of 2022 earnings.. 3. Passed the amendment to the Articles of Incorporation. 4. Passed the election of the sixteenth session of the directors. 5. Passed the cancellation of the non-competition terms against the new directors and their epresentatives. **Implementation:** 1. On May 3, 2023, the Board of Directors decided to set June 26, 2023 as the base date of ex-dividend. The cash dividend of surplus distribution (NT $1.8 per share) were paid to shareholders on July 10, 2023. The amount of distribution is not different from the resolution of shareholders at the general meeting. 2. The amendments to the Articles of Association of the Company was approved and registered in the letter No. 1120021489 of Hsinchu Science and Industry Park Administration of the Ministry of Science and Technology on July 3, 2023.

Name of meeting	Date of meeting	Important Resolutions
Board of Directors	2023.02.22	1. Passed the effectiveness assessment and declaration of internal control system of the Company in 2022. 2. Passed the submitted deliberation through the distribution of employees' remuneration and directors' remuneration in 2022. 3. Passed the 2022 annual financial report. 4. Passed the 2022 business report of the Company. 5. Passed the 2022 Annual Earnings Distribution Proposal. 6. Passed the securities investment increase plan. 7. Passed the amendment to the Articles of Association of the Company. 8. Passed the election of the sixteenth session of the directors. 9. Passed the relevant matters of convening the 2023 Annual General Meeting and accept the relevant contents of shareholders' proposals.
Board of Directors	2023.05.03	1. To report the consolidated financial report of the company in the Frist quarter of 2023 and the communication between accountants and corporate governance units. 2. Passed the acquisition of equity in Gallant Precision Intelligence Technology Co., Ltd. by Gallant Precision Industries(SuZhou) Co., Ltd. a subsidiary in mainland China. 3. Passed the list of candidates for directors (independent directors) nominated by the board of directors and shareholders. 4. Passed the lifting of non-compete restrictions on newly appointed directors and their representatives of the company. 5. Passed the relevant matters of cash dividend benchmark date of the Company in 2023.
Board of Directors	2023.06.19	1. Passed the election of the Chairman of the Board of Directors of the company. 2. Passed the election of the Vice Chairman of the Board of Directors of the company.
Board of Directors	2023.06.29	1. Passed the appointment of members of the fifth-term Compensation Committee. 2. Passed the underwriting of subordinated corporate bonds of Fubon Life Insurance Co., Ltd.
Board of Directors	2023.07.07	1. Passed the distribution of directors' remuneration and managers' employees' remuneration of the Company in 2022. 2. Passed the salary adjustment case of the Company in 2023. 3. Passed the amendment to the "Directors' Remuneration and Compensation Regulations" of the company.

Name of meeting	Date of meeting	Important Resolutions
Board of Directors	2023.08.09	1. Passed the consolidated financial report of the company in the second quarter of 2023 and the communication between accountants and corporate governance units.
Board of Directors	2023.11.07	1. Passed the consolidated financial report of the company in the third quarter of 2023 and the communication between accountants and corporate governance units 2. Passed the provided endorsement guarantee for the subsidiary "Apex-I International Co., Ltd.". 3. Passed the amendment to the "Operating Procedures for Related Party Transactions." 4. Passed the amendment to the "Procedures for Selecting and Reviewing Appointed Accountants."
Board of Directors	2023.12.20	1. Passed the Company's 2024 audit plan. 2. Passed the Company's 2024 annual budget. 3. Passed the approval of the assessment of the independence and suitability of accountants (including AQIs indicators) and appointment. 4. Resolution to lift the non-compete restrictions on directors and their representatives of the company. 5. Passed the approval of the company's investment in securities.
Board of Directors	2024.01.16	1. Passed the 2023 year-end bonus distribution of managers of the Company. 2. Passed the approval of the amendment to the budget for 2024.
Board of Directors	2024.02.27	1. Passed the effectiveness assessment and declaration of internal control system of the Company in 2023. 2. Passed the submitted deliberation through the distribution of employees' remuneration and directors' remuneration in 2023. 3. Proposal to review and approve the salary adjustment for managerial personnel changes in the company. 4. Passed the 2023 annual financial report. 5. Passed the 2023 business report of the Company. 6. Passed the 2023 Annual Earnings Distribution Proposal. 7. Passed the securities investment increase plan adopted. 8. Proposal to issue restricted employee stock rights to employees, subject to shareholder approval. 9. Proposal to issue the 1st round of employee stock options for 2024, along with the issuance and subscription methods, subject to shareholder approval. 10. Passed the relevant matters of convening the 2024 Annual General Meeting and accept the relevant contents of shareholders' proposals.

4.12 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

4.13 Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D during the 2023 Calendar Year and as of the Date of this Annual Report: None.

5. Information Regarding GPM's Independent Auditors Report

Unit: NT$ thousands

Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee	Total	Remark
PricewaterhouseCoopers Taiwan	Wu, Wei-Hao	2023.01.01~2023.12.31	2,200	90	2,290	
	TSAI-YEN CHIANG	2023.01.01~2023.12.31				

Note 1: Audit remuneration is the amount paid by the Company to the contracted accountant for the audit of the annual financial statements and quarterly consolidated statements, the disclosure of IFRSs notes, the audit of income tax of profit-making undertakings and the review of the transfer valuation report.

Note 2: "Other" means consultation or study on Corporate Act or Securities and Exchange Act and integrated income tax system related service.

5.1 Non-audit fee paid to auditors, the audit firm and its affiliates accounted for more than one-fourth of total audit fee: None.

5.2 Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: Not applicable.

5.3 Audit fee reduced more than 15% year over year: None.

6. CPA's information

6.1 Former CPAs

Date of Change	January 1, 2023		
Reasons and Explanation of Changes	Due to its internal personal changes, PricewaterhouseCoopers Taiwan updated the audit partners for GPM from LI TIEN YI and TSAI-YEN CHIANG to Wu, Wei-Hao and TSAI-YEN CHIANG in 2023.		
State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Client / Status	CPA	Consignor
	Appointment terminated automatically	Not available	
	Appointment rejected (discontinued)		
The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions (Note)	None		
Is there any Disagreement in Opinion with the Issuer	Yes		Accounting principle or practice
			Disclosure of financial statements
			Auditing scope or procedures
			Others
	No	V	
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

6.2 Successor CPAs

Accounting Firm	PricewaterhouseCoopers Taiwan
Name of CPA	Wu, Wei-Hao、TSAI-YEN CHIANG
Date of Engagement	January 1, 2023
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	Not available
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	Not available

6.3 The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

7. Changes in Shareholding of Directors, Managers and Major Shareholders

GPM's Chairman, Directors, Chief Executive Officer, Chief Financial Officer, and Managers in Charge of Its Finance and Accounting Operations did not Hold any Positions within GPM's Independent Audit Firm or Its Affiliates in the Most Recent Year.

8. Net Changes in Shareholding

8.1 Net Change in shareholdings and in shares pledged by directors, supervisors, anagement, and shareholders holding more than a 10% share in the Company

Unit: Shares

Title	Name	2023		Jan. 1 to March 31, 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Junpeng Investment Co., LTD.	0	500,000	0	0
	Representative: Jason Chen	(85,000)	(500,000)	0	0
Director	C SUN MFG. LTD.	0	0	0	0
	Representative: FRANK, LIANG	0	0	0	0
Director	Hsu, Hung-Ming	0	0	0	0
Independent Director	MA, CHIEN-YUNG	0	0	0	0
Independent Director	Lo, Wei	0	0	0	0
Independent Director	Chen, Yi-Mei	0	0	0	0
Independent Director	TSANG, KWOK-AH	0	0	0	0
Deputy President	Mufa Chien	0	0	0	0
Deputy President	H.M. Lee	0	0	0	0
Associate Vice President	Roger Lin	0	0	(9,000)	0
Associate Vice President	Chen- Shun Hsu	0	0	0	0
Associate Vice President	Shu-Sheng Chang	0	0	0	0
Chief Financial Officer	Chia-Ju Tseng	0	0	0	0

8.2 Stock Trade with Related Party：

Name	Reason of the Transfer	Transfer Date	Transferee	Relation with the Transferee	Shares	Transfer Price
Jason Chen	donate	2023.05.03	CHEN, JUI-HSIANG	Child	85,000	Not applicable
Wu Li-jun	donate	2023.05.03	CHEN, JUI-TU	Child	85,000	Not applicable

8.3 Stock Pledge with Related Party：None.

9. Top Ten Shareholders who are related parties to each other

As of April 20, 2024. Unit: Shares / %

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Re-marks
	Shares	%	Shares	%	Shares	%	Name	Relation	
C SUN MFG. LTD.	44,758,827	27.10%	—	—	—	—	None	None	
C SUN MFG. LTD. Representative: Mao-Sheng Liang	0	0%	—	—	—	—	None	None	
Micronics Japan Co., LTD Investment Account in Custody of Mega Bank	2,712,000	1.64%	—	—	—	—	None	None	
Standard Chartered Custody Mizuho Securities Co., Ltd.	2,516,000	1.52%					None	None	
Treasury stock account of Gallant Precision Machining Co., Ltd	1,674,000	1.01%	—	—	—	—	None	None	
Citi custodian investment account of Berkeley Capital Securities Co., Ltd.	1,356,000	0.82%					None	None	
Jason Chen	1,035,146	0.63%	15,000	0.01%	500,000	0.3%	None	None	
Zeng, Jun-sheng	910,000	0.55%					None	None	
Mega International Commercial Bank	906,118	0.55%	—	—	—	—	None	None	
Mega International Commercial Bank Representative: Lei Zhongda	Unable to obtain data								
Zhang, Ri-chun	893,000	0.54%	—	—	—	—	None	None	
Lin, Shi-shu	708,000	0.43%	—	—	—	—	None	None	

10. Long-Term Investment Ownership

As of March 31, 2024. Unit: Shares / %

Long-Term Investments	Investments by GPM (1)		Investments Directly or Indirectly Controlled by Directors, Supervisors, and Managers of GPM (2)		Total Investment (1) + (2)	
	Shares	Portion	Shares	Portion	Shares	Portion
Gallant-Rapid Corporation Limited	13,560,000	100	0	0	13,560,000	100
APEX-I INTERNATIONAL CO., LTD.	6,600,000	100	0	0	6,600,000	100
Gallant Micro. Machining Co., LTD.	16,171,750	57.19	532,000	1.88	16,703,750	59.07
OPXION Technology Inc.	8,750,000	23.49	0	0	8,750,000	23.49

IV. Capital and Shares

1. Capital and Shares

1.1 Capitalization

As of March 31, 2024

Month/ Year	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Date of Approval & Approval Document No.
06/2015	10	250,000,000	2,500,000,000	165,136,144	1,651,361,440	Capital Reduction and Cancellation of Treasury Shares: 50,000,000	None	06/29/2015 Chu-Shang-Tzu No. 1040022199

Capital and Shares

Unit: Share

As of March 31, 2024

Type of Stock	Authorized Share Capital			Remark
	Outstanding	Un-Issued Shares	Total	
Common Stock	165,136,144	84,863,856	250,000,000	Listed on Taipei Exchange.

Shelf Registration: None.

1.2 Composition of Shareholders

Common Share

As of April 20, 2024 (last record date)

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	—	1	203	49,734	86	50,024
Shareholding	—	906,118	48,410,363	104,558,749	11,260,914	165,136,144
Holding Percentage (%)	—	0.549%	29.315%	63.317%	6.819%	100%

1.3 Distribution Profile of Share Ownership

1.3.1 Common Share

As of April 20 ,2024 (last record date) ；Unit: shares / %

Shareholder Ownership (Unit:	Number of Shareholders	Ownership	Ownership (%)
1 ~ 999	28,131	1,317,986	0.798
1,000 ~ 5,000	18,434	35,139,315	21.279
5,001 ~ 10,000	1,944	15,772,434	9.551
10,001 ~ 15,000	550	7,100,033	4.3
15,001 ~ 20,000	344	6,386,275	3.867
20,001 ~ 30,000	241	6,133,116	3.714

Shareholder Ownership (Unit:	Number of Shareholders	Ownership	Ownership (%)
30,001 ~40,000	104	3,799,032	2.301
40,001 ~50,000	68	3,136,701	1.899
50,001 ~ 100,000	100	6,976,658	4.225
100,001 ~ 200,000	57	7,961,541	4.821
200,001 ~ 400,000	29	7,527,515	4.558
400,001 ~ 600,000	8	3,677,447	2.227
600,001 ~ 800,000	5	3,447,000	2.087
800,001 ~ 1,000,000	3	2,709,118	1.641
Over 1,000,001	6	54,051,973	32.732
Total	50,024	165,136,144	100

1.3.2 Preferred Share: None.

1.4 Major Shareholders

Common Share As of April 20 ,2024 (last record date) ；Unit: shares / %

Top 10 Shareholders	Total Shares Owned	Ownership (%)
C SUN MFG. LTD.	44,758,827	27.10%
Micronics Japan Co., LTD Investment Account in Custody of Mega Bank	2,712,000	1.64%
Standard Chartered Custody Mizuho Securities Co., Ltd.	2,516,000	1.52%
Treasury stock account of Gallant Precision Machining Co., Ltd	1,674,000	1.01%
Citi custodian investment account of Berkeley Capital Securities Co., Ltd.	1,356,000	0.82%
Jason Chen	1,035,146	0.63%
Zeng, Jun-sheng	910,000	0.55%
Mega International Commercial Bank	906,118	0.55%
Zhang, Ri-chun	893,000	0.54%
Lin, Shi-shu	708,000	0.43%

1.5 Market Price, Net Worth, Earnings, Dividends per Common Share

Unit: NT$ / Thousand shares

Item		2022	2023	Jan. 1 to March 31, 2024
Market Price Per Share (Note1)	Highest Market Price	35	37.55	61.3
	Lowest Market Price	23.05	27.5	30.05
	Average Market Price	28.46	30.3	43.86
Net Worth Per Share	Before Distribution	16	19.21	—
	After Distribution	14.22	18.03(Note 6)	—

Item			2022	2023	Jan. 1 to March 31, 2024
Earnings Per Share	Weighted Average Shares (thousand shares)		161,751	163,462	163,462
	Diluted Earnings Per Share		2.41	1.25	—
Dividends Per Share	Cash Dividends		1.8	12 (Note 5)	—
	Stock Dividend	Surplus allotment	—	—	—
		Capital reserve allotment	—	—	—
	Accumulated Undistributed Dividend		—	—	—
Return on Investment	Price/Earnings Ratio (Note 2)		11.81	24.24	—
	Price/Dividend Ratio (Note 3)		15.81	25.25	—
	Cash Dividend Yield (Note 4)		6.32	3.96	—

Note 1: Referred to TWSE website
Note 2: Price/Earnings Ratio = Average Market Price/Diluted Earnings Per Share
Note 3: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share
Note 4: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price
Note 5: Distribution of cash dividend at NT $1.2 per share is resolved by the Board of Directors.
Note 6: It is the amount resolved by the Board of Directors on February 27, 2024.

1.6 Dividend Policy and Distribution of Earnings

1.6.1 Dividend Policy：

Article 30-1 of the Company's Articles of Incorporation:

No lower than 1% and no higher than 12% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any).

The profit distributable as employees' compensation can be in the form of shares or in cash. The recipient can include the qualified employees from subsidiaries.

The profit for the year referred in the first item means earnings before tax and employees' and Directors' compensation.

Article 31 of the Company's Articles of Incorporation:

If there is a surplus after the current year's accounts, the Company shall pay the tax according to law and make up for the accumulated loss in the previous years, then appropriate 10% of the balance as the statutory surplus reserve. However, if the statutory surplus reserve has reached the total amount of paid-in capital of the Company, then this requirement does not apply.

The Company may, in accordance with its business requirements and the provisions of the laws and regulations, appropriate or reverse a special surplus reserve. The Board of Directors shall draft is authorized to draft an appropriation plan for a resolution in the Shareholders' Meeting.

The ratio for cash dividend shall not lower than 10% of total distribution.

Article 31 of the Company's Articles of Incorporation:

The Board of Directors of the Company may, by a resolution approved by majority of the directors present at a meeting attended by more than two thirds of the directors currently in service, distribute stock dividend or legal surplus and capital reserve in cash, wholly or partly, and report it to the meeting of shareholders.

Articles of Incorporation of the Company does not clearly stated the dividend distribution ratio. However, taking into account the capital requirement, long-term financial planning and shareholders' interest, Board of Directors is authorized to draft an appropriation plan and submit the plan for a resolution in the Shareholders' Meeting.

The status of Shareholders' Meeting on approving the proposal for the distribution of 2023 earnings: The Company's 2023 earnings distribution plan approved by the Board of Directors on February 27, 2024 proposes to distribute a cash dividend of NT$ 1.2 per share. The total amount is NT$ 196,155 thousands; it will be handled per related regulations.

1.6.2 Description shall be given when expecting a major change in dividend policy:

Not applicable.

1.7 Impact to 2023 Business Performance and EPS Resulting from Stock Dividend Distribution:

Not applicable.

1.8 Compensation to Directors and Profit Sharing Bonus to Employees：

1.8.1 Employees' Compensation and Remuneration to Directors and Supervisors as Stated in the Articles of Incorporation

Article 30-1 of the Company's Articles of Incorporation:

No lower than 1% and no higher than 12% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered (if any).

The profit distributable as employees' compensation can be in the form of shares or in cash. The recipient can include the qualified employees from subsidiaries.

The profit for the year referred to in the first paragraph means earnings before tax and employees' and Directors' compensation.

1.8.2 The estimated employees' compensation and remuneration to Directors and Supervisors, the calculation basis for remuneration to employees, Directors and Supervisors in the form of stocks, and Accounting treatment for any gap between estimated amounts and actual distribution resolved by the Board of Directors:

The Company accrued employees' compensation and remuneration to Directors and Supervisors based on profit of current year minus accumulated loss while the remunerations to directors and supervisors were estimated based on GPM's Articles of Incorporation. The estimated employees' bonuses and remunerations to directors and supervisors were booked as operating cost or operating expense. If stock bonuses are resolved for distribution to employees, the number of shares distributed is determined by dividing the amount of bonuses by the closing price of shares on the day preceding the shareholders' meeting. If there is difference between estimation and actual distribution, it will be treated as change of accounting estimate. The adjustment will be made at the year of distribution.

1.8.3. Profit Distribution of Year 2023 Approved in Board of Directors Meeting for Employee Bonus and Directors' Remuneration：

1. 2023 Directors' Compensation and Employees' Profit Sharing Bonus

Distribution Items	Board Resolution (February 27, 2024)
	Amount (NT$)
Directors' Compensation (Cash)	5,296,750
Employee's Profit Sharing Bonus (Cash)	19,865,063
Total	25,161,813

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2. Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings：Not applicable.

1.8.4 2022 Directors' Compensation and Employees' Profit Sharing Bonus

Distribution Items	Amount (NT$)
Directors' Compensation (Cash)	10,155,435
Employee's Profit Sharing Bonus (Cash)	59,917,066
Total	70,072,501

1.9 Buyback of Common Stock:

As of March 31, 2024

Instance	13th Batch
Purpose	Transfer to employee
Buyback Period	2020/03/25~2020/05/22
Price Range(NT$)	NT $16.92~19.7
Type and Volume (shares) of the Repurchased shares	Common Stock 6,000,000 shares
Amounts of the Repurchased share (NT$ thousands)	108,425
The ratio of the Repurchased Shares to the Planned Buyback Shares (%)	100
Cancelled and Transferred Shares	Common Stock 4,326,000 shares
Cumulated holding Volume (shares)	Common Stock 1,674,000 shares
The ratio of the Cumulated holding Volume to the total issued shares(%)	1.01

2. Issuance of Corporate Bonds：None.

3. Preferred Shares：None.

4. Issuance of GDR/ADR：None.

5. Status of Employee Stock Option Plan：

5.1 Issuance of Employee Stock Options:

Not applicable.

5.2 Employee Stock Options Granted to Management Team and to Top 10 Employees:

Not applicable.

6. Status of New Employees Restricted Stock：

6.1 Status of Employee Restricted Stock: None

6.2 Employee Restricted Stock Granted to Management Team and to Top 10 Employees:

None.

7. Status of New Share Issuance in Connection with Mergers and Acquisitions：

GPM neither issued new shares in connection with mergers or acquisitions during 2023, nor as of the date of this annual report.

8. Funding Plans and Implementation: Not applicable.

V. Operational Highlights

1. Business Activities

1.1 Business Scope

1.1.1 Main business content

- CQ01010 Die Manufacturing (restricted to area outside the Science Park)
- F106030 Wholesale of Die (restricted to area outside the Science Park)
- F113010 Wholesale of Machinery (restricted to area outside the Science Park)
- CC01080 Electronic Parts and Components Manufacturing (restricted to area outside the Science Park)
- F401010 International Trade
- CB01010 Machinery and Equipment Manufacturing
- CE01010 Precision Instruments Manufacturing
- CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
- CF01011 Medical Materials and Equipment Manufacturing
- F208031 Retail sale of Medical Equipments
- F108031 Wholesale of Drugs, Medical Goods
- D101060 Self-usage power generation equipment utilizing renewable energy Industry
- E601010 Electric Appliance Construction
- E601020 Electric Appliance Installation
- EZ05010 Apparatus Installation Construction

Research, development, design, manufacturing, and sale of the following items：

(1) IC Packaging Front End Equipment：IC Bonding Machine、IC Wire Bonder

(2) Flip Chip Process Equipment：Flip Chip Bonder、Glue Spreading Machine、Die Sorter

(3) Semiconductor Packaging Process and Testing Equipment

(4) Semiconductor Failure Analysis Testing Equipment

(5) FPD Processing and Testing Equipment

(6) Intelligent Total Solutions and Equipment

(7) Other import and export business of related products

1.1.2 Revenue Mix(2023)

Product	Operating Percentage (%)
Display Process Equipment	21.80%
Semiconductor Process Equipment	61.01%
Intelligent Automation Equipment	0.05%
Others	17.14%
Total	100.00%

1.1.3 Products Currently Offered by GPM

(1) FT-LCD / OLED / Flexible OLED Display Process Equipment:

A. Array Process Equipment

-TEG Prober

-Array Tester

-Array Cleaner

-Array Wet etching

B. Cell Process Equipment

-Edge Grinding Machine

-Cell Tester

-Polarizer Attachment machine

-In- process Cleaner

-Glasses Thinner Process Defect Inspection Machine

C. Module Process Equipment
-Edge /Plasma Cleaner
-Excimer UV Cleaner

D. Inspection Process Equipment
-Panel Surface Inspection
-Burr Checker System

E. Automation Equipment
-G4.5 / G5 / G6 / G7.5 / G8.5/G10.5 Cassette Station
-Loader / Unloader & Automation for Cell Area
-Dense Packer / Unpacker C/V, Buffer etc.
-Automation for Production Line

(2) Semiconductor Failure Analysis Testing Equipment：
A. Picosecond Image for Circuit Analysis Equipment

(3) Semiconductor Process Equipment
A. Precision Machining and Precision Mold
(A) Trim / Form System
(B) Auto Molding System
(C) Trim / Form System
(D) IC Substrate Punch System
(E) Mold for Auto Sealing Machine
(F) Die Set /kit for Trim / Form System
(G) Fully Auto Panel Molding System
(H) FC Bump Coin Lamination Equipment

B. Precision Pick and Place
(A) Grain Pick / Place Machine
(B) IC Bonding Machine
(C) IC Die Multi-face Inspection and Sorting Machine
(D) Heat Sink Covering Machine

C. Laser
(A) Laser Marking Machine

D. Precision Grinding
(A) Substrate Grinder
(B) Strip Grinder
(C) Panel Grinder

E. Wet Chemical Process
(A) Batch Etcher
(B) Batch Striper
(C) Batch Developer
(D) Batch Cleaner

(4) Semiconductor Inspection Equipment
A. Wafer Surface Defect Inspection machine
B. White Light Interference Measurement System for Wafer 3D Topography and Size

(5) Intelligent Manufacture Total Solutions and Equipment

A. Intelligent Logistics System

B. Process Automation Equipment

C. Solar Cell Automation Handling System

D. Lithium Iron Battery Core Seal Welding and Lamination Device

E. Intelligent Diagnosis and Preventive Maintenance System

F .Robot Handling and Machining System

G. Intelligent Factory Integration Service

1.1.4 New Product (Service) in Planning

The GPM Group are planning to develop the following new product (service):

	Product
R&D Project (Technology)	● Wafer 2D+3D AOI
	● Wafer Inner defect Inspection
	● Glass Substrate Grinder
	● Smart logistics vehicle dispatch simulation analysis system
	● Wafer & Reel to Wafer & Reel Inspection Sorter
	● Wafer PBI System
	● High Accuracy Larger Panel O/S Tester for 64K
	● Substrate Automatic Tester
	● High Speed Electrical measurement system
	● High Throughput and High Accuracy Fully Automatic Fan-Out Die Bonder
	● High Throughput and High Accuracy Fully Automatic Flip Chip Die Bonder
	● SoIC Die Bonder

1.2 Industry Outlook

1. Current situation and development of industry: The Company is a manufacturer of process and testing automation equipment in the electronics industry, and will mainly focus on FPD industry, semiconductor industry and intelligent automation industry in 2023, as follows:

(1) FPD equipment industry

Starting in Q1 of 2020, the sudden spread of the COVID-19 pandemic severely impacted the global economy. The virus initially ravaged China and South Korea, affecting panel production. Simultaneously, South Korean manufacturers continued to reduce LCD production, and the logistics supply chain for upstream materials, ICs, and components was disrupted. In contrast, Taiwanese panel manufacturers had their front-end production lines in Taiwan, where the supply chain for upstream materials, ICs, and key components was complete. Moreover, the government's effective pandemic control measures benefited Taiwanese companies, enabling them to secure orders from major brands seeking to diversify their supply chains. Consequently, the global panel industry

saw an increase in demand, leading to a surge in production and profitability in 2020 and 2021. Reflecting on 2022, the earlier pandemic-driven surge in remote work and education led to a frontloaded demand and a subsequent slowdown in 2022. This resulted in elevated panel inventory levels and decreased production capacity.

As we moved into 2023, the global economy continued to face significant challenges. The Russia-Ukraine war early in the year disrupted the supply of oil and natural gas, causing energy prices to soar worldwide. This led to inflation, prompting the US Federal Reserve to raise interest rates repeatedly, which resulted in a rapid appreciation of the US dollar and rising prices in many countries, causing a global economic slowdown. Additionally, in October 2023, the severe military conflict between Israel and Hamas in Palestine, along with the recent attacks on merchant ships in the Red Sea, further disrupted global supply chain logistics and increased geopolitical risks. Due to these factors, the panel industry faced weakened demand in 2023, constrained by the global economic slowdown and inventory adjustments. Looking ahead to 2024, it is expected that inventory levels will gradually bottom out. The growth of generative AI applications is anticipated to drive demand for AI PCs and AI smartphones, spurring new product launches and upgrades. The Paris Olympics and the FIFA World Cup in the summer of 2024 are also expected to boost sales of TV and audio-visual products. Overall, the growth forecast for 2024 suggests a gradual recovery in the first quarter, with a cautiously optimistic outlook for the remainder of the year.

According to DIGITIMES, 2022 was a challenging year for the panel industry. Entering 2023, the industry is gradually leaning towards a pattern of a sluggish first half and a robust second half. However, overall economic conditions remain the biggest variable affecting the panel industry. To adjust to post-pandemic inventory levels, the LCD panel industry has experienced significant fluctuations over the past two years. After a substantial reduction in capacity utilization in the peak season of Q3 2022, utilization rates rebounded significantly, reaching over 80% by Q3 2023. The prices of LCD TV panels also rebounded from the end of Q1 2023 to a peak in Q3 2023, driven by significant production cuts by panel manufacturers.

However, in Q4, after the peak season inventory buildup and early restocking by brands taking advantage of low panel prices, actual sales momentum weakened due to broader economic impacts in 2023. Consequently, the average capacity utilization rate for panel manufacturers dropped back to around 70% in Q4.

Looking ahead to 2024, the panel industry remains cautiously optimistic. Major sporting events are expected to boost TV sales, and the development of AI PCs is anticipated to drive IT panel demand. Additionally, adjustments in capacity and production lines within the panel industry play a crucial role. These three key factors are expected to stimulate a recovery in the panel industry in 2024.

As the industry enters the off-season, major Chinese manufacturers like BOE, TCL, and HKC have gradually reduced production. This led to a drop in average production line utilization rates to about 70% in Q4 2023, with further reductions expected in Q1 2024, potentially falling to 60%.

Although the rapid decline in production line utilization rates adversely affects short-term operations for panel manufacturers, it helps stabilize prices sooner, facilitating a soft landing for the panel market cycle. The industry expects that, in addition to production cuts, panel manufacturers might further reduce output through maintenance shutdowns and encouraging employee vacations around the Lunar New

Year. This strategy is anticipated to bottom out panel prices by the end of Q1 2024, with a potential rebound starting in Q2.

In addition to panel factory production reductions, in recent years, there have been reports of production stoppages, plant closures, and line consolidations in the global panel industry. Among these, Korean panel manufacturers have been particularly decisive in shutting down LCD production lines. Samsung Display has completely exited the LCD industry, and LG Display's LCD panel capacity is also dwindling. Taiwanese panel manufacturers, including AUO and InnoLux, are also actively revitalizing assets and promoting lean management, continuously adjusting their product lines.

Mainly, panel manufacturers continue to promote smart manufacturing while extending the value chain and strengthening system integration design and manufacturing. As panel manufacturers actively drive transformation, many unprofitable product lines and module factories are facing downsizing, adjustment, or closure.

However, from another perspective, as global panel factories continue to halt production, shut down plants, and adjust, coupled with the trend of fewer new LCD panel factories being built, overall capacity is expected to further decrease. According to Omdia, while the demand for panels is expected to grow by 8% in 2024, the annual capacity growth rate is only 1.6%, indicating an improvement in the supply-demand situation for panels in 2024.

AUO Chairman Paul Peng mentioned that the panel industry's downturn had bottomed out in the first half of 2023. Recent changes in industry conditions and capacity utilization rates are merely seasonal adjustments, and the overall panel industry is heading towards a healthier direction.

Mainly, Chinese panel manufacturers have learned that producing too many panels will only result in excess inventory and severe losses due to price competition. As excessive production serves little purpose, Chinese panel manufacturers have learned to adjust capacity utilization rates according to demand, and most companies have responded quickly. This will help stabilize the overall order of the panel industry.

Furthermore, the potential growth in demand in 2024 is attributed to factors such as the gradual elimination of high inflation, which is conducive to a mild recovery in the overall economy.

Regarding panel demand, apart from the continuous trend towards larger sizes in products such as TVs and IT equipment, which will drive panel clearance, there is also the expectation of a wave of TV replacements in 2024. This is mainly due to upcoming sporting events, including the European Cup, Copa America, and the Olympics. Both major panel manufacturers are optimistic about the potential of sporting events to boost overall TV sales in 2024 and anticipate further growth in TV panel area.

In the IT sector, the rise of AI, especially the widespread application of Generative AI, is unstoppable. With continuous advancements in algorithms and hardware, the application of AI technology on the PC side is expected to become more extensive and efficient, potentially bringing about significant changes in demand.

Recently, many leading brands have shown strong interest in AI PCs. Lenovo has expanded AI into its mid-to-high-end product lines, while Apple is considering future

demand for hybrid development, actively promoting the adoption of 5G chips in its MacBook Pro product line to drive AI PC demand. The release is expected in 2025. Brands like HP and Acer are also expanding cooperation with software service providers and chip suppliers, redesigning the architecture of PCs. AI PCs are expected to be gradually launched in 2024 and 2025.

With the release of AI CPUs and Windows 12 in 2024, Sigmaintell expects 2024 to be the inaugural year for large-scale shipments of AI PCs, with global shipments expected to reach 13 million units. From 2025 to 2026, the annual growth rate of AI PC shipments is estimated to remain in double digits.

According to Counterpoint Research, global shipments of AI PCs are expected to reach a penetration rate of 50% in 2024. Additionally, according to Canalys, AI-enabled PCs are expected to account for 19% of total shipments in 2024. Under these circumstances, the AI PC market is expected to experience significant growth momentum in 2024.

AUO is optimistic about the prospects of AI PCs in 2024, stating that many customers are preparing for the demand for AI PCs and the Microsoft system transitions. Stimulated by new products and technologies, the outlook for IT product shipments in 2024 is optimistic.

In the LCD industry, China holds significant influence, especially with the movements of the world's largest panel manufacturer, BOE. BOE recently stated in its investor relations activities that with the concentration of the LCD industry, the supply pattern has improved, and relevant companies continue to promote the healthy development of the industry.

According to consulting firm data and analyses, in the first quarter of 2024, with the Spring Festival approaching, the industry will enter the customary "annual maintenance" period. Effective supply is expected to continue to decrease, coupled with relatively healthy brand customer inventories. Considering the early release of demand brought by major sporting events in 2024, TV product prices are expected to stabilize and rise.

In terms of market demand, BOE believes that due to factors such as the hosting of major sporting events, the shipment volume and area of LCD TV panels are expected to show double-digit growth trends. Additionally, influenced by macro uncertainties such as geopolitics and inflation, the recovery of the IT market in 2023 was relatively slow, affecting NB and LCD monitor sales throughout the year. However, looking ahead to 2024, with the recession of macroeconomic uncertainties, BOE expects a moderate recovery in the commercial market and the rise of AI PCs to improve IT market demand.

Taiwanese panel manufacturers share a similar outlook for the panel industry in 2024. InnoLux believes that there are five major positive factors contributing to 2024, including three major sports events, the accelerated enlargement of average TV panel size, the introduction of AI-enabled smartphones and notebooks, the neutralization of negative factors such as macroeconomic interest rate hikes, and the stabilization of the panel industry's order. AUO expects "moderate growth" in panel demand in 2024, but the rebound momentum will not be too enthusiastic, estimating a growth rate of about 3-5%. However, driven by applications such as human-machine interfaces, panel-related applications are expected to continue to thrive.

According to Economic Daily News' report in June 2023, from the second half of

2023 to 2024, Chinese and Taiwanese panel manufacturers will respectively set off a wave of mergers and transformations, leading the panel industry into a new era. Among them, Taiwanese panel giants InnoLux and AUO will initiate the transformation of one to two old-generation lines; China's second-tier panel manufacturers such as CEC Panda and CHOT will usher in a wave of mergers and acquisitions, further consolidating the number of panel manufacturers, which is conducive to a more positive market cycle.

As panel manufacturers strictly control production capacity, the period from the second half of 2023 to 2024 will see Taiwanese panel manufacturers gradually shutting down old production lines and initiating transformation operations. It is estimated that both InnoLux and AUO will shut down one to two 4.5th, 5th, or 5.5th generation old production lines and shift to Micro LED or other niche product lines. The timeline is the end of 2023 for closure, transformation in 2024, and mass production in 2025. With the sharp decline in panel prices in 2022, reaching the lowest point in Q3 2022 with a price per square meter dropping to $100, the direction of large-sized TV panels has made significant strides. For example, Indian consumers now typically purchase their first TV starting from 55 inches, with no one buying TVs smaller than 50 inches unless it's a second or third TV for the household.

On the other hand, Korean panel manufacturers Samsung and LG Display have successively closed their LCD panel factories and exited the LCD manufacturing market. As a result, China's panel capacity now accounts for nearly 70% of the global market share. The top three panel manufacturers, BOE, CSOT, and HKC, hold an 85% market share in 60-inch TV panels and 82% in 55-inch panels. With TV panel prices returning to above cash costs, the market is concerned that Chinese panel manufacturers will increase capacity utilization to seize market share.

However, Chinese panel manufacturers are unlikely to significantly increase capacity utilization. The main reason is the "intricate balance" among the three major mainland manufacturers, BOE, CSOT, and HKC. BOE is already the world's largest panel manufacturer. If panel prices fall below cash costs, BOE will incur material costs for each panel sold, suffering the most significant losses. CSOT, ranked second, usually follows the decision of the market leader. And HKC has already experienced the setback of two failed attempts to list, making ensuring company profitability its top priority. They will not easily increase capacity utilization, disrupt panel price trends, and simultaneously harm themselves and others.

Furthermore, Taiwan is developing Mini/Micro LED technology, which may cover various applications such as AR/VR, TVs, smartphones, tablets, automotive panels, and displays, and a substantial overall growth is expected by 2024. After the market testing of Mini LED display applications in 2021, 2023 is expected to usher in a promising new era for the market. This will bring new growth opportunities to the long-sluggish LED industry. Major brands such as Apple and Samsung are actively investing in Mini LED TVs, laptops, and tablets, driving a multiple increase in market shipments. At the same time, in the automotive industry, with the evolution of EVs, Mini LED is gradually being used in automotive displays. With continued R&D and technological advancements, the usage of Mini LED is expected to significantly increase in 2023 and 2024. Moreover, Micro LED technology is also expected to gradually rise in automotive applications, and the collaboration between the display industry and car manufacturers will become closer and closer.

According to DIGITIMES, Ennostar's collaboration with InnoLux and AUO to jointly develop Micro LED display technology is currently underway. InnoLux has

further increased its stake multiple times, indicating the determination of Taiwan's upstream and downstream industries to accelerate the development of Micro LED display technology. Additionally, Ennostar and InnoLux are also major shareholders of Micro LED company PlayNitride.

According to Central News Agency's report in December 2023, LED manufacturer Ennostar stated that the first-phase annual production capacity of Micro LED is expected to reach 6,000 pieces, with the second phase expected to be ready by the end of 2025, accumulating a capacity of 10,000 pieces, and reaching mass production scale by 2026. The main demand for the Micro LED market is expected to be in 2026 and 2027. In the first phase, experienced PlayNitride will assist in the construction, with Ennostar potentially completing the second phase independently after relevant experience. As for whether a third-phase expansion of a new factory is needed, it will be decided in the second quarter of 2024. If Micro LED capacity needs a third-phase expansion, careful evaluation is required. Utilizing existing old factory facilities for adjustments can save billions of dollars in capital expenditures.

On the other hand, affiliate company InnoLux has announced the adoption of Micro LED panels in wearable devices, with large-sized and automotive products to follow successively. Micro LED is the right product to go forward, but customer verification will take a longer time. After the technical development and production line construction and improvement period in 2024 and 2025, it will be ready to meet market demand in 2026 and 2027.

Ennostar's second-phase expansion of Micro LED capacity will be independently built, mainly because the first phase has been assisted by the mature technology of PlayNitride. After rapid introduction, Ennostar, with its own experience in Mini LED, can smoothly enter the Micro LED production line construction. Although Micro LED is more perfect for 8-inch displays, the risks of process and yield in mass production are higher, so the main focus is still on producing 6-inch products.

Ennostar is optimistic about the automotive LED market next year, with opportunities in sensing and plant lighting. Traditional LED backlight products hit bottom in Q2 this year, and whether there will be a turnaround in 2024 Q2 will depend on 2023 Q4 and 2024 Q1. The demand for orders may be driven by events such as the Paris Olympics in 2024 in March and April.

Regarding automotive lighting, Ennostar stated that while Epistar originally had automotive ambient lights, it has now entered the market for headlights and is focusing on sensing whether the driver is drowsy or whether children or pets are left in the car. Automotive-related LED products accounted for 20% of Ennostar's revenue this year and are expected to increase to 25% in 2024.

According to DIGITIMES, the revenue from automotive displays for both panel giants in 2024 will continue to climb. Both companies are seizing opportunities, and at CES in 2024, they will showcase smart cockpits as the main theme, showcasing advanced technologies such as Micro LED to attract more attention. Both panel giants are striving for transformation, with InnoLux's automotive revenue scale reaching about NT$40 billion in 2023, and after the completion of the acquisition of BHTC in the first half of the year, it is estimated that the overall automotive revenue in 2024 will reach NT$60 billion. AUO's CarUX revenue in 2023 has exceeded NT$40 billion, and it is estimated that it will reach NT$50 billion in 2024. The combined automotive-related revenue scale of both panel giants in 2024 will exceed one hundred billion NT dollars.

The automotive market is booming, and the two giants are making every effort to seize the opportunity, showcasing their expertise at CES. For the first time, InnoLux made its appearance alongside numerous leading global automotive manufacturers at CES 2024. At CES, InnoLux showcased a series of automotive Display HMI solutions, including Micro LED display technology, to create a brand new smart cockpit. This includes an integrated display solution from the front dashboard to the A-pillar with a large curved AmLED display, utilizing built-in cameras and sensors to connect driving and passenger infotainment.

InnoLux's subsidiary CarUX exhibited hidden displays, embracing the new trend of smart cockpits. Emphasizing large information displays, it promotes a customized design concept for car interiors, offering a range of 15-55 inch automotive displays and upgrading them with AM Mini LED and automotive-grade Micro LED technology.

According to DIGITIMES, a recent survey agency released its latest forecast, indicating an increase in demand for Micro LED for extended reality (XR) devices and smartwatches. It is estimated that Micro LED, which is currently mainly used in large applications such as TVs, will gradually expand into smaller devices.

According to reports from Korean media ET News and iNews 24 citing data from Omdia, by 2030, the adoption rates of Micro LED for XR devices and smartwatches are expected to reach 53.5% and 41.6% respectively. Unlike LCD panels that require backlight components, Micro LED, similar to OLED, is a self-emitting panel. However, unlike OLED, which uses organic materials, Micro LED uses inorganic materials, which are expected to provide better product lifespan and reduce the occurrence of burn-in. Micro LED is seen as the next generation panel technology, shrinking the size of individual LEDs to below 100μm. As the size of the light-emitting elements decreases, higher resolution and vibrant colors can be achieved. However, there are still many challenges in mass production that need to be overcome.

Furthermore, unlike displays made with individual panels, there are no size limitations when assembling Micro LED displays. It can be used not only for TVs, advertising billboards, and other large display areas but also in areas that require high-resolution images such as virtual reality (VR) and augmented reality (AR). Currently, Micro LED is mainly supplied for use in large displays like TVs. In order to be used in small devices, chip miniaturization is crucial because brightness efficiency may decrease as the size decreases. With the continuous development of technology to improve luminous efficiency and miniaturize chips, it is expected that the application of small devices will expand.

Apple plans to use Micro LED for Apple Watch and Vision Pro. The industry predicts that the Apple Watch Ultra with Micro LED will be launched in 2025 or 2026. With the increasing demand for small devices, the market expects Micro LED to start growing from 2025 onwards.

(2)Semiconductor Equipment Industry

DIGITIMES Research estimates that the compound annual growth rate (CAGR) of global wafer foundry industry revenue will reach 11.3% from 2023 to 2028. This growth momentum in the medium to long term is driven by the demand for applications such as 5G, EVs, and the maturity of advanced process capacity starting from 2024. Besides, macroeconomics and geopolitical issues remain crucial factors to the industry’s development. Additionally, the rapid development of High Performance Computing (HPC) applications requires advanced manufacturing and packaging technologies,

which are also the focus of wafer foundry research and development.

In 2023, the semiconductor industry experienced a downturn, leading to a 13.8% decrease in global wafer foundry industry revenue to $121.5 billion. Looking ahead to 2024, although revenue is expected to rebound, the lack of strong overall growth momentum and geopolitical risks are the two main factors restraining industry growth. Despite facing headwinds in the short term, the demand for chips related to HPC applications remains strong. The increase in chip usage for applications such as 5G and EVs also provides support for the wafer foundry industry. Moreover, the trend of chip self-development and the unchanged trend of IDM outsourcing orders, coupled with the continuous expansion of new capacity to meet industry needs, indicate a promising outlook for medium to long-term wafer foundry revenue growth.

It is noteworthy that geopolitical factors influence the regional layout of wafer foundry capacity. Japan, leveraging its industrial ecosystem and policy subsidy advantages, has become a new hub for wafer foundry industry layout. On the other hand, new applications brought by AI will drive the demand for HPC chips, and the advanced processes and packaging technologies used in such high-end chips also attract active investment by wafer foundries.

Emerging applications such as HPC, 5G, and EV, as well as trends in chip self-development and IDM chip outsourcing, are important factors driving future wafer foundry capacity demand. HPC applications will be a key factor driving wafer foundry industry revenue growth over the next five years. Although the NB/PC market is gradually saturated, the demand for AI model training and inference will drive the demand for various chips including CPUs, GPUs, AI ASICs, and peripheral chips. The demand for AI model training prompts cloud data center operators to switch to high-priced AI servers. As the capital expenditure is limited and a single AI server can perform the operation equivalent to several conventional models, the purchase of general-purpose servers will decline. Data center operators continue to promote chip self-development strategies to meet the integration needs of their own services.

Emerging applications such as 5G and EV will continue to drive chip usage. While IDM processes are relatively mature, new products require the use of 40nm and below processes, so chip outsourcing to wafer foundries will continue.

Geopolitical and macroeconomic prospects are uncertainties that will affect the development of the wafer foundry industry over the next five years. Continued attention is needed to US semiconductor control measures against China. Economic concerns in 2024 will affect consumer willingness to spend, resulting in uncertain chip demand, hence the lingering concerns for wafer foundry industry demand.

In 2023, global economic pressures led to a conservative shift in consumer willingness to spend, limiting the momentum of 3C product consumption and affecting inventory clearance schedules, thereby introducing uncertainty in chip demand. The International Monetary Fund (IMF) predicts that the global macroeconomic outlook will remain weak in 2024, potentially weakening consumer willingness to spend on 3C products, which is unfavorable for chip demand. From 2025 onwards, it is expected that the economic growth in the eurozone and Chinese markets will continue to slow down, with improvements in the global and US markets compared to 2024.

The layout of new capacity, new processes, and advanced packaging technologies by major players will contribute to the growth of the global wafer foundry industry revenue. Expansion of wafer foundry capacity will focus on 3/2-nanometer processes in

the next five years, with mature processes mainly at 28 nanometers. Non-general-purpose application chips such as automotive and IoT often adopt special processes of 28 nanometers and above, while chips for applications like ADAS and RF use 16/14-nanometer and below processes.

Advanced packaging technologies have become an important tool for wafer foundries to bind customers, aligning with the development needs of AI/HPC chips. Wafer foundry pricing fluctuations and geopolitical factors pose resistance to the revenue growth of the global wafer foundry industry. With the overall economy sluggish, the uncertain chip demand from 2023 to 2024 puts pressure on wafer foundry pricing. US policies restricting China's development of advanced semiconductor production technology, as well as limitations on joint research and investment, continue to interfere with chip production for the wafer foundry industry.

TSMC continues to expand its advanced process capacity, with 4/3/2-nanometer process capacity set to be launched in the US and Taiwan starting from 2025. The original plan for 7/6-nanometer and 28-nanometer processes at the Kaohsiung plant has been adjusted due to changes in market demand and the new capacity in Germany, with TSMC announcing a shift towards land use for 2-nanometer and below advanced processes. By 2024, the primary expansion process will be at 3 nanometers; starting from 2025, TSMC's main expansion nodes will shift to the 2-nanometer process.

Samsung Electronics' new factory in Texas, USA, will commence production for processes below 5 nanometers in 2024. Intel, in addition to constructing advanced process lines in Ireland and the USA, plans to invest 30 billion euros in Germany to build two advanced semiconductor fabs. Intel's capacity for processes below 5 nanometers will rapidly increase after 2024, with production capacities in the USA and Germany being rolled out successively.

In comparison to TSMC's construction of 28-12 nanometer process capacities in Europe, Intel's German plant is planning to produce Intel 18A advanced processes. Japanese company Rapidus will be the fourth semiconductor foundry to invest in 2-nanometer advanced processes, following TSMC, Samsung, and Intel. Trial production is expected to begin in 2025, with mass production slated for 2027.

Major mature process capacities in the semiconductor foundry industry are set to come online in 2024, including TSMC's Kumamoto plant, UMC's facilities in Tainan and Singapore, Powerchip's Fab 5 in Taoyuan, and GlobalFoundries' facilities in Singapore and France. Short-term industry downturns have led to delays in some mature process capacities coming online, such as Powerchip's Fab 5, which is expected to have a monthly capacity of only 8,500 12-inch wafers in 2024, reduced from the originally planned 19,000 wafers. Mass production at UMC's Singapore plant is scheduled to begin at the end of 2024.

Geopolitics has driven countries to push forward their semiconductor strategies, leading semiconductor foundries to adopt strategies for diversifying their production capacities. TSMC announced plans to establish a factory in Japan in 2022, followed by another announcement in August 2023 about a joint venture in Germany. Tower Semiconductor and Abu Dhabi's Next Orbit Ventures will jointly establish a fab in Gujarat, India, focusing on 65-nanometer process technology. Powerchip announced in July 2023 a collaboration with the Japanese financial group SBI to establish a 12-inch wafer foundry in Japan through technology licensing. SMIC is establishing new 12-inch wafer fabs in Shanghai Lingang and Tianjin, planning to build mature process

production lines at 28 nanometers and above. However, the production equipment related to this may be affected by joint efforts by the United States, Japan, and the Netherlands to control semiconductor equipment exports. Whether the capacity scale will remain as originally planned remains to be seen.

The rapid increase in demand for AI servers driven by AI model training has boosted the demand for NVIDIA server GPUs, which adopt CoWoS packaging technology. TSMC is actively expanding its CoWoS capacity in response, planning to increase capacity by 50% in 2023 and double it again in 2024. In addition to NVIDIA server GPUs, AMD server CPUs and GPUs, and other HPC chips also adopt TSMC's CoWoS packaging process. Apart from expanding CoWoS capacity in existing facilities, TSMC announced a plan to invest NT$90 billion to build an advanced packaging and testing plant in Zhunan, Miaoli, with mass production scheduled for the third quarter of 2027. The planned monthly production capacity for advanced packaging is expected to reach 110,000 12-inch wafers.

The Advanced Packaging 3D Fabric platform includes CoWoS, InFO, and SoIC process lines. While AI model training has rapidly increased demand for AI servers and raised concerns about duplicate orders from data center operators, high-end HPC chips for cloud providers and data center general-purpose servers also require 2.5D packaging technology. Therefore, TSMC has decided to expand its advanced packaging capacity. CoWoS belongs to the 2.5D packaging category. Intel and Samsung are also strengthening their layouts in advanced packaging technology to seize opportunities in HPC chip packaging.

UMC and Tower Semiconductor have long-standing investments in Japan. In 2014, UMC established a joint venture with Fujitsu Semiconductor to form MIFS and licensed 40-nanometer technology. In 2018, UMC initiated a stock acquisition and completed it in 2022, making MIFS a wholly-owned subsidiary of UMC, USJC. Tower Semiconductor, in 2014, formed a wafer fab joint venture with Panasonic in Japan. Nuvoton acquired Panasonic Semiconductor Solutions (PSCS) in 2020 and holds a 49% stake in TPSCo, a joint venture with Tower Semiconductor. Japan has a complete semiconductor material and equipment ecosystem, as well as outsourcing opportunities in areas such as automotive, coupled with high investment subsidies from the Japanese government, attracting semiconductor foundries to invest.

In September 2021, TSMC announced the establishment of a 3DIC research center in Japan, and in November, it announced a joint venture with Sony and Denso, receiving a subsidy of 476 billion yen from the Japanese government. In April 2022, UMC announced a collaboration with Denso to produce automotive IGBTs at UMCJ. In July 2023, Powerchip announced an agreement with SBI Holdings to establish a 12-inch wafer foundry in Japan and seek government subsidies.

DIGITIMES Research observes that the performance of chip shipments using 5/4/3-nanometer advanced process technology has improved, leading to better-than-expected revenue for Taiwan's semiconductor foundry industry in Q3 2023, with revenue for Q4 also revised upwards. Full-year revenue is slightly revised upwards by 1 percentage point compared to the previous estimate (August), reaching $78.7 billion. Looking ahead to Q1 2024, as the electronics industry escapes the disruptions of COVID-19, and the industry returns to normal business cycles, Taiwan's semiconductor foundry industry will enter the off-season, with revenue expected to decline by 6.5% for the quarter. However, full-year revenue is expected to benefit from continued demand for advanced process technology, maintaining the expected 15% growth. Therefore,

revenue is revised upwards to over $90 billion.

Due to better-than-expected shipments of 5G mobile application processors (APs) and HPC chips produced using 5/4/3-nanometer advanced processes in the second half of 2023, the annual revenue of Taiwan's semiconductor foundry industry is estimated to reach $78.7 billion, with a YoY decline narrowing to 12%. However, as semiconductor foundry customers continue to adjust their inventories, the average capacity utilization rate of Taiwanese fabs in the second half of 2023 is estimated to reach only 70%, lower than the originally expected level of 80%, dragged down by weak demand for nodes other than those using 5/4/3-nanometer processes.

Looking ahead to 2024, the Taiwanese semiconductor foundry industry is expected to experience a 6.5% quarter-on-quarter decline in revenue in the first quarter due to seasonal factors. However, the full-year revenue is expected to benefit from continued customer demand for 5/4/3-nanometer advanced processes, the commissioning of new semiconductor foundry capacity, and an increase in shipments of mobile phones, notebooks/personal computers, and servers. These factors will maintain a growth forecast of 15%, reaching a new high of $90 billion, although risks from macroeconomic and geopolitical factors still need to be monitored.

While the economic pressure from the Ukraine-Russia war on Europe has gradually eased, inflation and economic uncertainty in the United States remain, and China's issues with youth unemployment and real estate have slowed economic recovery, resulting in weaker-than-expected global electronics consumer momentum in the second half of 2023. Multiple unfavorable factors affecting chip demand have led to low utilization rates of semiconductor foundry capacities, and foundry prices are also expected to loosen. Although new 5G smartphones and notebooks/PCs will be launched in the second half of 2023, new-specification chips can support semiconductor foundry revenue and average selling prices, but weak terminal demand will weaken the pull-in momentum of the traditional peak season in Q3, and visibility on chip demand in Q4 is also poor. Procurement of AI servers by cloud operators will increase, but the performance of a single AI server can replace several general-purpose machines, reducing demand for general-purpose servers even more, coupled with weak economic conditions, overall server shipments are expected to decline.

Taiwan's semiconductor foundry industry has new processes and new capacities to support operations in the second half of 2023. TSMC's 3-nanometer process has entered mass production. AI server GPUs rely on CoWoS advanced packaging technology, and TSMC has already started expansion in the second half of 2023. UMC's Fab 12A P6 and Vanguard International Semiconductor's Fab 5 have opened new capacities, and with long-term protection, they have better capacity utilization rates and average selling prices.

DIGITIMES Research's investigation into the global shipment of major technology products predicts significant declines in shipments in 2023, affecting related chip demand. Global smartphone shipments are expected to drop to 1.08 billion units, down 7%; notebook shipments are expected to drop to 165 million units, down 12%; and server shipments are expected to drop to 14.89 million units, down 18%.

AI servers are priced high, and the performance of a single unit is sufficient to replace several general-purpose servers, leading to a further reduction in demand for general-purpose servers among cloud operators. Even though most electronic products have reached past inventory levels, subdued consumer willingness to spend due to

macroeconomic factors has led to decreased procurement intentions for related chips by businesses. They are placing short and urgent orders with Taiwanese semiconductor foundries, moderately replenishing inventory to avoid increasing inventory pressure.

Taiwan's semiconductor foundry industry has experienced sequential quarterly declines in revenue since the fourth quarter of 2022, with further declines in the first half of 2023 due to weak semiconductor demand. DIGITIMES Research estimates that while the overall revenue of Taiwan's semiconductor foundry industry in the second half of 2023 is expected to surpass that of the first half, it will still be lower than the same period in 2022.

In Q3, Taiwan's semiconductor foundry industry is expected to benefit from the demand for related chips driven by the launch of new smartphones and HPC products, leading to a rebound in total revenue. However, it is still expected to be lower than the same period in 2022, highlighting the continued impact of inventory adjustments in the traditional peak season. Looking ahead to Q4, although total revenue is expected to maintain quarter-on-quarter growth, it will still be lower compared to the same period in 2022. Positive factors include increased revenue from TSMC's 3-nanometer process, expansion of backend CoWoS packaging capacity driving revenue growth, and the commissioning of new capacity by UMC (with long-term price protection). Potential concerns include the continued quarterly decline in global smartphone shipments in the second half of 2023 and conservative strategies of NB/PC brands leading to delayed launches or reduced stockpiles of new products.

DIGITIMES Research estimates that the revenue contribution of 28-nanometer and below advanced processes in Taiwan's semiconductor foundry industry will exceed 70% in the second half of 2023. The revenue from 5/4-nanometer processes in the second half of 2023 will still be an important node for Taiwan's semiconductor foundry industry, accounting for over 20% of the total revenue.

Qualcomm and MediaTek flagship smartphone application processors (APs), as well as Apple's APs, all adopt TSMC's 4-nanometer process. TSMC's revenue from the 3-nanometer process is one of the key drivers of the overall revenue growth of Taiwan's semiconductor foundry industry in 2023. Apple is expected to adopt TSMC's 3-nanometer process for its new APs, which are expected to ramp up in the second half of 2023, potentially boosting the proportion of revenue from the 3-nanometer node for Taiwanese fabs. TSMC estimates that the revenue contribution from the 3-nanometer process in 2023 will reach 5%.

DIGITIMES Research observes that the global semiconductor industry trended downward since mid-2022, but the overall capacity utilization of Taiwan's semiconductor foundry industry began to loosen only from Q4 2022, under the protection of long-term contracts. In the first half of 2023, due to the prolonged downturn in the global semiconductor industry, the overall average capacity utilization rate of Taiwanese fabs fell to 70% in Q2. DIGITIMES Research expects that in the second half of 2023, due to the launch of new products such as smartphones, the capacity utilization rate of Taiwanese fabs will rebound from the bottom; however, the momentum of chip demand will be limited by the slowdown in demand for electronic end products, with a chance to return to 80% utilization only in Q4. The planned expansion of 4,000 wafers of 8-inch wafer capacity at the Fab 5 of UMC, originally scheduled for the second half of 2023, will be postponed to the first half of 2024.

The ASP of Taiwan's semiconductor foundry industry reached a record high in the

fourth quarter of 2022 ($1,948). In 2023, constrained by the downturn in the semiconductor industry, it is difficult for ASPs in each quarter to surpass the level of Q4 2022. Although the foundry prices in the first half of 2023 did not budge, in response to significantly reduced demand, various manufacturers provided customers with discounts or additional free wafers and other preferential measures, leading to a decrease in ASPs. In the second half of 2023, as the electronic industry continues to adjust its inventory and the traditional peak season effect is not obvious, it is expected that foundry prices will loosen, which is not conducive to maintaining ASPs.

Even with the significant increase in revenue from TSMC's 3-nanometer process and the start-up of UMC's new capacity supporting ASPs, the offering of customer discount measures by semiconductor foundry companies is detrimental to ASP improvement, and discounts and free wafer offers will continue to be provided to customers. Due to the low utilization rate of 12-inch and 8-inch wafer foundry capacity, foundry prices will loosen, and the impact of price reductions on ASPs is expected to emerge after Q4 2023.

The reduction in capital expenditure in Taiwan's semiconductor foundry industry in 2023 is expected to expand from 5% to 10%, reflecting TSMC's response to short-term downward pressure on the semiconductor industry by reducing capital expenditure and slowing expansion plans. Although TSMC responds to the demand for AI server chips with additional CoWoS expansion plans and plans to initiate the construction of a factory in Germany to meet European customer demand, the annual capital expenditure is estimated to remain close to the lower end of its guidance ($32 billion).

UMC and Powerchip Semiconductor Manufacturing slightly increased their capital expenditures in 2023 compared to 2022, offsetting the reduction in capital expenditures by VIS, resulting in other Taiwanese fabs' capital expenditures remaining relatively stable compared to 2022. VIS's capital expenditure decreased by nearly 50% compared to 2022. DIGITIMES Research estimates that the average capacity expansion of Taiwan's semiconductor foundry industry in 2023 is approximately 6%, which is about 1 percentage point lower than in 2022.

The economic environment in 2024 is highly uncertain. According to the economic outlook reports of the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Co-operation and Development (OECD), the economic growth momentum in Europe, the United States, and China is relatively weak, which may reduce people's willingness to consume 3C products, adversely affecting the demand for related chips. While the training of LLMs is driving the continuous increase in demand for AI servers, it is feared that the quantity of AI servers purchased by cloud companies may not be able to fill the gap caused by the decline in demand for general-purpose servers, putting pressure on server chip demand in 2024.

Positive factors contributing to the revenue growth of Taiwan's semiconductor foundry industry in 2024 include the transfer of orders from Chinese foundries to Taiwanese fabs in response to geopolitical factors, with related benefits expected to gradually emerge in 2024. Although prices for mature 8-inch and 12-inch processes in Taiwanese foundries are expected to loosen, the production of smartphone APs and HPC chips using advanced processes below 7 nanometers will bring new revenue growth momentum. New capacity expansions in Taiwanese foundries in 2024 are expected to boost revenue. TSMC's Kumamoto fab and UMC's new capacity at Fab12i P3 in Singapore are scheduled to start in Q4 2024. The deferred capacity expansion at VIS's Fab 5 will start in the first half of 2024. Powerchip's fab in Tongluo is expected to start

small-scale production (8,500 wafers of 12-inch per month) before the end of 2024.

There are economic issues to be resolved in the three major markets of Europe, the United States, and China, posing concerns for the economic outlook in 2024, which will adversely affect people's willingness to consume 3C products and drag down chip demand. The economic outlook for the United States in 2024 is even weaker than in 2023, mainly due to the negative impact of factors such as unemployment, inflation, systemic risks in the financial system, and the Federal Reserve's rapid interest rate hikes, which will gradually become apparent from the second half of 2023 to 2024.

The economic growth forecast for the Eurozone in 2024 is relatively better compared to 2023, mainly because the impact of the Ukraine-Russia war on the economy is gradually diminishing. However, the recovery in economic growth momentum is limited, and European countries still face issues such as inflation. In the Chinese market, the impact of COVID-19 containment policies on its domestic demand market has not yet eased, and the economic benefits after reopening are not as expected. Additionally, unemployment remains severe. In the second half of 2023, problems in the real estate industry, local government debt, and the financial system have emerged one after another, resulting in poor economic prospects for 2024.

DIGITIMES Research has revised down the total revenue of Taiwan's semiconductor foundry industry to $77.9 billion in 2023, a decline of 13%, reflecting the continuation of inventory adjustments in the electronics supply chain until the second half of 2023 and weaker-than-expected chip demand. The forecast in March 2023 was $86.9 billion, representing a decline of about 3%. DIGITIMES Research estimates that the total revenue of Taiwan's semiconductor foundry industry will reach $89.3 billion in 2024, with a growth rate of 15%.

2023 had a relatively low revenue base period. TSMC, UMC, and VIS are expected to gradually open new production capacity, injecting new revenue growth momentum. The launch of new 5G smartphones and NB/PC products will drive chip demand. TSMC's backend packaging new capacity will be gradually opened, boosting shipments of AI servers and driving demand for GPUs and related peripheral chips. Due to geopolitical factors, the effect of some chip orders shifting to Taiwanese factories is expected to emerge.

The unfavorable overall economic outlook will continue to affect people's willingness to consume 3C products, negatively impacting chip demand, thus making the revenue growth momentum of Taiwan's semiconductor foundry industry uncertain in 2024.

Additionally, according to a report by UDN on January 2, 2024, the Semiconductor Equipment and Materials International (SEMI) announced that due to the growth in capacity for leading-edge logic and foundry, including applications such as generative AI and high-performance computing (HPC), and the recovery in chip end-market demand, the monthly wafer capacity of global semiconductor foundries is expected to grow by 6.4% in 2024, surpassing the 30 million wafer per month milestone for the first time (calculated in 200mm equivalents) after increasing by 5.5% to 29.6 million wafers per month in 2023.

According to Hong Kong Economic Times, Ajit Manocha, President and CEO of SEMI, stated that the recovery in global market demand and increased government stimulus measures have led to a surge in investments in key chip manufacturing regions, with global semiconductor capacity expected to grow by 6.4% in 2024. The high level

of attention paid globally to the strategic importance of the semiconductor manufacturing industry for national and economic security is a key catalyst for these trends.

The "World Fab Forecast Report" shows that from 2022 to 2024, the semiconductor industry plans to put into operation 82 new fabs globally, including 11 projects in 2023 and 42 projects in 2024, with wafer sizes ranging from 300mm to 100mm. With the push of government funds and other incentive measures, China, the largest region for semiconductor capacity, will increase its market share in global semiconductor capacity. It is expected that Chinese chip manufacturers will start operations for 18 projects in 2024, with a capacity growth of 12% in 2023 to reach 7.6 million wafers per month, and a capacity growth of 13% in 2024 to reach 8.6 million wafers per month.

Taiwan is expected to remain the second-largest region for semiconductor capacity, with a capacity growth of 5.6% to 5.4 million wafers per month in 2023, and a growth of 4.2% to 5.7 million wafers per month in 2024. The region is preparing to start operations for five fabs in 2024. South Korea ranks third in chip capacity, with 4.9 million wafers per month in 2023, and an increase of 5.4% to 5.1 million wafers per month with the operation of one fab in 2024. Japan is expected to rank fourth in chip capacity with 4.6 million wafers per month in 2023 and 4.7 million wafers per month in 2024, with a 2% increase in capacity due to the operation of four fabs in 2024.

The "World Fab Forecast Report" shows that in 2024, the Americas will add six fabs, with chip capacity growing by 6% to reach 3.1 million wafers per month. With the operation of four new fabs, chip capacity in Europe and the Middle East is expected to grow by 3.6% to reach 2.7 million wafers per month in 2024.

(3)Intelligent automation industry

Since Germany led the Industry 4.0 movement, related technologies have been rapidly advancing, including 5G, AI, Industrial Internet of Things (IoT), AR/VR, Big Data analytics, and robotics. These technological developments have gradually formed new types of smart factories and new industrial standards. Several domestic companies have introduced various industrial robot products, combining robotic arms with AGVs, expanding the application scope of both. The application areas will extend from manufacturing to the service industry.

Especially in recent years, the wave of Artificial Intelligence (AI) has brought new development dimensions to Industry 4.0, clearly distinguishing between "automation" and "intelligent automation." Technologies such as "machine learning" and "deep learning," which primarily utilize algorithmic analysis, have become new trends in the future development of Industry 4.0. These AI technologies not only make automation and robotics more precise but also lead the manufacturing industry into new technological fields such as "unmanned factories."

According to reports by DIGITIMES, ChatGPT has ushered in the era of general AI, but in fact, before the rise of ChatGPT, representative AI applications such as equipment predictive maintenance and quality inspection had already formed mature application models in the manufacturing industry. Analysts believe that the rise of large models has not yet brought about a major transformation in the manufacturing industry with AI, and there are still challenges to overcome.

According to data from some research institutions, PwC predicts that by 2030, AI could contribute as much as $15.7 trillion to the global economy, with $6.6 trillion

coming from increased productivity and $9.1 trillion from consumer impacts. For the manufacturing industry, AI has always been a significant part.

According to Accenture's prediction, AI will provide an additional $4 trillion in value to the manufacturing industry by 2035, while Marketresearch predicts that the global generative AI manufacturing market will reach $63.98 billion by 2032.

Although the market is optimistic about the prospects, according to observations from manufacturers, the tipping point where generative AI truly exerts a massive influence on global smart manufacturing has not yet arrived.

Companies specializing in AI smart manufacturing solutions state that generative AI allows a single large model to handle multimodal generation, including text, images, videos, and speech. However, current observations in the manufacturing industry focus more on the processing and generation of structured data, natural language, or image recognition. This is primarily because there have not yet emerged foundational models in areas such as sound or other senses that have significant scale or impact, leading to a lack of relevant industrial AI applications such as equipment diagnostics based on voiceprint analysis or those based on tactile perception.

Currently, the exploration of generative AI in the manufacturing industry can generally encompass stages such as R&D design, production process control, or operational management optimization. Since 2023, industry players have been enhancing their product lines by implementing generative AI to increase customer stickiness.

For example, in the R&D design phase, natural language interaction capabilities are used to enhance the functionality of CAD software. This includes Dassault Systèmes' development of an exclusive AIGC engine, akin to ChatGPT, for its SolidWorks software, allowing for the drawing of industrial drawings and 3D models based on keywords related to industrial design scenarios, operational logic, and material conditions.

In the production phase, the focus is on code generation. For instance, Siemens and Microsoft collaborated to develop a code generation tool for Programmable Logic Controllers (PLCs), allowing users to input PLC code via natural language. PLCs are essentially industrial computers that control most of the machinery in factories worldwide. As for operational management optimization, leveraging the capabilities of large language models to expand intelligent question answering and data analysis has become mainstream.

Although generative AI is still in its infancy in the manufacturing field, industry players believe that for generative AI to expand its application in manufacturing, there are still challenges to overcome. Firstly, compared to applications with more obvious investment return conversions such as quality inspection or equipment predictive maintenance, generative AI currently lacks concrete applications that demonstrate investment returns, resulting in less apparent economic benefits, with most scenarios still in the exploration stage.

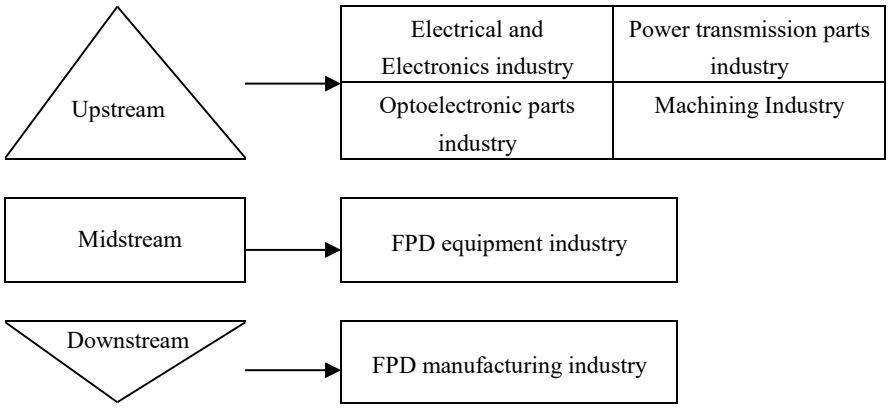
Secondly, a long-standing problem plaguing the manufacturing industry is the highly fragmented nature of manufacturing scenarios. Fragmented scenarios pose challenges for large models that require high data requirements. For some niche areas, it is difficult to have enough available data to support the training of large models. However, generic large models cannot fully adapt to the specific scenarios required by niche areas, leading to inherent contradictions.

Overall, the smart machinery industry will be the driving force for Taiwan's promotion of smart manufacturing. However, amid successive impacts from the US-China trade war and the COVID-19 pandemic, the machinery industry has inevitably been affected. Nevertheless, the industry generally views this as a short-term phenomenon. The jump-start of smart machinery will be the key to the growth of the machinery industry. During this period, interdisciplinary cooperation among the industry, academia, and the information and communication technology (ICT) industry has propelled the development strategy of smart machinery into a newer phase. (Source: DIGITIMES)

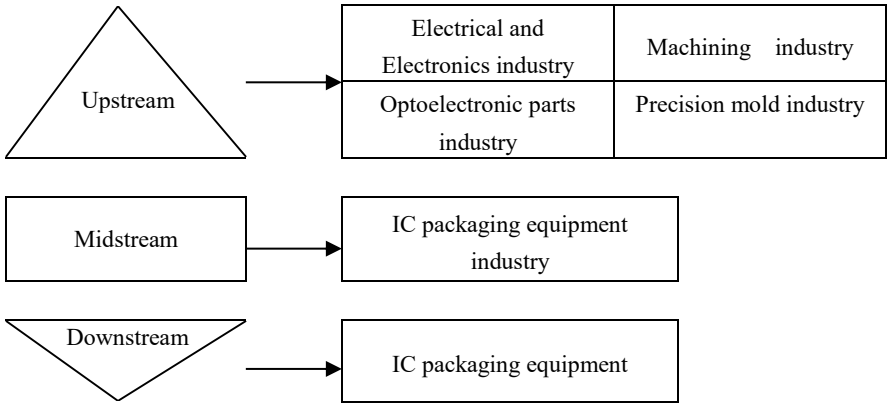
According to the latest research from Global Market Insights, influenced by the widespread adoption and promotion of smart manufacturing technologies, artificial intelligence has become an essential technology for smart manufacturing. It can identify patterns from big data analytics, learn from past mistakes, avoid them, and even achieve predictive functions. By 2025, the artificial intelligence (AI) market in the manufacturing industry is expected to reach $16 billion.

2. The supply chain of upstream, midstream and downstream of the industry

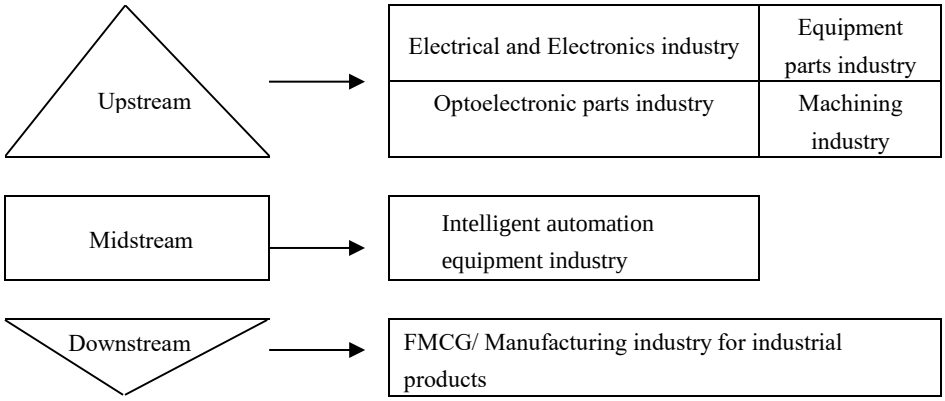
(3) FPD equipment industry



(4) Semiconductor IC packaging equipment industry



(5) Intelligent automation equipment industry



3. Product development trends and competition status

(3) FPD Equipment industry

DIGITIMES' investigation report states that China's panel manufacturer BOE, after years of expansion, has steadily increased its capacity in both LCD and OLED, making it the world's largest panel manufacturer. In terms of production value, BOE has officially surpassed Samsung Display (SDC) to become the global leader. In the first half of 2021, driven by strong terminal demand and continued shortages in upstream supply chain materials such as driver ICs, panel supply fell short of demand, leading to continuous price hikes and boosting global panel manufacturers' revenue. However, in the latter half of 2021, market demand gradually returned to rational levels, marking the end of the longest period of price hikes in LCD panel history, with prices of various application products subsequently falling. BOE has shown remarkable performance, surpassing Samsung Display in market share of panel revenue for the first three quarters of 2021, ranking first globally. Currently, BOE is the world's largest supplier of LCD panels. However, in 2022, impacted by global inflation and conservative macroeconomic outlooks, year-end sales performance in Europe and the United States was lackluster, further exacerbating the decline in the global LCD display market. It is estimated that the overall brand and channel inventory levels will reach about 4 to 6 months. As inventory reduction progresses slowly, the global LCD display market is expected to continue its decline in the second half of 2023, following the downturn in the latter half of 2022. Although inventory reduction has reached its nadir, the economic outlook for the first half of 2024 remains uncertain. It remains to be seen whether factors such as the Paris Olympics, AI PC, etc., will drive a rebound in the display market in the latter half of the year.

DIGITIMES Research found that, based on the rapid development of integrated smart cockpit technology and the market, panel manufacturers are more professional in panel processing and module production, enabling them to secure orders from automakers for the design and manufacturing of smart cockpit systems. In October 2023, AUO even acquired Behr-Hella Thermocontrol (BHTC), a German company, to obtain Tier 1 capabilities in automotive electronic integration. In addition to vertical integration of the automotive display supply chain, in response to the ongoing US-China trade war and the US's push for onshoring production, Taiwanese manufacturers are also investing in the United States, Mexico, Eastern Europe, India, and Southeast Asia to meet customer demand.

Since the US company Tesla first introduced a 17-inch center console in the Model S, major global automakers have gradually introduced integrated smart cockpit designs combining the center console and dashboard. As such designs may incorporate special

features such as curved surfaces, irregular cuts, and integration of multiple panels into a single module, traditional automotive electronic integrators may not be suitable for leading integrated smart cockpit design and manufacturing. Taiwan's two major panel manufacturers, InnoLux and AUO, actively vie for the dominant role in the design and manufacturing of smart cockpit systems for automakers, leveraging their capabilities in key components and terminal assembly, with significant success.

In response to geopolitical conflicts, Taiwanese panel manufacturers need to adapt to customer demands and establish local roots. Taiwanese factories such as AUO and InnoLux have opportunities to invest in automotive electronic product production in existing factories in North America, Eastern Europe, and Southeast Asia through related enterprises such as Quisda and Foxconn, and provide nearby services to meet the needs of automotive manufacturers.

Additionally, BHTC was originally a result of a series of multinational acquisitions, with production capacities in Germany, Bulgaria, Finland, the United States, Mexico, China, and India. As an automotive electronic integrator, BHTC has long-term cooperative relationships with many major automakers. AUO's acquisition of this company helps AUO continue to expand its smart cockpit customer base.

Integrated smart cockpit production poses significant challenges to manufacturers due to its high degree of customization and the need to accommodate special designs from automakers. Curved panel designs, irregular cuts, and integrating multiple panels into a single module are all directions for the special designs required by integrated smart cockpits. As assembly technology for integrated smart cockpits is more specialized than that for general automotive displays, in the past two years, automakers have begun to directly place orders with panel manufacturers for display module integration and manufacturing. This production model can be referred to as Tier 1.5. The existing automotive electronic supply chain involves automakers requesting major components from long-term Tier 1 suppliers, who then place orders with component manufacturers (referred to as Tier 2).

Taiwan's two major panel manufacturers, AUO and InnoLux, are related to Quisda and Foxconn, respectively, with complete upstream and downstream supply chains and manufacturing capabilities, making them more advantageous for developing integrated smart cockpit systems. AUO and InnoLux are both targeting system integration demands and have established related subsidiaries to compete for orders. AUO's subsidiary, AUO Display Plus, has a wider range of orders, including smart cockpits, as well as applications such as medical, industrial control, retail, and gaming display modules. InnoLux's subsidiary, CarUX, is purely a manufacturer of integrated automotive systems.

Touch panel modules and TFT LCD panel modules are the main upstream components of integrated smart cockpits. Panel manufacturers hand over the display panels to related enterprises for processing and bonding processes. Compared to Quisda, Foxconn is more dominant in EV development platform MIH, expanding its supply chain to end products.

BHTC's core business of automotive AC and its relationship with AUO and its related enterprises are not significant, but BHTC's original capital relationship and customer relationships help AUO expand its automotive customer base. In addition to the physical design of the AC system, BHTC achieves temperature control in the car interior and enhances comfort through algorithms, sensors, and electronic auxiliary

systems. BHTC, through the design of automotive air conditioning control panels, understands the importance of human-machine interface and has embarked on the development of human-machine interface systems. DIGITIMES Research speculates that from the beginning, AUO was the system supplier of BHTC's human-machine interface, not just a role as a component supplier.

AUO's acquisition of BHTC is primarily motivated by its desire to elevate itself from its existing Tier 1.5 position to Tier 1 status through having more comprehensive automotive system capabilities and existing direct customer relationships with automotive manufacturers. The automotive air conditioning business of BHTC is entirely unfamiliar to AUO, but acquiring this business is crucial for AUO to upgrade from Tier 1.5, where it is only responsible for automotive display module design and manufacturing, to Tier 1, where it is responsible for the overall electronic system layout in vehicles. As BHTC has grown to its current scale through multiple acquisitions and has a strong customer base of global automakers, AUO will be able to directly engage with BHTC's automotive manufacturer customers more effectively through this acquisition, enhancing synergies.

The European Union (EU), the North American Free Trade Agreement (NAFTA), and the Regional Comprehensive Economic Partnership (RCEP) are the three major regional alliances with the highest recent visibility. While RCEP was initiated by ASEAN, China has a significant influence on it, and its member countries include Japan, South Korea, Australia, New Zealand, and other countries with closer relations to the West, making it more complex compared to the other two regional alliances. Due to geopolitical conflicts and efforts by Western countries to reduce Chinese influence, European and American companies will be more inclined towards local production. Based on labor cost factors, the production bases of the EU and NAFTA will focus on Eastern Europe and Mexico, respectively.

AUO announced overseas investment plans in February 2023, with plans to establish factories in Vietnam and North America. In the short term, AUO's overseas layout will be limited to the later-stage module manufacturing process. AUO's Vietnam factory will be located in the Soc Son industrial zone in Vinh Phuc province, south of Hanoi, adjacent to its related enterprise Quisda's Vietnam factory. The initial purpose of setting up the Vietnam factory is to meet the demand from European and American IT and retail customers, with mass production expected by mid-2024. Vietnam has recently been actively developing its automotive industry, with the northern region also being one of the industrial clusters. In addition to attracting foreign investment, local EV manufacturer VinFast has also established a factory in Haiphong, northern Vietnam. In the future, AUO's Vietnam factory is likely to develop into the production of automotive displays. As of September 2023, AUO has not yet confirmed whether its North American factory will be located in the United States or Mexico. AUO plans to decide on the location of the North American factory by the end of 2023, with a focus on producing automotive displays.

AUO's only European base is a LCD panel module factory in Bratislava, the capital of Slovakia. Although it mainly produces LCD panel modules for TVs, there is always the opportunity to produce automotive displays.

BHTC's facilities span across Europe, the Americas, and Asia. BHTC's European facilities include its headquarters in Germany, as well as locations in Bulgaria and southwestern Finland. Its North American facilities include locations near Detroit,

Michigan, San Jose, California, and in central Mexico. BHTC's Asian facilities include Shanghai, China, and southwestern India.

AUO's Asian facilities include locations in Suzhou, Kunshan, Xiamen, and Singapore. Among these, the Singapore and Kunshan facilities have front-end TFT LCD panel production capabilities and both produce high-end low-temperature polysilicon (LTPS) products. AUO's acquisition of BHTC helps to supplement its weaker production capacities in North America, Europe, and India.

Foxconn has established bases in Eastern Europe and Mexico, with future opportunities to become production bases for automotive components including automotive displays. Foxconn has production bases in Bratislava, the Czech Republic, and Hungary, and there is always the possibility to produce automotive components, including displays, to meet customer demands. Foxconn's two major bases in Mexico are located in Tijuana and Juarez, near the US border, adjacent to California and Texas, respectively. As US automakers invest more in Texas than in California, the Juarez plant is currently more likely to focus on automotive displays. Foxconn also has production lines in Ohio and Wisconsin in the United States, both located in the Midwest, and is also planning to expand into the automotive industry.

Following AUO's announcement of investment plans in Vietnam, InnoLux also announced investment plans in India. However, unlike previous overseas investment plans by Taiwanese panel manufacturers, InnoLux's investment in India includes technology transfer to assist Indian company Vedanta in setting up 8.6-generation front-end TFT LCD panel capacity. The new factory is located in Bharuch city in Gujarat, approximately 350 kilometers north of Mumbai, India's largest city.

InnoLux expects to earn royalties through training local talents and assisting in building local supply chains, while also hoping to use it as outsourced panel capacity in the future to expand its market in India. This operating model is similar to the early development of the display industry in Taiwan, where Taiwanese companies signed technology transfer contracts with Japanese companies and established factories in Taiwan. According to InnoLux's current schedule, the factory will still only have back-end module capacity from 2024 to 2026, with semi-finished products imported from Taiwan.

Both AUO and InnoLux are actively constructing upstream and downstream supply chains for automotive displays, with AUO acquiring German company BHTC to gain complete vehicle system design capabilities. Major countries outside of China, led by the United States, are actively encouraging the localization of automotive supply chains. Eastern Europe and Mexico have become emerging locations for automotive supply chain layouts due to relatively low labor costs. The South Asian and Southeast Asian markets are also valued by European and American car manufacturers, who are actively investing and building factories locally. Countries in South Asia and Southeast Asia are also beginning to support local car manufacturers. In response to customer demands, Taiwanese panel manufacturers will establish automotive display module factories in Europe, America, South Asia, and Southeast Asia. Foxconn's global layout is extensive, helping its related enterprise, InnoLux, to establish a global production base for automotive modules. AUO's global layout is relatively limited, but through the acquisition of German company BHTC, it is expected to leverage BHTC's production capacity in Europe, America, and India to strengthen AUO's own insufficient capacity.

DIGITIMES Research analysis has found that although Taiwanese panel manufacturers currently lead the world in the integration capability of automotive display modules, Chinese panel manufacturers have recently been actively investing in such technology and capacity. While it may take some time for them to catch up with Taiwanese manufacturers in terms of technology, the ongoing deterioration of the US-China trade war has led Chinese state-owned car companies to prefer using Chinese panels, which will inevitably squeeze orders for Taiwanese panel manufacturers. Additionally, the Chinese market is not only vast but also actively supported by the government for the research and production of electric vehicles, making it a market that Taiwanese panel manufacturers cannot afford to ignore. Therefore, the two major panel giants in Taiwan are establishing dual-track supply chains to simultaneously meet the needs of Chinese and non-Chinese customers.

Taiwan's two major panel manufacturers, AUO and InnoLux, have recently been actively undergoing business transformations. They are transitioning from mere panel manufacturers to having the capability of integrating automotive display module systems, and are directly collaborating with car manufacturers to design and manufacture integrated smart cockpits. This operational model is expected to become mainstream for automotive displays, and Chinese panel manufacturers such as BOE and Tianma are also taking this development trend seriously, investing in system design and manufacturing businesses to follow in the footsteps of Taiwanese manufacturers.

In addition, in response to geopolitical conflicts, Taiwanese panel manufacturers have recently begun strategic deployments, with India being a focal point. InnoLux's investment in India marks the first time it has signed a technology transfer contract with a local company to assist in setting up front-end production capacity, rather than directly investing in setting up factories as foreign entities have done in the past. It is worth noting that Chinese panel manufacturers have already invested in back-end module factories in India since 2019. Although they are still primarily producing panels for mobile phones, IT, and TVs, they have gradually begun to enter the automotive panel business.

Since panels do not involve sensitive technology, European and American car manufacturers may not necessarily reduce their purchases of panels from Chinese companies due to geopolitical reasons. On the contrary, Chinese car companies are still important customers for Taiwanese panel manufacturers, and privately-owned Chinese car companies are relatively less affected by geopolitical conflicts. Therefore, Taiwanese manufacturers still need to maintain their competitiveness relative to Chinese panel manufacturers in terms of technology and integration capability, and also need to moderately expand or adjust their production capacity.

Chinese panel giants BOE and Tianma both invested in setting up production bases for system-integrated automotive display modules in 2022. BOE, recognizing the significant growth trend in the automotive display market, acquired over 50% of shares in Varitronix, a provider of automotive and industrial display systems, in 2016, and renamed it BOE Varitronix. Prior to BOE's investment, Varitronix already had a factory in Heyuan, Guangdong. In 2022, under the leadership of BOE, Varitronix established a new automotive integrated system production line in Chengdu to meet the needs of car manufacturers.

Tianma, on the other hand, jointly established a company with the local government in Wuhu in 2022 to set up a new automotive integrated system production line. Unlike Taiwanese manufacturers, BOE and Tianma have not set up specialized subsidiaries for

touch panel displays but produce touch sensors and touch panel modules with their own capabilities. Taiwanese companies, especially those related to Foxconn, often spin off higher-margin divisions for independent listings, a practice less common among Chinese companies in the capital market.

BOE is currently the Chinese panel manufacturer with the most abundant production capacity, including the acquisition of two 8.5th generation lines from CEC Panda in Nanjing and Chengdu, totaling 11 LCD lines, 4 AMOLED lines, and 1 Micro OLED line. Currently, BOE's automotive AMOLED panel demand is not significant, and the demand for mobile AMOLED panels has already filled three 6th generation lines, all of which are in mass production at the 5.5th generation line in Ordos. If changes occur in the supply and demand balance of mobile AMOLED panels due to the expansion of production by other Chinese AMOLED panel manufacturers in the future, BOE does not rule out the possibility of activating the 6th generation line to produce automotive AMOLED panels.

In terms of automotive TFT LCD panels, they were originally produced on older 4.5th generation lines in Chengdu. However, due to recent increases in demand resulting from acquiring more orders for older products, BOE has begun using relatively older 8.5th generation lines in Hefei and Nanjing to produce automotive displays. Both of these 8.5th generation lines are capable of producing IGZO TFT LCD panels, but they have not yet been introduced for automotive applications. BOE has set up its subsidiary BOE Varitronix's new high-end automotive module production base (i.e., "Tier 1.5 line") in Chengdu. It is speculated that its high-end integrated smart cockpit panels, due to the absence of economic segmentation considerations, will primarily be produced on the 4.5th generation line.

Since 2021, Taiwanese manufacturers AUO and InnoLux have gradually phased out the production of older 7-8 inch automotive displays, with BOE being the primary alternative supplier. Based on older specifications and being more standardized, BOE produces them more economically on its 8th generation line.

Tianma mainly produces small and medium-sized panels, with a total of 6 TFT LCD lines and 3 AMOLED lines, with the largest generation being the 6th generation. However, as the mainstream applications of medium-sized panels such as tablets and automotive displays gradually expand to sizes of 10 inches and above, blurring the distinction between medium and large-sized panels, Tianma decided to build an 8.6th generation a-Si/IGZO TFT LCD line in Xiamen, with mass production expected in the second half of 2024. Tianma will not mass-produce automotive AMOLED panels in the short term, focusing instead on applications for smartphones and wearables.

Currently, Tianma's automotive panel production mainly takes place on older a-Si lines, including 3 4.5th generation lines (located in Pudong, Wuhan, and Chengdu, respectively) and 1 5th generation line in Minhang, Shanghai, acquired from Shanghai SVA Group in 2009. To meet the needs of high-end customers, Tianma has introduced LTPS TFT LCD panels with embedded touch, Mini LED backlighting, and other advanced technologies on these lines and produces them on its 5.5th generation line in Xiamen. Considering market supply and demand and growth rates, Tianma will use the 8.6th generation line to produce automotive displays in the future. However, due to the long process of factory approval, audits, and panel verification, it is estimated that Tianma's mass production of automotive displays using the 8.6th generation line will

occur around 2026-2027. Tianma has no experience with IGZO material technology, so the mass-produced automotive displays are expected to primarily use a-Si.

HKC currently has production capacity for 4 a-Si TFT LCD lines, and its automotive display production is still in its early stages, only being produced in Mianyang. Originally, HKC signed a cooperation agreement with JDI, a Japanese manufacturer, in April 2023 to set up an 8th generation level AMOLED line and adopt JDI's exclusive patented emerging AMOLED panel technology eLEAP, with mass production expected in 2025. However, due to JDI customers' concerns about HKC's leading role in the new line operation, the setup and production of the new line were ultimately led by JDI itself, with the factory located in Wuhu, Anhui.

Despite the breakdown in cooperation on the front-end production line, HKC and JDI will still collaborate on the integration of front-end and back-end for automotive displays. JDI will close its 4th generation line in Tottori, Japan in 2025, at which point it will end production of a-Si TFT LCD panels. HKC has an 8.6th generation a-Si TFT LCD line, which can provide semi-finished panel front-end products to help JDI produce mid-to-low-end products for automotive OEMs. Conversely, JDI can also provide HKC with high-end panels.

TCL China Star Optoelectronics currently has eight TFT LCD panel plants in Shenzhen, Wuhan, Guangzhou, and Suzhou, including the acquisition of Samsung's 8.5th generation line, and one AMOLED panel plant. Additionally, the construction of an inkjet-type AMOLED panel plant in Guangzhou's 8.5th generation is still underway. TCL China Star entered the automotive display market relatively late and focused on advanced technologies such as embedded touch panels and Mini LED backlighting, all produced at the Wuhan LTPS TFT LCD line. The Guangzhou 8.6th generation IGZO line began mass production at the end of 2022, currently used for IT applications, but there is also a possibility of future adoption for large-sized automotive displays. TCL China Star is planning and verifying products for this purpose.

InfoVisions, with only one 5th generation line, initially planned to raise funds through an IPO to expand capacity to 8th generation and above to meet the trend of larger panels. However, due to the pandemic's impact, the expansion funds will only partially convert existing 5th generation line capacity to produce IGZO TFT LCD panels. Currently, InfoVisions' IGZO panels are only available to IT customers.

Touchscreen giant RITdisplay intended to acquire Panasonic's old 8.5th generation TFT LCD equipment to establish its own 8th generation line for automotive display production and integrate its existing touchscreen module business to build system integration capabilities. However, the plan was terminated due to the pandemic, and RITdisplay still produces using its existing 2.5th generation line. Truly Opto, in addition to its headquarters in Shanwei, Guangdong, also has small and medium-sized TFT LCD and AMOLED panel plants in Huizhou, Guangdong, and Renshou, Sichuan. Since automotive modules are its main shipping items, it previously planned to expand capacity for automotive panels, but this plan has been indefinitely postponed since the pandemic. Fujian Huajiacai, originally an investment by Taiwanese company CPT in China, continued to operate under the leadership of the Fujian provincial government after CPT went bankrupt. It also cooperated with Holitech and aimed to vertically integrate the smartphone and automotive display supply chain. Currently, Huajiacai only has one 6th generation IGZO TFT LCD line, which is in the initial stage of planning for automotive panel production.

In view of the post-pandemic economic recovery, especially the continued work-from-home habits developed during the pandemic, AUO announced in February 2022 its plan to expand the 8.6th generation line at its Taichung plant. The original plan was to start mass production in 2024-2025, but due to the rapid economic turnaround, AUO announced in October 2022 an indefinite postponement of the investment in this line.

Due to the ongoing sluggishness in the notebook market, AUO reduced its production on one of its 5th generation lines in mid-2023, repurposing it as an experimental line. The oldest 5th generation line at AUO measures 1,100mm x 1,250mm, slightly smaller than the typical 5th generation line at 1,100mm x 1,300mm. Consequently, due to poor shipments, production on this line was prioritized for suspension, with output shifted to other lines. AUO's Longtan facility is expected to serve as a research and production base for emerging fields such as medical devices, automotive displays, and emerging technologies like Micro LED.

In contrast to the reduction in capacity in Taiwan, AUO continued to expand its 6th generation LTPS TFT LCD line in Kunshan. With the downturn in demand for TFT LCD panels in smartphones and the challenge from AMOLED panel manufacturers, the additional capacity will mainly cater to the Chinese automotive panel market.

In February 2023, InnoLux announced an investment plan in India, but unlike previous overseas investment plans by Taiwanese panel manufacturers, InnoLux's investment in India includes technology transfer to assist the Indian company Vedanta in setting up 8.6th generation front-end TFT LCD panel capacity. According to InnoLux's current schedule, from 2024 to 2026, the plant will only have back-end module capacity, with front-end semi-finished products imported from Taiwan.

After the front-end capacity at the plant is in mass production in 2026, it can also enrich InnoLux's panel sources in India. With the Indian government actively nurturing local businesses, the mass production of front-end processes at the plant may increase import tariffs on semi-finished panel imports. At that time, InnoLux can also use its previous technology transfer relationship to obtain panels from the production line to supply Indian customers.

In Taiwan, similar to AUO, InnoLux reduced one of its 5.5th generation lines in mid-2023, repurposing it for non-panel production (such as satellite antennas and medical X-ray machines). Medical devices and near-orbit satellite communications have been a recent focus of Foxconn's diversified development, and as a related enterprise, InnoLux is reallocating some of its old panel capacity to non-panel applications to meet Foxconn's needs, which is a reasonable adjustment.

In July 2021, Hannstar announced plans to expand its 5.3rd generation line in Tainan, but as the equipment for the 5.3rd generation line is no longer in production, it has switched to a 5.5th generation line. The original plan was to start mass production in 2024-2025, but due to the economic downturn, the expansion plan was indefinitely postponed in May 2022. The main purpose of Hannstar's expansion was to meet the demand in the high-end NB market, but with the economic downturn, automotive displays will become a key focus for CPT's development of large-sized panels. Automotive display production is not the initial focus due to the longer audit time, but as Hannstar lacks advanced production equipment such as low-temperature polysilicon (LTPS), its limited capacity still needs to be invested in automotive display production to improve profitability. Recently, Hannstar has taken advantage of the economic turnaround to update its lithography equipment in preparation for future higher precision

demands. With Chinese companies beginning to use 8.5th generation lines to produce automotive displays to cope with the continuously increasing average panel size, as opposed to AUO and InnoLux, Hannstar's limited capacity can also consider the layout of high-end NB and automotive displays, referencing smaller-scale Chinese companies such as InfoVision and Huajiacai. They can leverage the development of IGZO technology, which has lower development costs but better display characteristics, as an entry point for high-end technology.

Due to significant developments in India, Chinese companies had investment plans in India earlier than the outbreak of the US-China trade war. Major Chinese panel module manufacturer Holitech set up a back-end module factory in India, which not only includes LCD panel modules and touch modules but also manufactures smartphone components such as fingerprint and camera modules, primarily supplying Xiaomi and local smartphone brands.

During the pandemic, Holitech suffered severe losses due to reduced market demand, erosion of its smartphone panel business by AMOLED manufacturers, and increased adoption of embedded touch panels. Eventually, the company was taken over by the Fujian Provincial Government. While its investments in India are currently operational, the incomplete industrial cluster and the continued low demand for smartphones in India still pose challenges to profitability. As the market share of TFT LCD panels for smartphones is expected to continue to be eroded by AMOLED panels in the future, Holitech has begun laying out its automotive display supply chain in existing capacities in China. There is also a possibility of producing automotive displays in India in the future to supply local car manufacturers.

Chinese panel giant TCL China Star Optoelectronics Technology has already begun production of automotive displays at its TFT LCD panel back-end module factory in China and also has the opportunity to enter the Indian market. China Star announced its investment in India in the second half of 2018, with products including TV, IT, and small-to-medium-sized panel back-end modules. Compared to Holitech, China Star's investments in India were delayed due to the pandemic, with mass production not starting until the first half of 2022.

With the consistent stance of the Indian government in nurturing domestic industries, after the introduction of mass production on the Indian-owned front-end TFT LCD production line through technology transfer from InnoLux, the Indian government may increase tariffs on semi-finished front-end TFT LCD panel products, reducing the investment returns for Chinese companies in India.

Due to dispersed geopolitical risks, Chinese car manufacturers with characteristics of state-owned enterprises tend to purchase panels from Chinese companies to reduce dependence on foreign suppliers. The Chinese government is actively developing the EV industry, with not only early starters and larger players like BYD and Geely but also numerous startups emerging rapidly despite severe competition in the market, such as NIO, XPeng, and Li Auto, gradually gaining a foothold. Compared to state-owned car manufacturers, private Chinese car manufacturers have more flexible designs for smart cockpits and a higher acceptance of new display technologies.

Taiwanese manufacturers have been early in the development of integrated smart cockpits, which is advantageous for securing panel orders from private Chinese car manufacturers. Additionally, startups do not have long-term cooperative relationships with Tier 1 suppliers like established car manufacturers do, hence they are more

accepting of integrated supply chains from Taiwan. Considering China is now the world's largest single market for both conventional and electric vehicles, despite facing geopolitical risks, Taiwanese manufacturers still need to maintain relationships there.

In response to geopolitical risks and concerns about the escalation of geopolitical conflicts leading to supply chain disruptions, Taiwanese panel manufacturers have been actively establishing factories in emerging markets. However, the importance of existing capacities in China for Taiwanese factories has not diminished. Simultaneously addressing the dual-track supply chains for Chinese and European-American-Japanese customers will be the focus of Taiwan's panel manufacturers in the development of automotive displays in the near term. China has already become the world's largest single market for both conventional and electric vehicles, so Taiwanese panel manufacturers still need to maintain a certain market share in China. Chinese private car manufacturers are less affected by the geopolitical tensions between China and the US, and they have a higher acceptance of integrated smart cockpits and emerging display technologies, which benefits Taiwanese panel manufacturers in securing orders. Chinese panel manufacturers have recently been actively emulating Taiwanese manufacturers, establishing integrated supply chains, and following up on the development of new technologies such as Mini LED backlighting and embedded touchscreens pioneered by Taiwanese manufacturers. Taiwanese manufacturers still need to be vigilant about their rapid catch-up speed. In addition to supply chains and technology, Taiwanese manufacturers have been relatively conservative in their recent expansion processes, but they may still have expansion or restructuring needs in response to future market growth.

The South Asian and Southeast Asian markets are also valued by European-American car manufacturers, and they have been setting up automotive assembly capacities in South Asia. South Asian and Southeast Asian countries have also begun to support local car manufacturers, which is expected to increase demand for panels. In response to market demand, global panel manufacturers are inclined to establish back-end module production lines in South Asia, with Taiwanese manufacturers relatively lagging behind Chinese companies in terms of scheduling. The Indian government hopes to develop its own panel capacity. AUO has signed a technology transfer contract with local Indian companies to establish an 8.6th generation production line. After completion, the Indian government may increase tariffs on semi-finished front-end panel imports, potentially reducing the investment returns for Chinese companies in the back-end module production lines.

The annual CES consumer electronics show has always been an indicator of the latest technology trends. As in previous years, major display industry players showcased the latest display technologies and applications at the 2024 exhibition. In terms of technology, in addition to the continued competition between AMOLED panels and Mini LED backlight TFT LCD panels over the past few years, many panel manufacturers exhibited Micro LED self-luminous displays. In terms of applications, automotive displays remain the most marketable application for large-size displays, especially as panel manufacturers enter the module business and collaborate directly with car manufacturers, making the design of integrated smart cockpits more innovative.

At CES 2024, Taiwanese manufacturers AUO and InnoLux, Korean manufacturer Samsung Display, LG Display, and Chinese manufacturer TCL China Star all showcased Micro LED self-luminous displays, which were not only introduced for traditional public displays and TV applications but also for automotive applications. In terms of AMOLED panels, Samsung Display, LG Display, and Chinese manufacturers Tianma and Visionox all exhibited flexible products and introduced them to automotive

applications. TCL China Star also launched printed AMOLED panels, initially introduced for notebook applications.

As for emerging technologies, companies like InnoLux, BOE, Samsung Display, etc., continue to improve the image quality of glasses-free 3D panels, including resolution enhancements and multi-viewing capabilities. In terms of energy-saving and environmental protection, e-paper-like technologies including E Ink’s Microcup and Microcapsule technologies, InnoLux's Cholesteric LCD technology, and reflective TFT LCD technology have been introduced by panel manufacturers. These technologies are mainly used in public display areas, in addition to traditional digital reading applications.

At CES 2024, major global panel manufacturers showcased their latest developments in display technology and applications. In traditional mature applications such as TV, monitors, or notebooks, major panel manufacturers fiercely competed between Mini LED backlight TFT LCD panels and AMOLED panels. In the TFT LCD camp, Quantum Dot was added to the Mini LED backlight module to enhance panel color saturation.

LG Display aims to introduce transparent AMOLED panels into household TVs. TCL China Star has developed printed AMOLED technology, initially focusing on monitor or notebook applications. The automotive sector is the most marketable application for large-size panels. In response to the trend of integrated smart cockpits, major panel manufacturers have launched pillar to pillar display modules. In addition to integrated smart cockpits, augmented reality head-up displays (AR-HUD) that project display screens onto the windshield and integrate with the road environment are also actively developed by various manufacturers.

AUO showcased the application of transparent Micro LED panels installed on car windows, creating an augmented reality effect with street scenes. LG Display, Tianma, Visionox, and AUO exhibited flexible AMOLED or Micro LED panels for rear-seat entertainment. In terms of emerging applications, BOE and Tianma both exhibited reflective TFT LCD panels suitable for digital reading, intending to challenge E Ink's Microcapsule electronic paper technology, which currently dominates the digital reading panel market. As for public displays, panel manufacturers are actively developing technologies such as transparent displays, glasses-free 3D, and e-paper to meet different usage scenarios, each with its own market demand.

In traditional large-size panel applications, TV applications remain the most actively adopted for advanced technologies by panel manufacturers. At CES 2024, LG Display aimed to introduce transparent AMOLED panels into household TVs, not just for public display applications. Samsung, Sharp, TCL China Star, and other manufacturers introduced Quantum Dot Mini LED backlight modules for TV TFT LCD panels. Samsung emphasized its 8K resolution products, while TCL China Star emphasized its 115-inch super-large size.

Due to energy-saving requirements, e-paper displays are being promoted to large-size public display applications, in addition to traditional e-book reader applications. As the market size is expected to expand, the current situation where E Ink dominates the market may also change. Sharp collaborated with E Ink to produce large-size public display panels using full-color Microcup display technology and electronic tags using segmented Microcup display technology, both emphasizing its IGZO oxide semiconductor TFT technology to make originally energy-saving e-paper even more energy-efficient. AUO collaborated with IRISS to produce large-size Cholesteric LCD

technology display panels, aiming to challenge the public display market. Traditional TFT LCD manufacturers have previously developed backlight-free reflective TFT LCD panels to challenge the digital reading market but have failed to succeed due to TFT LCD still being more eye-straining than E Ink's electronic paper display technology. Tianma exhibited low reflectance monochrome TFT LCD panels in an attempt to re-enter this market. In addition to Tianma, TCL China Star exhibited color reflective TFT LCD panels, also intending to challenge the color digital reading market, while Sharp's color reflective TFT LCD panels aimed at large-size public display applications.

Car displays are the most promising large-size display application, especially with the integration of smart cockpits, which has prompted panel manufacturers to actively engage with car manufacturers to jointly design the appearance of smart cockpits. Emerging technologies including flexible panels, Micro LED panels, and AR-HUD technology are expected to accelerate development in car displays. In mainstream large-size panel applications such as TVs, monitors, and notebooks, the competition between Mini LED backlight TFT LCD panels and AMOLED panels will continue, with display characteristics such as picture quality, energy efficiency, and panel refresh rate being key factors for consumer choice.

LG Display aims to introduce transparent AMOLED panels into household TVs, but whether it can attract consumers remains to be seen and awaits market validation. Several emerging technologies will also be introduced in niche applications such as public displays and digital reading. In terms of digital reading, reflective TFT LCD technology is making a comeback, with expectations for improved eye protection features and better color performance to compete with E Ink once again.

Sharp is introducing both Cholesteric LCD technology and reflective TFT LCD panels in large-size public displays. AUO is introducing cholesteric LCD panel technology in large-size public displays. Providers of glasses-free 3D technology continue to improve picture quality and address visual discomfort. Transparent Micro LED technology, with its high brightness and other display characteristics, is particularly advantageous for outdoor applications.

Observing trends in equipment demand, the following trends are evident:

A. Equipment demand is mainly for large-size LCD and LTPS, OLED large-size production equipment.

B. Micro/Mini LED equipment demand is gradually increasing in Taiwan and China, showing potential for future growth.

C. The Chinese government's investment funds are shifting towards semiconductors, and panel operations are expected to trend towards a more normal market ecology.

D. Taiwanese panel manufacturers emphasize product quality and differentiation appeals, with expectations for demand for new types of process equipment in recent years, as well as plans to establish production lines in Southeast Asia due to geopolitical diversification.

E. The Chinese government is actively promoting the localization of panel equipment.

Given these trends, the primary equipment demand is still dependent on panel production capacity, with some still concentrated in the Chinese market, presenting

greater challenges in facing domestic equipment vendors in China. However, in the coming year of 2024, due to factors such as the effects of COVID-19, demand for diversified supply chains, Korean manufacturers exiting the LCD market, inflation, and geopolitical and supply chain diversification, Taiwanese panel manufacturers are expected to have a new demand layout in the future.

(4) Semiconductor Equipment Industry

The U.S. "CHIPS Act" (short for "Creating Helpful Incentives to Produce Semiconductors for America") subsidy regulations were gradually announced in February 2023. According to DIGITIMES Research, the CHIPS Act not only aims to rebuild the semiconductor supply chain but also strengthens restrictions on key semiconductor technologies from foreign countries of concern, notably China, to acquire. Thus, it clearly defines guardrail clauses and regulations related to semiconductor technologies relevant to national security. However, the complexity of these subsidy regulations may potentially affect the willingness of companies to invest and apply.

Although the CHIPS Act provides investment subsidies and tax incentives, the application regulations of the Act treat semiconductors and related technologies as critical to national security. This includes economic and national security as primary review standards, as well as addressing cost recovery issues for reviving the U.S. semiconductor industry and the U.S. government's desire to control commercial intelligence. This underscores the U.S.'s desire to strengthen its control over the semiconductor supply chain. The guardrail clauses and many semiconductor technologies included in national security also demonstrate America's intention to consolidate its absolute advantage in semiconductor technology.

It is noteworthy that in addition to specifying the scale of investment by subsidized semiconductor companies in foreign countries of concern, the subsidy restrictions and guardrail clauses also control packaging technologies for the first time. Moreover, some semiconductor technologies have been listed in the national security list, thus subjecting them to stricter investment and research and development restrictions. DIGITIMES Research believes that the strict conditions of the CHIPS Act subsidy regulations have raised concerns among many semiconductor companies, potentially reducing their willingness to invest or apply for subsidies in the United States. The direction of related regulations is worth continuous observation.

One of the most important goals of the CHIPS Act is to enhance domestic manufacturing capabilities in the United States and further drive the development of advanced packaging and testing technologies. It is expected that companies such as TSMC, Samsung, and U.S.-based Intel, TI, and Micron will be the recipients of subsidies. Among them, in terms of advanced process technology layout, major players have the following plans: TSMC will invest $120 billion (later increased to $400 billion) to build a new plant in Arizona, with a technological layout of 4nm/3nm, with an estimated monthly capacity of 50,000 wafers. Samsung will invest $170 billion to establish 5nm and below process technology in Texas. Intel will invest $200 billion in Arizona and Ohio to build wafer fabs, with layouts for Intel 4 and Intel 20A process technologies, respectively. TI plans to invest $300 billion to build four 12-inch wafer fabs. Micron plans to invest $400 billion by 2030.

China’s Ministry of Commerce expects that the subsidies obtained by various companies will account for approximately 5% to 15% of their expected capital expenditures. Even with government-provided loans and loan guarantees included, the total subsidies received by a single company will not exceed 35% of their expected

capital expenditures. Additionally, if building a wafer fab in the United States, companies can receive a 25% investment tax deduction.

China is the largest regional market for South Korea's export trade. In terms of export items, semiconductors account for about 40%, with memory being the major category, representing 89.9% of South Korea's overall semiconductor exports to China. This shows South Korea's high dependence on the Chinese market for memory exports.

Over the past 30 years, the trade volume between South Korea and China has been increasing year by year, and South Korea has consistently maintained a trade surplus. However, starting from 2022, South Korea has experienced nine consecutive months of trade deficits with China. Additionally, the export amount has seen year-on-year declines for three consecutive months at the end of 2022. As of January and February 2023, South Korea's trade deficit with China has accumulated to $5.07 billion.

Previously, South Korea's semiconductor exports to China were mainly used in the smartphone and automotive industries. DIGITIMES Research believes that the trade deficit with China is not only due to the current unfavorable macroeconomic environment for consumer markets but also because of the increasing influence of Chinese smartphone brands in the global market in recent years. The booming development of China's automotive industry has also reduced the attractiveness of South Korean smartphones and automobiles in the Chinese market.

Apart from the high dependence on the Chinese market for exports, South Korean memory production capacity is deployed at a high proportion in China. If Samsung applies for subsidies under the U.S. CHIPS Act, it will undoubtedly affect its future layout in China. Especially with the guardrail clauses clearly specifying the limits on capacity expansion and investment, in situations where further investment in technology research and development is not feasible and production capacity is limited, South Korean companies will lose their technological leadership and economic scale advantages.

The U.S. push for the CHIPS Act to set limits on China's semiconductor manufacturing development poses a threat to the global semiconductor industry. In the current geopolitical environment, where the semiconductor supply chain has already shown polarization, DIGITIMES Research believes that Taiwanese companies can still demonstrate their semiconductor advantages amidst external environmental changes and find new development opportunities. The United States is one of the major global semiconductor markets, and TSMC's investment in the U.S. not only supports the demand for advanced logic chips from American companies but also helps diversify operational/supply risks. From the perspective of advanced process development, TSMC's establishment of fabs in the U.S. will keep the research and manufacturing of the most advanced processes in Taiwan, thus safeguarding Taiwan's critical position and competitiveness in the semiconductor industry.

Global advanced process chips mainly serve U.S. IC design companies and cloud service providers as their main customers. Strengthening customer relationships between Taiwanese and U.S. companies also contributes to cooperation in the Taiwan-U.S. semiconductor industry chain. In terms of challenges, the Taiwanese semiconductor industry must consider the possibility of talent outflow. Both Taiwanese and South Korean companies must consider investment costs, operational risks, and future layouts in their investment plans, especially with the rolling adjustments of guardrail clauses, the definition of processes, and the list of countries of concern may be revised in the future, posing variables for applying companies and investment plans.

DIGITIMES Research analyzes that considering the high complexity of the semiconductor industry, achieving supply chain autonomy is not easy. If the United States hopes to realize the goals of the CHIPS Act, it still needs to seek support from key partners and can only initiate cooperation under mutually beneficial consensus.

In the past, semiconductor manufacturing in the United States has seen outsourcing primarily due to high labor costs. DIGITIMES Research analysis suggests that the current attempt by the United States to keep semiconductor manufacturing within its borders and increase chip production still cannot evade the high cost of semiconductor manufacturing, which forms an investment threshold. If the U.S. government transfers all investment costs to the facility operators, it not only fails to solve the cost problem but may also affect the willingness or scale of investment by investors in setting up facilities in the United States.

When the CHIPS Act was enacted, it aimed to revitalize the U.S. semiconductor industry and create a resilient supply chain favorable to the United States. However, the $52.7 billion subsidy will only help initially build some high-end and specialized process manufacturing capabilities, which cannot eliminate the threat of supply chain disruption. Considering that wafer manufacturing is a capital-intensive industry, besides the upfront investment in setting up facilities, the cost of semiconductor manufacturing in the United States will also increase. This means that the supply chain will have to bear higher costs. From the perspective of strengthening the resilience of the supply chain, the effectiveness of the Act may be limited.

From the perspective of semiconductor industry investment, rapid expansion or overexpansion of wafer manufacturing will face the risk of difficult capital expenditure recovery. Secondly, under the continuous overlay of investment costs, relevant companies also need to consider the timing of investment in advanced processes. If resources are overly concentrated on building new factories, squeezing resources for research and development or ecosystem expansion, investment plans may also fail to achieve their expected goals.

Although the U.S. government has clearly defined advanced process definitions, equipment sharing issues blur the regulatory boundaries, forcing U.S. equipment vendors to temporarily suspend exports of equipment and withdraw personnel from Chinese semiconductor manufacturers' production lines to avoid violations. Equipment sharing issues will also further shrink the processes that Chinese IC manufacturers can produce to more mature processes. If non-U.S. equipment vendors' products do not have U.S. technology and are not advanced processes, they can be exported to Chinese semiconductor manufacturers. The United States is seeking cooperation with Europe, Japan, and other countries to control China's advanced process semiconductor equipment, which may further affect the export of non-U.S. equipment vendors.

U.S. semiconductor equipment vendors' inability to export to Chinese companies is expected to have the most significant short-term impact from U.S. sanctions, and the actual extent of the impact will depend on the degree of control of the ban. In the long term, whether U.S. companies can regain opportunities with Chinese semiconductor equipment vendors depends on the latter's subsequent procurement intentions. Non-U.S. (including Taiwanese) and Chinese companies are expected to fill the gap in semiconductor equipment supply previously held by U.S. companies. Non-U.S. companies are the main beneficiaries, but the subsequent direction of U.S. sanctions may limit the degree of benefit.

The United States is seeking cooperation with Europe, Japan, and other countries to control China. Taiwan mainly acts as an agent or seller of second-hand equipment,

and while there may be opportunities to benefit from U.S. sanctions, U.S. equipment is restricted from being exported to China. Although Chinese equipment vendors may benefit from policies such as semiconductor autonomy and domestic equipment substitution, their competitiveness is not as strong as that of non-U.S. vendors, so the extent of their benefit is estimated to be limited. Chinese equipment vendors with advanced processes may be potential targets of U.S. sanctions, limiting their opportunities for long-term layout in advanced processes. China's etching equipment manufacturer AMEC has already been included in the U.S. Military End User List.

Since 2018, the United States has continuously extended its semiconductor control over China from downstream to upstream in the industry chain, prompting Chinese semiconductor companies to expand their use of domestic equipment, thereby driving accelerated revenue growth for related companies. In October 2022, the United States blocked the processes, equipment, and personnel required for the development of advanced processes in China. In May 2023, Japan followed suit by including six categories totaling 23 items of equipment in the list of objects subject to export control restrictions. Relevant equipment must obtain approval from Japan before being exported to China. Due to the obstructive measures taken by the United States and Japan, the development of advanced processes in Chinese semiconductor manufacturing is difficult to achieve substantially, and the focus of the semiconductor industry development will shift to mature processes.

Leading Chinese semiconductor equipment provider, NAURA, stated that it benefited from the demand for domestic alternatives. Orders for the four major sales equipment categories, namely etching, thin film, cleaning, and furnace tubes, remained robust. The new order amount in 2023 increased by 30% annually. In addition to supplying IC process equipment, NAURA also supplies SiC 6/8-inch production line equipment, such as crystal growth/epitaxial furnaces, plasma-enhanced chemical vapor deposition (PECVD) equipment, high-temperature annealing furnaces, and cleaning machines. As companies like TanKeBlue, SICC, and Sanan Optoelectronics actively increase their SiC substrate production capacity, demand for upstream equipment supply will maintain steady growth.

According to a report from DIGITIMES in August 2023, the performance of semiconductor equipment manufacturers is declining, and the demand from generative AI such as ChatGPT has not yet significantly stimulated performance improvement. However, expectations for this have risen sharply. Reports from Japanese media such as Dempa and Nikkei indicate that in the unfavorable semiconductor market conditions, the performance of most semiconductor equipment-related companies for the April to June period of 2023 has also declined. This includes companies like Tokyo Electron, Advantest, Lasertec, and Disco.

Only a few equipment manufacturers have seen an increase in revenue, such as Shibaura Mechatronics, with a quarterly revenue growth of 3.1%. Due to its leading position in niche markets such as wafer cleaning and etching, its sales remain strong. The technology and equipment controls on semiconductor exports led by the United States, followed by Japan and the Netherlands, have not had a significant impact on the performance of equipment manufacturers. Tokyo Electron stated that China's large-scale procurement of mature process equipment has increased its share of sales to China.

Advantest pointed out that the technology export restrictions to China did not directly affect the performance for the fiscal year 2023 (April 2023 to March 2024). Lasertec also believes that even with the addition of factors such as technology export controls, there has been no new impact on performance. Chinese customers continue to

invest heavily in mature processes. Equipment manufacturers are still continuing their medium- to long-term investments. Tokyo Electron had a record high R&D expenditure of approximately 200 billion Japanese yen (US$1.4 billion) in the fiscal year 2023, with the completion of research and development facilities for film formation, etching, and patterning equipment in Yamanashi Prefecture, Japan, in July 2023. Canon has built a new factory for exposure machines next to its Utsunomiya plant in northern Tokyo, which is expected to be completed within 2023. Ebara is building a new production building for chemical mechanical polishing (CMP) equipment in Kumamoto Prefecture, Japan, which is expected to be completed in 2024.

Expectations for generative AI are rising among various manufacturers. Tokyo Electron stated that it has received enthusiastic inquiries about bonding equipment used in the high-bandwidth memory (HBM) process of generative AI. Tokyo Seimitsu also noted an increase in demand for grinding equipment for high-bandwidth memory and probing for memory stacking, which is expected to result in orders. Screen acknowledges that memory revenue is low, but generative AI will drive overall market conditions. Canon revealed that orders for exposure machines used in the backend process of generative AI GPUs have increased and are expected to increase further in 2024. Advantest expects that demand for high-performance semiconductor testing will increase from 2024 onwards.

According to a report from DIGITIMES in September 2023, the latest report from the Semiconductor Equipment and Materials International (SEMI) estimates that the total spending on wafer fab equipment worldwide will first dip and then rebound, falling by 15% from its historical high of $99.5 billion in 2022 to $84 billion and then rising by 15% to reach $97 billion in 2024. Interpreting these forecast figures should consider that 2021 and 2022 were the historical peaks of investment in wafer fab equipment, which has two implications.

First, even with an 18% decline in 2023, it still surpasses any year before 2020 by a large amount in terms of hundreds of billions of dollars. Second, even with a 15% rebound in 2024, the amount is still lower than the peak in 2022. Overall, the market size of wafer fab equipment in the coming years, under the strong intervention of various governments to support local industries in response to geopolitical situations and supply chain security, has risen to a higher level than in 2020 and maintains a higher growth rate than the semiconductor market! If we look at the statistics for the overall semiconductor equipment market (including wafer fabs and assembly/testing) in the first half of 2023, mainland China, Taiwan, and South Korea are still the top three markets globally, with sizes of $14.31 billion, $12.62 billion, and $11.27 billion, respectively, accounting for 22.5%, 24.0%, and 21.4% of the overall market share, respectively, which aligns with general expectations.

Especially noteworthy is the expansion of the U.S. market. The semiconductor equipment market in the United States was $7.61 billion in 2021, which increased to $10.47 billion in 2022. In the first half of 2023, it reached $6.88 billion, showing a growth of 30.8% compared to the first half of 2022, making it the fastest-growing market. It is expected to surpass $14 billion for the full year 2023. Major players such as TSMC, Intel, Samsung, and TI are the main driving forces behind this expansion, reflecting the "concrete achievements" of strong government intervention to support the industry.

As for the Chinese market, in June 2014, the State Council of China issued the "National Integrated Circuit Industry Development Promotion Outline," which confirmed the framework for the development of the entire industry chain of design, manufacturing, testing, and equipment materials and initiated supporting mega funds to

drive the accelerated development of China's semiconductor industry. Subsequently, in May 2015, the first section of the first chapter of the "Made in China 2025 Technology Blueprint" was "Integrated Circuits and Special Equipment," highlighting the importance of semiconductors and related equipment.

Since 2013, the growth rate of China's semiconductor equipment procurement has been consistently higher than the global semiconductor equipment market growth rate. In 2013, the size of China's semiconductor equipment market was $3.4 billion, accounting for 10.6% of the global market. Ten years later, in 2022, the size had grown to $28.3 billion, increasing its share of the global market to 26.3%. Looking at the two leading Chinese semiconductor equipment manufacturers, NAURA and AMEC, in the three years after the 2018 China-US trade war (2019-2021), NAURA's annual revenue growth rate was 22.1%, 49.2%, and 59.9%, respectively; AMEC, whose performance was disclosed only in 2019, had growth rates of 25.9% and 57.4% in 2020 and 2021, respectively, showing a trend of rapid sales growth.

Since 2022, global semiconductor equipment procurement has slowed down. The growth rates for the first half of 2022 and 2023 were 4.9% and 2.9%, respectively, with the Chinese market relatively weaker, with annual growth rates of -4.6% and -5.1%. However, during the same period, NAURA's revenue grew by 51.7% and 37.7%, and AMEC's grew by 60.9% and 27.5%, respectively. AMEC's revenue for the first half of the year was 2.53 billion RMB, while NAURA reached a scale of 8.43 billion RMB, reflecting the strong momentum of China's semiconductor equipment import substitution.

According to a report from DIGITIMES in November 2023, the combined revenue and net profit of nine major semiconductor equipment companies worldwide in Q3 2023 (partly from August to October) have exceeded that of Q2. The market share of many companies in China has increased significantly, with some even reaching 50%. With the possibility of further expansion of semiconductor technology blockade, the risks are increasing.

Nikkei News reported that the revenue of nine global major semiconductor equipment manufacturers, including Applied Materials, in Q3 2023 (August to October for Applied Materials), except for ASML, increased compared to Q2. Disco, a Japanese manufacturer, had the highest quarterly growth rate at 34%. In terms of net profit, among the eight companies that saw quarterly growth, only ASML had a 2% decline. Advantest, another Japanese company, had the highest quarterly net profit growth rate at 82%.

For semiconductor equipment manufacturers, Q2 2023 may have been the market's bottom. It is expected that Q4 2023 will also see growth, gradually overcoming the slump. However, Screen, a Japanese company, had 55% of its revenue coming from China, while Applied Materials, Lam Research, KLA, and TEL had more than 40%. TEL President Toshiki Kawai stated that they have gained 20 to 30 new customers in China.

Under the U.S.-initiated restrictions on the export of advanced semiconductor technology, China's massive investment in mature process semiconductors such as power semiconductors has led to an increase in the market share of many manufacturers in China. According to data from the Chinese General Administration of Customs, China's semiconductor equipment imports in Q3 2023 increased by 93% YoY, reaching 63.4 billion yuan (8.8 billion U.S. dollars). Among them, the import value of exposure machines was 3.9 times that of the same period in 2022. Looking at the countries, the Netherlands saw the largest increase in import value, up to 6.1 times from before.

On the contrary, current demand in China may be driven by the temporary need to

stockpile goods before the tightening of U.S. sanctions. For manufacturers with a high proportion of revenue from China, the risk of geopolitical factors is increasing. To reduce this risk, it may be necessary to wait for equipment investment to recover outside of China.

(5) Intelligent automation equipment industry

With the continuous advancement of AI, the decreasing costs of IoT components, and the rapid development of big data analytics applications, the development of smart factories has gradually matured. Machines, equipment, devices, and components are interconnected through IoT, linking data and information, and enabling the intelligentization of production processes to achieve production line automation.

The trade tensions between the United States and China are a significant focus affecting the economy. However, some businesses believe that in response to the impact of the U.S.-China trade tensions, many companies have begun establishing overseas second production bases. This demand is gradually rising, affecting industries related to high technology and smart manufacturing, which require long-term cultivation and observation of subsequent effects.

In addition to high-tech companies, key component manufacturers and system integrators upstream in the high-tech industry also have similar observations about the potential of smart manufacturing to drive market demand. High-tech companies believe that besides the transformation towards smart manufacturing, opportunities arising from gradually shifting production to Vietnam and Southeast Asian markets in response to environmental demands may emerge as early as in the coming years.

Key component manufacturers point out that as the global manufacturing industry enters the era of smart manufacturing, companies are stepping up their efforts to invest in smart factories. In addition to the automation and intelligence of machinery and equipment, the impact of the industrial IoT trend and the integration of virtual and real systems are also important issues. Whether it is industrial upgrading or transformation, the demand for automation-related components such as electronic proportional valves, electronic flow meters, and integrated valves will also increase during the process of building smart manufacturing lines, providing a certain boost to the industry.

Furthermore, in response to the trend of smart manufacturing, there is an increasing demand for real-time data visualization. For smart manufacturing system integrators, the task is not just integrating individual machines or production lines but presenting real-time operational information of all machines through remote monitoring, achieving goals such as equipment interoperability standardization, information transparency, and digitization for efficient smart management.

Currently, smart manufacturing is considered a necessary development direction for global manufacturers. Even if there are temporary delays or postponements in projects due to uncertainties in the overall environment, they are mostly adjustments in progress, and there are few cases of complete suspension. Projects that are delayed due to the impact will restart once the overall environment stabilizes and may even accelerate their progresses. This will bring about a new wave of growth opportunities for related industry supply chain players.

The US-China trade war, technological conflicts, inflation, and the COVID-19 pandemic have significantly impacted the global machinery market demand and posed substantial obstacles to the development of Taiwan's machinery industry. In facing the new post-pandemic normal, promoting digital transformation will be a crucial way to enhance the competitiveness of the machinery industry. Under the new normal, digital investments in manufacturing can proceed in two main directions: digital and intelligent

upgrades of existing equipment and production lines, and the implementation of digital software (including related hardware facilities) that can improve existing production systems. For Taiwan's machinery industry, digital transformation can enhance competitiveness on one hand, while on the other hand, it can seize the digitalization demand in the global manufacturing sector in the post-pandemic new normal, accelerating the development of digital solutions for existing equipment and production lines to capture significant business opportunities.

The Taiwan Electronic Equipment Industry Association (TEEIA) believes that besides expanding into new industrial fields, the demand from new southbound countries is also noteworthy. In the case of India, the focus is mainly on the electronics and electrical manufacturing industries, rubber products, food industry, machinery equipment, etc. In terms of smart manufacturing solutions, there are opportunities in areas such as corporate war rooms, smart logistics/smart warehousing, and management visualization.

According to a report by DIGITIMES in January 2024, the global economy is gradually recovering. Although it has not reached pre-pandemic levels, the outlook for 2024 is certainly better than the gloomy 2023. The demand for capital goods such as machinery equipment has always been closely related to manufacturing economic trends. From the perspective of the momentum for machinery equipment procurement, the global economy remains cautious, and order competition is intense. 2024 will still be a challenging year, with some industry insiders already forecasting a strategy of “crouching before leaping,” looking past 2023 and actively preparing for 2024.

While the machinery industry remains shrouded in uncertainty, the electronics equipment sector is growing against the trend. Following the previous pandemic-driven boom and the subsequent enthusiasm for stockpiling, the resulting inventory clearance impact has rapidly cooled demand, causing the industry to tighten its belts. The most common approach has been reducing capital expenditures and postponing investments in capital goods, which has impacted the industrial automation sector, affecting everything from components and systems to complete machines.

However, analysts note that the current economic slowdown is quite different from the past few years. Previously, the downturn affected everyone, but this time the impact is uneven. For instance, AI was the most prominent industry in 2023, benefiting the entire sector from chips to servers. In contrast, the momentum for electric vehicles, once at the forefront, has slightly slowed down. Meanwhile, the 3C electronics products and consumer-related industries are just beginning to show signs of economic recovery.

According to the latest statistics from the Taiwan Association of Machinery Industry, the overall machinery industry has experienced a 16-month decline. However, the good news is that the rate of decline has now narrowed to single digits. Overall, the manufacturing sector remains cautious about economic development, leading to conservative equipment investment. Among various machinery categories, electronic equipment has stood out, growing against the overall gloomy trend in the machinery equipment industry. With the semiconductor industry recovering and increasing its demand for equipment, the demand for electronic equipment and measurement devices is expected to grow significantly. The association predicts that this will drive the output value and exports of Taiwan's machinery industry to grow by 5-10% in 2024, maintaining a production value of over one trillion New Taiwan dollars. Despite short-term challenges, the long-term outlook for the automation industry remains positive.

Component sectors, particularly those related to batteries, continue to show robust demand. Transmission and pneumatic components, considered key elements in industrial automation, are leading indicators of the equipment and automation industry's

economic health. According to recent assessments from automation industry players, Q4 2023 is expected to be the low point for the industry, with improvement anticipated in the first half of 2024. End-use applications, such as energy and batteries, are expected to drive demand. Notably, despite some short-term fluctuations in the battery industry due to overcapacity in the Chinese market, long-term demand remains stable thanks to policy support, with the current focus on balancing capacity and expansion. The automotive supply chain indicates that the market cooling is a return to normal and healthy demand following an earlier surge. Regardless, the development of new energy sources remains a long-term, unchanging trend.

In the complete machine sector, robots have also been affected. Statistics show that the total export value of industrial robots from Taiwan in Q1 2023 decreased by 30% compared to the same period in 2022, marking the largest decline in four years. On a global scale, the growth in new industrial robots in 2022 was only single digits, not as impressive as the record highs in 2021, reflecting the global economic slowdown and the corresponding slowdown in robot demand. However, the International Federation of Robotics (IFR) remains confident, predicting that global new robot installations will reach 600,000 units in 2024, with growth expected to exceed that of 2023.

As for Taiwan's export markets, as per relevant statistics, the Chinese market saw a significant decline of up to 60%, while the Japanese market grew by nearly 30%, the Thai market by over three times, the Indian market by two times, and the Vietnamese market by nearly 20%. This indicates that demand for robots in the New Southbound markets has been expanding in recent years, presenting potential target markets for Taiwanese manufacturers to focus on in the future.

Although the resurgence in the machine tool industry has been delayed, signs of recovery are finally appearing. However, the outlook for the machine tool sector remains somewhat pessimistic. As the global economy has slowed, domestic machine tool manufacturers have reported unpaid leave and even factory closures. The downturn has led to concerns about potential market reshuffling. For machine tool manufacturers, exchange rates and tariffs have always been critical factors, but since 2023, the strong appreciation of the New Taiwan Dollar has caused manufacturers to lament the loss of orders to competitors from countries that have deliberately devalued their currencies. Industry players have noted that the global economic downturn has reduced equipment demand. Japanese companies, traditionally focused on high-end markets, have started competing in markets previously dominated by Taiwanese companies to mitigate risks, presenting a tough challenge for Taiwanese manufacturers. However, analysts suggest that the likelihood of further yen depreciation is low, and the economy is gradually recovering. Consequently, key players in the machine tool industry believe that the market may bottom out in Q4 2023, with a recovery expected by the Q2 2024. Nevertheless, the worst market conditions may persist through the first half of 2024, with a significant recovery not expected until the latter half of the year.

Over the past two years, the demand for automation has cooled due to economic downturns. Manufacturers are hopeful that once inventory depletion is completed, end-users will resume equipment purchases. Additionally, the recovery of domestic demand and manufacturing in China in 2024 is seen as crucial for the normalization of operations. Despite the downturn, certain industries like semiconductors, aerospace, new energy, electric vehicles, and batteries have remained relatively stable.

According to automation industry stakeholders, while the recent economic cooling has led to reduced manufacturing investments and a slight decline in automation implementation, several factors support the continued development of global automation and smart manufacturing. These include labor shortages, a declining population dividend, and the rise of the contactless economy. Industry observers have

also noted a growing reluctance among young people to work in factories, with many preferring to start their own businesses or work in the service sector, making it increasingly difficult for factories to find workers.

Therefore, despite short-term noise, the long-term trend of automation is expected to persist as long as global population trends remain unchanged. According to the international research firm Grand View Research, the global industrial automation market size is projected to reach $289.9 billion by 2028, with a compound annual growth rate (CAGR) of 8.9%.

1.3 Technology and R&D Overview

1.3.1 For the most recent fiscal year and during the current fiscal year up to the date of publication ofthe annual report, R&D expenditures:

Unit: NT$ thousands

Year / Item	2023	As of March 31, 2024
R&D expenses to Operating income	269,406	74,902
R&D expense to Operating income ratio	8.72%	7.32%

1.3.2 For the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, techniques and products that have been developed successfully for the Group

	Product
R&D Project (Technology)	● FOPLP IN-FEED Grinder development
	● KLIV Mini LED TESTER
	● Panel 2D AOI
	● PLP substrate peeling machine
	● Micro-LED vacuum pair application
	● Intelligent vehicle dispatch central control system
	● Forklift AGV
	● JEDEC Tray to JEDEC Tray Inspection Sorter
	● Jig Saw Sorter
	● Wafer & Film Frame Mult-Input EFEM
	● EFEM with Wafer FOUP & Wafer Frame FOUP Load Port
	● Up and Down Translation Marking Mechanism of Laser Marking Machine
	● Wafer & Reel to Multi-Frame Wafer Inspection Sorter
	● Wafer & Reel to Wafer Substrate Face Down Die Bonder
	● Larger Panel O/S Tester for 64K
	● 64K Electrical Measurement System

1.4 Long-Term and Short-Term business development plans

1.4.1 Short-Term business plans

(1) Cooperate with foreign technical cooperation, strengthen and deepen FPD's next-generation high value-added equipment, and drive the company's diversified and sustainable operation, so as to expand the future innovation and progress in the display industry, carefully select

reasonable gross profit business opportunities and make profits first.

(2) Continue the achievements of intelligent automation development in 2023, and concentrate resources to provide intelligent automation integration solutions for representative customers in key industries to achieve their intelligent manufacturing goals.

(3) Continue to expand cooperation with world-class companies, become its long-term automation equipment partner, and ensure stable development of business sources.

(4) Through technology introduction/cooperation, in line with the needs of partner customers, we will vigorously cut into the development of advanced testing technology of semiconductor front end with high added value, as well as the testing and grinding equipment of middle and back end packaging process.

(5) Improve the product performance in the field of IC carrier board to deepen the product line and expand the customer base.

1.4.2 Long-Term business plans

(1) Innovation and transformation, extension of tentacles and sustainable development are the guiding principles of development strategy.

(2) Business orientationt
- The display industry, semiconductor industry and intelligent automation industry will be further promoted.
- Extend related products to other foreign markets.
- Strengthen the return of Taiwanese businessmen and the business opportunities of decentralized production by international manufacturers.
- Deeply cultivate the after-sales service market of equipment and components, and grow together with customers.

(3) Product aspect
- The core technology (equipment & process) is deeply developed.
- Expand the core technology in cross-domain product integration and application development.

(4) Internationalization strategy of cultivating multiple talents.

(5) Join tactical alliances with partner companies to form joint ventures, create valued services, and maximize overall profits.

2. Market, Production, and Sales outlook

2.1 Market Analysis

1. The Company main product (service) sales (provision) area and market shares

The Company's products have presence mostly in Asia. During the last two year the sales percentage of the GPM export sales:

Unit: NT$ thousands

Year / Items	2022		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Domestic Net Sales	2,540,361	53.66%	1,982,622	64.18%
Net Sales from Export	2,193,615	46.34%	1,106,738	35.82%
Total	4,733,976	100.00%	3,089,360	100.00%
Market Share	Not applicable		Not applicable	

2. The supply and demand situation and growth potential of the market in the future

By cooperating with the Company's strategy, the Company will continue to deepen its core technologies and expand its applications in display, semiconductor, IC substrate, and intelligent

automation industries.

(1) Display Industry

At Touch Taiwan 2023, held in late April 2023 by DIGITIMES Research, interviews and observations with upstream, midstream, and downstream display industry players revealed that Micro LED remains a key focus for major manufacturers. Leading LED chip manufacturer Epistar has proposed several Micro LED mass production solutions, while PlayNitride and AUO have highlighted transparent Micro LED displays as key products for the automotive sector. In response to future vehicle development trends, AUO has further introduced the 2.0 version of its smart cockpit system, and InnoLux has emphasized its system integration capabilities, becoming a Tier 1 supplier for high-end car models.

Upstream, Epistar has introduced solutions to accelerate the mass production of Micro LED, including high-uniformity COW (Chip on Wafer) products and front-end processes to assist LED packaging plants and TFT LCD panel manufacturers with mass transfer. Foxconn and Unikorn Semiconductor have co-developed a high-brightness blue Micro LED display with a pixel density exceeding 6,500 ppi and a size of only 0.12 inches, mainly for AR glasses. This technology can also be extended to automotive heads-up displays.

Transparent Micro LED displays were a highlight in the automotive sector at the exhibition. PlayNitride showcased a 9.38-inch transparent Micro LED display, with most car manufacturers evaluating samples, and the product has entered the mass production stage. AUO's transparent Micro LED displays were showcased as 3D digital dashboards and integrated with the car's interior, with the latter featuring an optical film for a hidden display effect.

AUO and InnoLux also launched smart cockpit solutions. AUO presented its 2.0 version of the smart cockpit system, catering to applications for drivers, front passengers, and rear-seat passengers. The system includes four heads-up displays on the front windshield and a rear-seat entertainment system with both transparent Micro LED displays and gaming LCD displays. InnoLux's automotive displays emphasized the LID (Large Size Integrated Display) feature, and as a Tier 1 supplier, it is directly supplying high-end car models to manufacturers.

In terms of end-user mobile applications, ITRI showcased a smart mobile window screen navigation system in collaboration with AUO. This system uses transparent Micro LED displays not only for interactive added-value functions but also employs shake compensation technology to enhance the comfort of passengers viewing information. The system is mainly used in cars, ships, MRTs, and airplanes and has already been implemented. DIGITIMES Research believes that as an upstream LED epitaxy and chip manufacturer in the Micro LED industry chain, Epistar is accelerating the mass production of Micro LED by providing solutions such as COW (Chip on Wafer), PAM (Pitch Adjusted Module), and COC (Chip on Carrier), thereby lowering the adoption threshold for midstream and downstream manufacturers.

Several of our key products have successfully entered the FPD and Micro LED markets. With the company's strong R&D and promotion of equipment for G8.5/G10.5 panels, automotive panels, and Micro/Mini LED devices, it is expected that our display equipment will capture business opportunities as Taiwanese manufacturers expand their production facilities.

(2) Semiconductor Industry

Overlooking the market conditions, 5G communication applications, mobile devices, automotive electronics, AR/VR, high-performance computing, the Internet of Things, and AI

artificial intelligence will still be the main axes of market development in the next three years. State-of-the-art packaging such as 3D/2.5D IC/Fan-out has become a trend. However, due to the different process methods of major manufacturers, there is no single standard equipment in the market that can correspond. Therefore, every major manufacturer needs to be able to respond quickly and cooperate with the equipment developed by the process to enhance its competitiveness, which also creates a good development opportunity for domestic equipment manufacturers.

The Company has been focusing on the business of semiconductor packaging equipment for many years. Many products have been recognized by first-tier manufacturers in the market. The Company has the advantage of being close to customers and has a strong technical foundation for many years, associated with flexible characters to fit customizing requirement, the Company can provide long-term satisfactory services to customers. In terms of advanced packaging technology, the Company has also actively invested in the development of forward-looking technology equipment's, making every effort to deploy new process equipment in the future. At present, a number of new process equipment has been successfully introduced into the world's major factories. The outlook for 2023 should be cautiously optimistic based on rising market demands.

Due to the looming US-China trade war, plus the variables of COVID pandemic. The factors that drive the re-growth of the semiconductor market first point to the investment in 5G wireless communication equipment and mobile phones; firstly, the enterprise investment in base stations and other related equipment, followed by the increase in mobile phone production and investment in new components. Japanese component factories also have the growth of 5G-related demands. Although the trade war has depressed the short-term semiconductor development in mainland China, yet, it has enhanced the determination of mainland China to expand its own semiconductors, which will also help the semiconductor equipment market.

DIGITIMES Research reported that orders released by TSMC due to the expansion of factories have become an important growth driver for the global supply chain. Not only international equipment manufacturers such as ASML, but also in Taiwan's supply chain, many companies' TSMC orders account for a relatively high proportion of revenue. As TSMC's market share and production capacity continue to expand, and its share of advanced manufacturing processes is absolutely ahead, its reliance on TSMC will only increase. However, since high proportion of orders is from a single company, operational risks will also increase. The competition result among global wafer foundry vendors is clear; TSMC's market share is roughly estimated to be close to 60%. The market expects that TSMC will start to expand production in an all-round way, and after the new production capacity will be opened in 2023, the market share is expected to exceed 60% in 2023.

It should be noted that TSMC's mature and advanced process production and power are rapidly growing, and Taiwan, the United States, Japan and China have fully built new factories or further expanded and upgraded equipment. The orders released have become the completing objects of global equipment and materials supply chains. Such as, TSMC's Tainan Science Park Feb 18 and the new 5nm plant in the United States, covering the objects of plant construction, wafer manufacturing, packaging, testing, exposure machines, etching, PVD, CVD, measurement and polishing and other equipment and materials, plus all the materials required after mass production; directly or indirectly bringing living water into thousands of semiconductor companies around the world.

(3) Smart Manufacturing Industry

The Company's smart equipment mainly focuses on solutions such as unmanned vehicle system/intelligent diagnosis and maintenance system (IDMS)/robotic processing system. System integration capability is the Company's advantage. We have established equipment in the semiconductor/panel/solar/PCB industries, and have accumulated solid production and manufacturing hard work and system integration soft power, and have achieved very high success in domestic and foreign industries evaluation and repeated awards. Nowadays, in response to the development trend of Industry 4.0 and smart machinery, we have provided smart manufacturing solutions to speed up the drive of smart manufacturing solutions in the manufacturing industry.

3. Advantages and disadvantages of competitive niches and development prospects and countermeasures.

(1) Favorable factors

In the display field, through technology transfer of Japan's high value-added Array segment PROBER, wet process etching and other equipment technologies, the Company successfully developed the main process products of the Array and Cell segment, and effectively expanded the application to major customers, making the Company's operations in the display field more efficient, complete and healthy.

In 2023, the global electronics market will focus on smart handheld devices, Internet of Things, 5G, memory, artificial intelligence, automotive electronics, metaverse, and virtual reality and augmented reality (AR/VR); among which the growing potential of future markets on automotive semiconductors and memory cannot be ignored. In addition, 5G and AI applications are also gradually growing, and these markets generate demands for many new equipment. The semiconductor industry is in a wave, and advanced semiconductor packaging has become a trend. However, due to the processes of major manufacturers are different, there is no single standard equipment in the market that can correspond, therefore, every major manufacturer needs to be able to respond quickly and cooperate with the equipment developed by the process to enhance its competitiveness. The Company has the advantage of closing to customers and years of technical foundation, plus the support of the government and Taiwan's leading manufacturers for the localization of equipment, it is a good time to enter the market and master the trend and also with the condition of positive development.

The market demands for intelligent automation has exploded; the Company has won the favor of heavyweight companies in different fields for large-scale alliances and cooperation, and its prosperity is expected.

A. Research and Development:

The Company is constantly dedicated to the research and development of innovative and diversified products, and cooperates with corporate research institutions and academic institutions to develop advanced process equipment, continuously improves the own technical capabilities. The Company’s R&D capability is confirmed by the manufacturing, governmental, academic and research regions

Except accumulating complete core technologies and integrated application capabilities, which can serve as a strong background for the Company's continuous expansion, in recent years, the Company has successively completed many technical cooperation projects with international manufacturers. By introducing world-class technologies, it will further help the Company carry out international market layout and transformation.

B. Complete quality system

The Company has a complete Q (quality) D (delivery) T (technology) C (cost) S (service) S (safety) quality system, which can provide a full range of services, conducive to attracting world-class customers to form strategic partnerships. At present, considerable progress has been made in the corporate strategy of "strategic cooperation/cross-regional cooperation, alliances go hand in hand together".

C. Powerful logistics support system

The Company has a long history and good credit status. After years of contacts with outsourcing and material suppliers, the two parties have established a good supply, demand and cooperative partnership, which is conducive to expand production capacity and stable material supply.

(2) Unfavorable Factors and Countermeasures

A. By facing the rise and expansion of China panel industry, China government actively drives the localization of its equipment, and the Company gradually faces strong competition from China’s local equipment. Mainland China's greater support for the semiconductor industry has also driven the rapid development of its local equipment industry. China local equipment manufacturers compete for the market with low prices, creating a competitive relationship with each other. Countermeasures:

(A) Continuously strengthen the technology of proprietary products and enhance intellectual property patent applications, while introducing advanced foreign technologies to elevate product levels and escape low-price competition. Enhance local operational resources in China, improving the design and manufacturing capabilities of Chinese subsidiaries to expand competitiveness in the Chinese market. Develop some equipment locally, integrate local resources to control costs, and strengthen local services in China.

(B) Enhancing operating resources in mainland China and the design and manufacturing capabilities of mainland subsidiaries to expand the competitiveness of the mainland China market. Part of the equipment development is localized; integrating local resources to control costs; and strengthen local services in the mainland China.
(C) Make full use of the local equipment supply chain in mainland China and integrate the QDTCSS energy that the Company is good at to provide customers with more valuable services and create a win-win situation.
(D) Close to customers and quick response are the key factors for us to effectively enter into the development of new processes for customers. Under this premise, we can continue to innovate and grow with customers. However, under the status of limited resources and rapid market evolution, mature products and new R&D equipment should carefully chose in terms of funds and manpower.
(E) Based on core technologies; cooperate with industry trends; invest R&D on new products; and expand industrial applications, including memory, 5G, AI, and Mini/Micro LED, etc., to expand market supply/demands.

B. FPD industry may not have a long and lasting development opportunity. Countermeasures:
(A) Cut into the high value-added heading cleaning, wet etching, and testing equipment of the FPD industry.
(B) Hold the business opportunities of the renovation of FPD customers' existing equipment; expand integration and promoting after-market value-added services.
(C) Explore different industries such as semiconductors and intelligent manufacturing, and plan for the New Eastbound and New Southbound markets.
(D) Continue to carry out innovative operations of strategic alliances, technology transfer cooperation, and cross-domain integration.

2.2 Main usage and Production Process of the Primary Products

1. Main usage

The Company is specialized in design, manufacturing and sales of equipment in FPD, semiconductor, intelligent automatic and biomedical.

2. The process of the Company's production and manufacturing are as follows:

All the Company's new product R&D shall follow the strict "C process design development control procedure" to control the R&D projects. C process includes "C0 Market Assessment", "C1 technique and product planning", "C2 Design Phase", "C3 Manufacturing and Assembly Phase", "C4 Testing and Validating Phase" and "C5 Result Confirmation Phase"

Development results are controlled by "S process", including "S1 Purchased Material Inspection", "Machine Component Module Assembly", "S4 Electricity Control and Whole Machine Control", "S4 Cold Run Test" and "S5 Hot Run Test".

2.3 State of Supply of Main Materials

The main material and source of the semiconductor equipment and TFT LCD equipment produced and manufactured by the Company are as follows:

Mechanical Component

(1) Functional Machine Component

The mechanical designers draw the technical drawings based on specifications and engineering department produce or outsource to contractor to produce. The main materials includes metal like steel, iron and aluminum.

(2) Standard Mechanical Parts

Other general parts such as bearing, servo motor, drive belt, spring, stamping die, guide rod and buffer are purchased through trader or from domestic market based on the decision and selection of mechanical designers.

(3)Software such as Computer and Human Machine Interface

Industrial and human machine interface are acquired through trader or from domestic market based on the decision and selection of electronic controller.

(4)Various signal transmitting and control components

Components such as sensors, solenoid valve, server controller and touch switch are acquired through trader or from domestic market based on the decision and selection of electronic controller.

(5)Electric and transmitting components

Components such as cylinder, illuminating lamp, transformer and power supply are acquired through trader or from domestic market based on the decision and selection of electronic controller.

2.4 Key Supplies & Customers

2.4.1. Key Suppliers

Names of suppliers accounting for more than 10% of the total purchase in any of the previous two years:None.

Unit: NT$ Thousands / %

2022				2023			
Supplier	**Procurement Amount**	**As % of 2022 Total Net Purchase**	**Relation**	**Supplier**	**Procurement Amount**	**As % of 2023 Total Net Purchase**	**Relation**
Others	2,914,088	100.00%	—	Others	1,683,359	100.00%	—
Total Net Procurement	2,914,088	100.00%		Total Net Procurement	1,683,359	100.00%	

2.4.2. Key Customers

Names of customers accounting for more than 10% of the total sales in any of the previous two years:

Unit: NT$ Thousands / %

2022				2023			
Customer	**Net Revenue**	**As % of 2022 Total Net Revenue**	**Relation**	**Customer**	**Net Revenue**	**As % of 2023 Total Net Revenue**	**Relation**
Customer B	1,114,563	23.54%	—	Customer B	779,964	25.25%	—
Customer Q	435,367	9.20%	—	Customer U	427,467	13.84%	—
Customer P	262,089	5.54%	—	Customer N	401,571	13.00%	—
Customer T	189,058	3.99%	—	Customer V	186,843	6.05%	—
Others	2,732,899			Others	1,293,515		
Total Net Revenue	4,733,976			Total Net Revenue	3,089,360		

2.5 Production Volume and Value in the Past Two Years

Unit: pieces / NT$ Thousands

Year / Output / Major Products (or by department)	2022			2023		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Display Process Equipment	Not applicable	245	1,515,333	Not applicable	117	456,577
Semiconductor Process Equipment		3,941	1,804,212		4,794	1,941,584
Intelligent Automation Equipment		78	48,612		12	731
Others		220	793,630		1,116	784,890
Total		4,484	4,161,787		6,039	3,183,782

2.6 Sales Volume and Value in the Past Two Years

Unit: pieces / NT$ Thousands

Year / Shipments & Sales / Major Products (or by departments)	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Display Process Equipment	116	1,212,745	88	915,765	78	633,914	9	39,608
Semiconductor Process Equipment	431	991,615	835	999,665	392	970,487	565	914,437
Intelligent Automation Equipment	16	2,991	53	63,969	11	1,429	0	0
Display Process Equipment	0	333,010	0	214,216	0	376,792	0	152,693
Total	563	2,540,361	976	2,193,615	481	1,982,622	574	1,106,738

3. Human Capital

Year		2022	2023	As of March 31, 2024
Number of Employees	Indirect Labor	366	367	358
	Direct Labor	495	461	463
	Total	861	828	821
Average Age		40.86	41.56	41.72
Average Years of Service		9.42	9.88	10.37
Education (%)	Ph.D.	0.23%	0.48%	0.37%
	Master's	21.84%	22.83%	23.02%
	Bachelor's	64.69%	64.49%	64.55%
	High School	11.27%	10.15%	10.11%
	Others	1.97%	2.05%	1.95%

4. Expenditure of environmental protection

In the latest year and up to the date of publication of the annual report, the damages (including compensation) incurred due to environmental pollution and violations of environmental protection laws and regulations as a result of environmental protection audits shall be listed; and disclose the estimated amount and countermeasures that may occur at present and in the future. If unable to be reasonably estimated, it should explain the fact why unable to be reasonably estimated:

All environmental protection affairs in the Company's plant are implemented in accordance with national laws and regulations; there is no loss (including compensation) and punishment due to environmental pollution. Meanwhile, the Company actively invests in environmental protection and pollution prevention tasks with a total investment of NT$1,232 thousand. Every year the Company invested a large amount of money to add and improve pollution prevention and control equipment, and the process is constantly updated to achieve pollution reduction, resource recovery and reuse purpose; also, the Company actively drives environmental safety and health management measures, and regularly implements environmental inspections of plants according to the law, enhancing hazard identification safety training, disaster prevention training, and employee health inspection and promotion for all employees; expecting to achieve the goal of zero pollution in production and zero accidents in the workplace. Regarding the impact on the environment and climate, we are dedicated to reducing emissions of greenhouse gases and efficiently using energy.

In addition to complying with domestic laws and regulations, we also strive to achieve compliance with the norms of the European Union Environmental Protection Directive (RoHS) and international conventions.

5. Labor relations

5.1 List the Company's employee welfare measures, education, training, and retirement systems and the implementation status, as well as labor-management agreements and protection measures of employee rights and interests:

1. Employee welfare measures

The Company believes that employees are the most important assets. In addition to providing appropriate work content, it also provides high-quality remuneration and benefits. The Company also encourages employees to devote themselves to their families, pursue interests, care for society, and create a comfortable life.

(1) Salary and leaves

- Competitive salary level.
- Provide bonuses for Dragon Boat Festival, Mid-Autumn Festival and Lunar New Year, etc.
- In order to reward employees for their outstanding performance, the Company pays quarterly performance bonuses, year-end bonuses and employee remuneration according to the achievement degree of operational goals, profitability and individual performance of employees. The employee remuneration is allocated according to the Company's articles of association.
- 3 days of paid sick leaves per year.
- Annual 0.5-day leave on full pay for enrollment of Grade-1 newcomer with primary school.
- 0.5 days of birthday leave per year
- 1 day of extra leave per year

(2) Living and incentive subsidy

- Provide cash gifts for weddings, funerals, childbirth, annual festivals (Dragon Boat Festival, Labor Day, and Mid-Autumn Festival), birthdays, and hospital stay condolences.
- Childcare measures, NT$3,000-6,000 per month for childcare of the third child and education allowance.
- To encourage employees to innovate, the Company provides innovative research bonuses, proposal improvement bonuses, outstanding team bonuses for special performance, and outstanding employee bonuses, etc., to stimulate employees' work enthusiasm and teamwork spirit.
- To reward employees for self-improvement, there are bonuses to drive employees to obtain English and Japanese licenses or become excellent internal training lecturers, and let

employees to earn training credits.
- Subsidize the cost of parking spaces.
- If employees hold outdoor social activities themselves, the Company provides the outdoor social activity subsidy in the amount of NT$300 per person per time.
- Subsidize on-job training expenses.
- Provide employees with an advance salary measure for purchasing vehicles. Employees can advance between 150,000 to 300,000 NTD based on their financial situation, enhancing their living conditions.
- Provide employees with an advance salary measure for purchasing houses. Employees can advance between 360,000 to 1,500,000 NTD based on their financial situation, reducing their living pressure.

(3) Stress-relieving environment
- Build a comfortable milk collection room for female employees.
- Each plant has a staff cafeteria; and provides staff meal allowances.
- Build a library; and use the bar table to achieve the effect of stress relief.
- Each plant has a fitness center.
- Free coffee machines and snack vending machines.
- Provide“Age-Friendly Glasses” in factory libraries.

(4) Soft activities
- Host a series of parent-child activities such as concerts, consensus camps, and family days to enable employees to achieve balance between work and life.
- Host group health and fun competitions on different festivals.
- Host the year-end/spring wine activities every year.

(5) Meal enjoyment
- Free afternoon tea.
- Distribute healthy meals on Father's Day, Mother's Day and other festivals.

(6) Family members share
- Group insurance for employees' family members.
- Provide health check discounts for employees' family members.

(7) Special contracts
- Signed contracts with counseling centers (2 in Hsinchu and 2 in Taichung) to provide avenues for stress relief for colleagues.
- Sign a special contract with the kindergarten.

(8) Other measures
- Provide annual free health check.
- Model staff and senior staff reward system.
- Perfect performance management system.
- Each supervisor develops the plan according to the performance indicators. In order to achieve the Company, department and individual goals, the performance appraisal of all colleagues is conducted on a regular basis every six months for guidance and feedback. Teach supervisors to perform assessment and performance interview assignments to improve the work performance of colleagues in the Company; provide career planning for employees, and establish a reasonable reward and punishment feedback mechanism. The assessment results are used as the basis for the issuance of bonuses, salary adjustments, remuneration, promotion, talent training and development plans.
- Implement the connection of traffic vehicles in the plant area (to reduce the commuter traffic flow and total exhaust amount, and the environmental load).
- Conducted work suitability assessment for aging workers in 2023, with an execution rate of 76%.

(9) Welfare measures of the Welfare Committee:
- Provide education scholarships for children and employees from elementary schools to research institutes.
- Discounts at designated stores of the Welfare Commission.
- Provide gifts (Pay Easy points) for weddings, funerals, births, festivals, and birthdays.
- Club activities (the nature of the club includes 10 clubs in the categories of sports, public welfare, and stress relief, etc.).
- Occasional recreational activities (Lunar New Year gifts, Christmas party, and festive

activities.)

2.Advanced study and training system

The Company believes that talent development is the cornerstone of the Company's growth. Through training it can discover more potential; we provide sufficient resources to help colleagues create themselves, create corporate value and core competitiveness, and promote corporate development and employee growth, in the perspective of creating a win-win situation.

(1) The Company has established the "Education and Training Quality Manual" for employees to follow. The Company provides subsidies for education and training every year to improve the knowledge and skills of personnel in the organization, cultivating and reserve human resources, in the goal of achieving organizational performance and enhancing the Company's competitiveness. The content is outlined below:

A. Education and training system: GPM established a complete training and development system to establish a clear education and training planning process; and plan for different courses according to grades and titles to achieve vision and annual strategic goals, and cultivate talents.

a. Hierarchy training course: According to the planning hierarchy map of chiefs in different hierarchies, carry out training for management knowledge to confirm that each manager has management knowledge. It is divided into a learning map for cultivating low-level managers, low-level managers, middle-level managers and senior managers.

b. Professional training courses: According to the skills required by each unit, design professional training maps, such as R&D and design training maps, customer service functions training maps and other maps, to ensure that employees have sufficient knowledge and technology on the jobs.

c. Training courses for new recruits: Explain the Company profile, development history, management regulations, information security, occupational safety/health and occupational safety and health management system concepts.

d. Internal lecturer training courses: The administrative unit hosts internal lecturer training courses according to actual needs to evaluate colleagues with expertise and enthusiasm for teaching, and to study teaching skills.

e. Self-enlightenment training courses: Spiritual growth courses such as aesthetics, art, medicine, health care, and literature, etc.

f. Soft courses: Including physical health care, family relations, psychological relief and insurance and financial management courses.

B. Mentoring system: Each new colleague is assigned a mentor to provide work advice and speed up the newcomer to adapt to the working environment.

C. Statistics and expenses related to the employee education and training of the Group in 2023:

Education and training	Internal training	External training	Total
Batchs	121	167	288
Number of trainees	4,842	169	5,011
Hours	8,835	1,101	9,936
Expenses (NT$ thousands)	$967	$280	$1,247

3. The retirement system and its implementation

(1) We provide labor insurance, national health insurance, group insurance and group business travel safety insurance to meet the comprehensive insurance needs of our colleagues.

(2) Retirement system and implementation status: The retirement system of the Company and its subsidiaries shall be handled according to the laws and regulations of various locations.

A. Companies within the territory of the ROC: All have the labor retirement regulations in accordance with the "Labor Standards Act", and deposit more than 2% of the monthly retirement reserves to the special account of the Labor Retirement Reserve Supervision Committee; since July 1 2005, fully implementing the "Labor Pension Regulations". The applicable regulations are as follows:

(A) Employees reporting to job positions by and after July 1, 2005 shall fully apply the "Labor Pension Regulations".

(B) Employees reporting to job positions before July 1, 2005 may choose the pension under the "Labor Pension Act" or "Labor Standards Act" within five years from July 1, 2005 according to their actual needs; if the employee has not yet made the choice by the expiration date, the pension provisions of the "Labor Standards Act" will continue to be applied from the date of implementation.

(C) Employees who have one of the following circumstances can apply for retirement by themselves:

- The service time exceeds 15 years and over 55 years old.
- The service time exceeds 25 years.
- The service time exceeds 10 years and over 60 years old.

(D) Retirement payment criteria:

- According to their working years, two bases are given for each full year. However, for those who have worked for more than 15 years, a base will be given for each full year, and the maximum total is limited to 45 bases. If less than half a year, it will be counted as half a year; if exceeding half a year yet below a year, it will be counted as one year.
- According to the provisions of Item 1.2, Article 54, for worker under forced retirement with mental or physical disability, which is caused by duty performance, extra 20% shall be added according to the provisions of the above item.

B. Companies in China:

(A) In accordance with the local social insurance operation mode, such as basic medical insurance, maternity insurance, basic endowment insurance, work-related injury insurance and unemployment insurance, the Company has started to fulfill the obligation to pay social insurance after going through the procedures for increasing the number of employees in social insurance. The basic pension insurance benefits shall be allocated monthly according to the contribution base, and the provision ratio shall be applied in accordance with local laws and regulations.

(B) When an employee reaches the statutory retirement age and the accumulated number of contributory years, he/she may receive pension in accordance with local regulations. Composition of basic pension: Social pooling and personal accounts.

4. The agreement between employee and employer and the protection measures for employees' rights and interests:

The Company greatly emphasizes the rights and interests of employees and their future development, and has established an Employee Welfare Committee to provide various employee welfare measures. An "Education and Training Quality Manual" is also built to encourage employees to participate in various training and skills training. Meanwhile, the Company also establishes a communication channel between employees and employer, and discloses welfare measures, learning and development, employee communication and life balance on the Company's website. When there are major changes in the Company's operations that affect labor rights, the Company will immediately communicate and coordinate with employees through formal communication channels; and the Company regularly holds employee meetings, labor-management meetings and other meetings with employees to announce important information and understand labor's ideas, and provide "General Manager's Mailbox", " Anti-Bullying Mailbox ", "Model Staff Dinner Party" and "Employee Satisfaction Survey" and other communication channels to collect improvement opinions, and record and propose improvement proposals after collection, in order to establish a reliable labor-management communication environment.

- Build the "General Manager's Office Mailbox", which will be compiled and replied by a dedicated person.
- Hold "Staff Meetings" quarterly to provide opportunities for employees to express their opinions as a reference for company improvement.

- Hold a "employee-employer meeting" on a quarterly basis. In order to promote harmonious employee-employer relations, regularly hold employee-employer meetings to listen to employees' suggestions.
- Select annual model employees and host a "model employee dinner party" to listen to the suggestions given by the model employees to the Company.
- Each plant has dedicated person in charge of employees relations, who can provide face-to-face assistance and listen to the voices of colleagues.
- Irregularly hold "Employee Forum" and the chairman will discuss and listen to the ideas of employees.
- Regularly provide "Employee Satisfaction Survey" to provide a channel for colleagues to advise the Company.

5. Employees’ work safety and health of

(1) Work safety environment

- Establish an Occupational Safety and Health Committee, hold regular quarterly meetings to discuss matters related to environmental protection, safety and health.
- As a basis for improving the workplace environment, perform work environment monitoring every six months to assess personal exposure.
- Established the emergency response plans, including rapid response to accidents, disaster recovery and response procedures for potential disasters.
- Passed the certification of occupational safety and health management system (ISO45001:2018).
- Regularly hold comprehensive fire drills, emergency response drills, and CPR + AED first-aid training for all personnel.
- Establish safety and health policies and division of powers and responsibilities of supervisors at all levels. Hold committee meetings with discussions.
- Create a smoke-free office environment.
- Install tire pressure sensors and perform regular tire checks for company vehicles.

(2) Employees’ Physical and mental health

- Provide regular health inspections for on-job workers every year, and conduct physical inspections for new employees (the frequency and items are superior to the one stipulated by laws and regulations).
- Health grading management system; follow colleagues' health examination results to carry out grading management.
- On-site medical care service, with more convenient physical consultation, and tracking down the health examination and re-examination status of colleagues.
- Every year, routine health promotion activities are held. In 2023, the "Weight Loss Battle" activity resulted in a total weight loss of 133.51 kg, with 20 individuals maintaining a healthy weight without regaining pounds. The "Walking for Charity" activity in 2023 covered a total distance of 44,215 kilometers, resulting in a donation of NT$45,000 to charity organizations.
- innovative health activities are organized annually. In 2023, the "Lucky Exercise" event was held, where participating in sports events such as road runnings could earn up to NT$1,000 in sports subsidies. These yearly novel activities attract colleagues to engage in physical activities.
- Make special appointment by the psychological counseling office to provide colleagues spiritual assistance.
- Invite colleagues to fill in the physical and mental health questionnaire, and the plant nurses follow up to track down the respective mental states.

6.Fulfill corporate sustainability

Under the goal of integrity governance, green environment and social care, GPM takes positive actions to step into the issue of sustainability. On the way of sustainability, GPM will jointly grow with the world and co-exist and prosper with the ecological environment.

(1) Company governance

- The Company established an effective company governance structure, adhering to the principle of integrity management, following the laws and regulations, establishing a Board of Directors and various Statutory Committees, and setting important internal regulations of the Company to implement the company governance practices.
- The Company information is regularly announced on the official website and the Open Information Observatory Station, implementing open and transparent information disclosure, emphasizing the two-way communication with various stakeholders, and regularly reporting the communication results to the Board of Directors.

(2) Social co-prosperity

- The Company strictly obeys the labor laws and regulations and respects the internationally recognized basic labor rights principles, protects the legitimate rights and interests of employees and implements the employment policy of fair and non-discriminatory treatment, and established an appropriate management system to supervise the management. The Company insures all employees in life insurance, health insurance, disease, cancer, and disability insurance and provides retirement reserves.
- The Company believes that employees are the most important assets. In addition to providing employees with appropriate work content according to business needs, the Company also provides a safe and comfortable working environment, and builds superior salaries and benefits. The Company encourages employees to devote themselves to their families, pursue interests, care for society, and create a comfortable life.
- The Company actively participates in social participation, expecting to spread goodwill far and wide, improve the common life quality of the society, and shorten the gap between the rich and the poor and mitigate inequality. The Company's social participation activities are divided into public welfare care platform, industry-university cooperation platform, and incubation platform. The public welfare platform provides support and financial assistance for social disadvantaged groups; the industry-university cooperation platform provides internship vacancies for school students and R&D projects; the incubation platform provide a platform for local elementary schools and junior-high schools to express their talents and promote local cultural characteristics.

(3) Environmental sustainability

- Climate change has a profound impact on people's lives. As the issue of extreme climate gradually emerges, GPM had accepted the guidance for greenhouse gas inventory under ISO14064-1:2018 since 2021, and officially introduced greenhouse gas inventory in 2022, set up low-carbon emission policies to achieve carbon neutrality first, aiming at net zero emissions ultimately, and has passed external examination for greenhouse gas inventory in 2022. Pass external verification of greenhouse gas inventory in 2022 and 2023.
- The company has consistently reviewed its water and electricity usage on a monthly basis to understand consumption patterns and coordinate improvement initiatives. Additionally, in terms of processes, machines have been designed to reduce water usage, aligning with customer requirements while also achieving environmental conservation goals.

(4) Awards

- National Healthy Workplace-Health Management Award
- Chubu Science Park "Promoting Equality in the Workplace" Excellent Institution Selection Award
- Green Fleet Certificated -HsinChu County Environmental Protection Bureau
- iSports Certification – Sports Administration

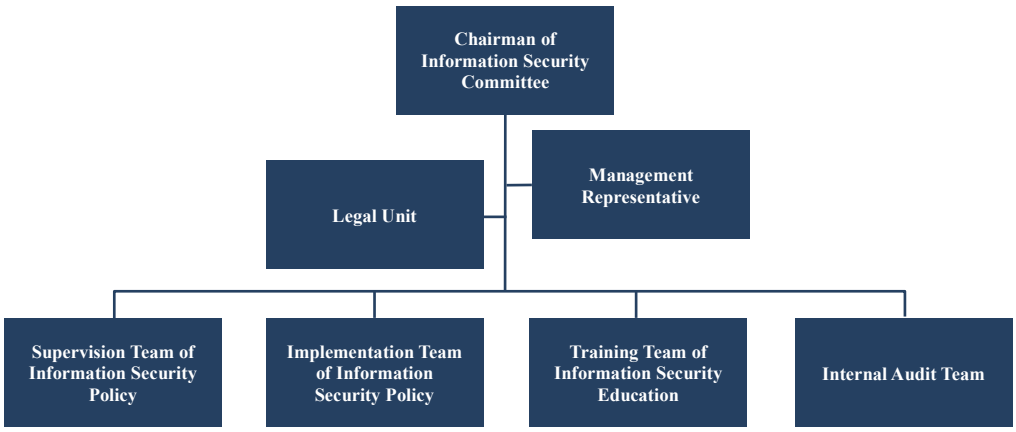
5.2 For the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, loss from labor-management dispute and disclosure of possible loss amount and mitigation efforts (including the violation of the Labor Standards Act discovered through the labor inspections. The date and the serial number of the punishment, the title and content of the violated provision, and the punishment shall be specified) and the estimated amounts that occurred or may occur in the future. If it cannot be reasonably estimated, the fact shall be affirmed: None.

6. Information security management.

6.1 State the information security risk management framework, information security policy, specific management plan, and resources invested in the information security management, etc.

6.1.1 Information security risk management framework

To maintain and enhance information security management and ensure the confidentiality, integrity and availability of assets and information, the Company established the "Information Security Committee" on October 26, 2020. The "Information Security Committee" is in charge of various information security governance, planning, supervision and promotion of implementation, and regularly holds management review meetings to make appropriate revisions according to the assessment results, laws, and the latest development of technologies and business to ensure complying with actual needs; and regularly report the information security risk management to the Board of Directors per year.



6.1.2 Information security policy

The Company has been dedicated to improve the information security from various internal information security management mechanisms, regular information security propaganda, and employee information security training over the years. The concept of "responsibility" ensures the confidentiality, integrity and availability of the data processing of customers and colleagues, so that the Company's data processing is fully guaranteed and can provide safe, stable and efficient information services.

- Conduct in ISO/IEC 27001:2013 ISMS information security management system

  The Company has obtained ISO/IEC 27001:2013 ISMS international certification in information security management system in 2021 (certification company: Grey International Certification Co., Ltd., certificate number: IAS-ISMS-21-014); following the ISMS information management system to perform information security policy, set information security goals, control information security and continuously run contingency drills to protect the Company's important systems and On October 13, 2023, the ISO/IEC 27001:2013 Information Security Management System (ISMS) underwent its second-year follow-up audit and verification review. The certificate remains valid until the next verification year.

- File system management

  To improve information security management, the Company's information policy governance and standardization are uniformly submitted by the information unit for internal electronic signatures. After reviewed by the first-level supervisors of each unit and president, the information unit will make application through the internal electronic file system and submit it to the Document Control Center. After the process is reviewed, a company-wide document announcement will be issued.

- Adhering to SEMI E187 Security Guidelines

  Geopolitics, pandemics, ESG, and green manufacturing are accelerating the digital transformation of global enterprises. Cybersecurity attacks pose a significant pain point and challenge for companies. Once a cybersecurity issue occurs, it can result in stolen confidential data, equipment downtime, product scrap, and even halt the entire factory operation, leading to significant losses. The semiconductor industry, being highly specialized and reliant on a supply chain, faces particular concerns regarding supply chain cybersecurity defense.

  To provide high-quality products and services to semiconductor and high-tech industry clients, our company follows the SEMI E187 security guidelines from the product design stage. Before equipment enters customer facilities, we proactively conduct non-toxic testing, vulnerability scanning, and provide non-toxic certifications to ensure equipment safety, quality, and reliability, completing equipment delivery.

  In 2023, our company passed third-party verification by Bureau Veritas, obtaining SEMI E187 qualification certification for semiconductor AOI equipment (Certification Company: Bureau Veritas, Certificate Number: S112082801). As a supplier of semiconductor industry equipment, SEMI E187 provides our company with practical methods to implement semiconductor equipment cybersecurity standards, strengthening cybersecurity protection from the source and enhancing the cybersecurity defense level of semiconductor equipment. We provide cybersecurity-compliant semiconductor equipment to manufacturing industry customers, helping them enhance industry competitiveness.

6.1.3 Specific management plan

To protect the security of confidential documents and customer data, except passing the annual ISO/IEC 27001:2013 ISMS information security management system verification, the Company also enhances the defense and detection capabilities of information security equipment.

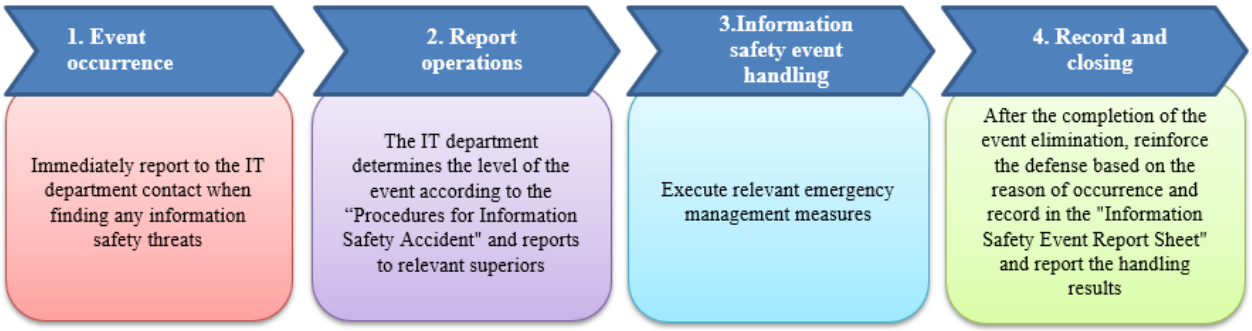
We give promotional explanations on various information security at the staff meeting annually, including the relevant provisions of the trade secret protection law and explanations on information security policy, and require new employees to sign the consent on information security policy to ensure that the information security policy is known to all colleagues.

We carry out core system disaster recovery drill annually, and use DR Backup to restore the remote computer room system, to ensure the normal operation of the core system.

Physical network security management, such as internal (inter-factory)/external firewall mechanism, DMZ network isolation zone and security zone establishment, is used to separate servers for internal and external services, and work with network traffic anomaly detection and

analysis system and other equipment to ensure the physical security of the network. Data access control management is deployed on the client computer through the DLP system and anti-virus system to protect computer data security and enhance the USB management of mobile storage devices; and assign different access rights according to business and functions. In addition, a data backup and restoration mechanism is established to ensure data security, enhance internal and external attack defense and recovery capabilities, properly maintain customer data and information security, and join the SP-ISAC Science Park Information Security Information Sharing and Analysis Center to understand and master domestic and foreign information security threats and weaknesses via the platform information-share mechanism, in the perspective of facilitating management and early response.

- Reporting process of information security incident



6.1.4 Resources invested to security management

- Information security training

Information security training for employees is held in Hsinchu Science Park plants and Taichung Science Park plants every year. External information security lecturers are invited to the plants to explain external hacking and fraud methods and prevention awareness. Meanwhile, it also propagandizes the latest information security concepts to colleagues to reduce risks. It is expected to elevate the awareness of information security of all employees and timely protect the Company's rights and interests at anywhere.

- Conduct in multi-factor authentication mechanism (MFA)

Nowadays, cyber-attacks have emerged one after another, multinational corporations, financial industries to high-tech manufacturing industries are all possible attacking targets. More and more attack methods are used to steal client identities to log in to the network application service layer. Account and password protection are way not enough. Therefore, the Company has introduced multi-factor authentication (MFA) information security products. User needs to pass two or more authentication mechanisms before he/she can connect to the Company's internal services. When applied to external connection services such as VPN and Webmail, user needs to pass the MFA authentication mechanism to confirm that the connection port is by the correct person, which can effectively prevent external hacker's intruding behaviors from connecting and protect company data security.

- Social Engineering Drills

Email is an essential channel for corporate external communication and the most common starting point for hackers to infiltrate internal systems. Hackers often send phishing emails to employees, enticing them to click on links or attachments that lead to computer compromise. From there, hackers gradually penetrate important company servers to steal confidential data, resulting in financial and material losses for the enterprise. Therefore, our company conducts social engineering drills to effectively "test employees' cybersecurity awareness." We simulate common phishing emails used by hackers, such as those related to current events like travel, information, politics, shopping, health, and lifestyle, to employees' mailboxes. We then gather information such as email open rates, attachment opening rates, and link click rates to understand employees' cybersecurity awareness levels. For employees

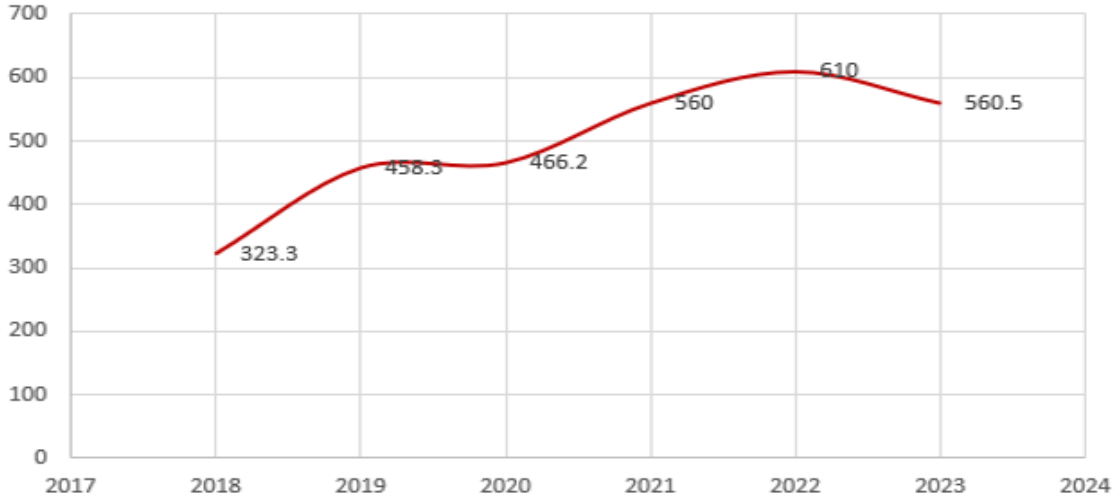
with lower cybersecurity awareness, we also provide cybersecurity awareness training courses to assist in counseling and strengthening their awareness.

➢ Implementing EDR (Endpoint Detection and Response) and MDR (Managed Detection and Response) for incident response services

In recent years, hackers' intrusion methods have become increasingly diverse and elusive. To avoid detection by organizations, hackers often use seemingly normal management connections or encode execution commands to evade many detection tools. Our company has implemented and deployed EDR (Endpoint Detection and Response) products, integrating proactive and effective early detection of network security events and taking effective measures to suppress disasters. Additionally, we subscribe to MDR services from cybersecurity providers, leveraging professional MDR cybersecurity teams to analyze information security events detected by EDR. This allows us to identify problems more quickly, reducing cybersecurity risks.

➢ Description of costs spent in recent years

To protect the Company's rights and interests and prevent the risk of being hacked, the Company's investment in information security has increased significantly in recent years.



Costs spent
Unit: NT$ 10,000

6.2 Losses, potential effects arising from significant cybersecurity events, and countermeasures for the most recent year and up to the date of publishment of the annual report; for those that cannot be reasonably estimated, describe the facts regarding the inability to reasonably estimate: None.

7.Material Contracts

For the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the Company's important contracts that are still valid and will become due recently:

Nature of Contract	Contracting Parties	Contract Start/End Date	Main Content	Restrictive Provisions
Technology Transfer Contract	MICRONICS JAPANCO., LTD.	From March 12, 2015	Transfer of Technology	Data related to Transfer of Technology Contract shall not be re-authorized or transferred to third party.
Technology Cooperation Contract	Sumitomo Precision Products CO.,LTD.	Ten years, Starting from September 9, 2016	Technical Cooperation	If no termination request being proposed upon due, the contract will be renewed.
Technology Licensing and Mutual Development Agreement	International Business Machines Corporation.	Starting from November 3, 2016	Technology Licensing and Mutual Development	If no significant violation, the contract remains valid indefinitely.
Lease Agreement	Central Taiwan Science Park Bureau	September 17, 2005 to December 31, 2024	Factory Lease Agreement with Central Taiwan Science Park	None
Lease Agreement	Hsinchu Science Park Bureau	August 1, 2016 to July 31, 2036	Factory Lease Agreement with Hsinchu Science Park	None
Long-term Borrowing	Taipei Fubon Bank	July 1, 2021 to July 1, 2026	Collateral loan of Factory in Central Taiwan Science Park	Note
Long-term Borrowing	Cathay United Bank	November 24, 2021 to March 31, 2024	Collateral loan of Factory in Hsinchu Taiwan Science Park	None

VI. Financial Highlights and Analysis

1. Condensed Balance Sheets and Condensed Statements of Comprehensive Income from 2019 to 2023

1.1 International Financial Reporting Standard.

1.1.1 Consolidated Condensed Balance Sheets - GPM & Subsidiaries

Unit：NT$ Thousands

Item \ Year		2019	2020	2021	2022	2023
Current assets		5,304,587	4,797,281	4,686,670	5,631,173	4,819,299
Property, plant and equipment		588,628	720,976	746,793	726,466	712,274
Intangible assets		25,692	20,536	13,772	13,078	13,010
Other assets		534,953	557,277	1,349,176	1,525,644	3,145,487
Total assets		6,453,860	6,096,070	6,796,411	7,896,361	8,690,070
Current liabilities	Before distribution	2,807,895	2,902,762	3,093,171	3,902,059	4,196,122
	After distribution	3,055,599	3,061,898	3,334,105	4,196,291	4,392,277
Non-current liabilities		825,529	521,349	794,921	752,533	739,056
Total liabilities	Before distribution	3,633,424	3,424,111	3,888,092	4,654,592	4,935,178
	After distribution	3,881,128	3,583,247	4,129,026	4,948,824	5,131,333
Equity attributable to owners of the parent		2,386,653	2,217,221	2,441,861	2,642,492	3,172,766
Share capital		1,651,361	1,651,361	1,651,361	1,651,361	1,651,361
Capital surplus	Before distribution	199,091	187,088	226,704	267,824	267,824
	After distribution	199,091	187,088	210,642	267,824	267,824
Retained earnings	Before distribution	632,606	535,543	585,316	757,449	667,355
	After distribution	384,902	376,407	360,444	463,217	471,200
Other equity		(96,405)	(48,346)	60,035	(3,888)	616,480
Treasury shares		—	(108,425)	(81,555)	(30,254)	(30,254)
Non-controlling interests		433,783	454,738	466,458	599,277	582,126
Total equity	Before distribution	2,820,436	2,671,959	2,908,319	3,241,769	3,754,892
	After distribution	2,572,732	2,512,823	2,667,385	2,947,537	3,558,737

1.1.2 Consolidated Condensed Statements of Comprehensive Income -GPM & Subsidiaries

Unit：NT$ Thousands

Item \ Year	2019	2020	2021	2022	2023
Operating revenue	4,236,015	3,460,391	4,811,375	4,733,976	3,089,360
Gross profit	1,230,621	820,423	1,148,528	1,406,728	777,043
Operating income	359,126	77,609	316,975	422,834	154,598
Non-operating income and expenses	1,123	128,153	33,461	211,274	139,569
Income before income tax	360,249	205,762	350,436	634,108	294,167
Net profit(Loss)from continuing operations	289,906	160,618	321,231	492,215	242,616
Net profit(Loss)from close operations	----	----	----	----	----
Net profit (Loss)	289,906	160,618	321,231	492,215	242,616
Other comprehensive income, net of income tax	(66,121)	70,227	89,928	(65,308)	690,672
Total comprehensive income	223,785	230,845	411,159	426,907	933,288
Profit(Loss) attributable to owners of parent	249,158	149,511	246,089	390,200	203,703
Profit(Loss) attributable to non-controlling interests	40,748	11,107	75,142	102,015	38,913
Comprehensive income attributable to owners of parent	183,704	198,700	317,740	333,082	824,506
Comprehensive income attributable to non-controlling interests	40,081	32,145	93,419	93,825	108,782
Earnings per share	1.51	0.93	1.54	2.41	1.25

1.1.3 Condensed Balance Sheets - Parent Company

Unit：NT$ Thousands

Item \ Year		2019	2020	2021	2022	2023
Current assets		3,362,942	2,651,056	2,427,609	3,123,481	2,068,255
Property, plant and equipment		399,051	391,307	428,605	408,931	395,661
Intangible assets		13,664	10,521	3,730	3,441	1,325
Other assets		1,519,061	1,510,550	1,884,946	2,223,445	3,516,763
Total assets		5,294,718	4,563,434	4,744,890	5,759,298	5,982,004
Current liabilities	**Before distribution**	2,277,795	2,115,889	1,803,696	2,652,134	2,358,718
	After distribution	2,525,499	2,275,025	2,044,630	2,946,366	2,554,873
Non-current liabilities		630,270	230,324	499,333	464,672	450,520
Total liabilities	**Before distribution**	2,908,065	2,346,213	2,303,029	3,116,806	2,809,238
	After distribution	3,155,769	2,505,349	2,543,963	3,411,038	3,005,393
Equity attributable to owners of the parent		2,386,653	2,217,221	2,441,861	2,642,492	3,172,766
Share capital		1,651,361	1,651,361	1,651,361	1,651,361	1,651,361
Capital surplus	**Before distribution**	199,091	187,088	226,704	267,824	267,824
	After distribution	199,091	187,088	210,642	267,824	267,824
Retained earnings	**Before distribution**	632,606	535,543	585,316	757,449	667,355
	After distribution	384,902	376,407	360,444	463,217	471,200
Other equity		(96,405)	(48,346)	60,035	(3,888)	616,480
Treasury shares		—	(108,425)	(81,555)	(30,254)	(30,254)
Non-controlling interests		—	—	—	—	—
Total equity	**Before distribution**	2,386,653	2,217,221	2,441,861	2,642,492	3,172,766
	After distribution	2,138,949	2,058,085	2,200,927	2,348,260	2,976,611

1.1.4 Condensed Statements of Comprehensive Income-Parent Company

Unit：NT$ Thousands

Item \ Year	2019	2020	2021	2022	2023
Operating revenue	3,335,058	2,453,801	3,094,707	2,933,423	1,810,810
Gross profit	860,415	486,886	513,939	644,574	353,563
Operating income	226,162	56,911	75,870	93,956	40,377
Non-operating income and expenses	58,448	104,815	142,541	338,199	199,319
Income before income tax	284,610	161,726	218,411	432,155	239,696
Net profit(Loss)from continuing operations	249,158	149,511	246,089	390,200	203,703
Net profit(Loss)from close operations	—	---	---	---	---
Net profit (Loss)	249,158	149,511	246,089	390,200	203,703
Other comprehensive income, net of income tax	(65,454)	49,189	71,651	(57,118)	620,803
Total comprehensive income	183,704	198,700	317,740	333,082	824,506
Profit(Loss) attributable to owners of parent	—	—	—	—	—
Profit(Loss) attributable to non-controlling interests	—	—	—	—	—
Comprehensive income attributable to owners of parent	—	—	—	—	—
Comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share	1.51	0.93	1.54	2.41	1.25

1.2 Auditors'Opinions from 2019 to 2023

Year	CPA	Audit Opinion	Remark
2023	Wu, Wei-Hao、 Chiang, Tsai-Yen	Unqualified Opinions	
2022	Li Tien Yi、 Chiang, Tsai-Yen	Unqualified Opinions	
2021	Li Tien Yi、 Chiang, Tsai-Yen	Unqualified Opinions	
2020	Li Tien Yi、 Chiang, Tsai-Yen	Unqualified Opinions	
2019	Li Tien Yi、 Kwok-Ah Tsang	Unqualified Opinions	

2. Financial Analysis from 2019 to 2023

2.1. Consolidated Financial Analysis –GPM & Subsidiaries

Item \ Year（Note 1）		Financial Analysis from 2019 to 2023				
		2019	2020	2021	2022	2023
Capital structure analysis	Debt ratio（%）	56.29	56.16	57.2	58.94	56.79
	Long-term fund to property, plant and equipment ratio（%）	556.19	388.36	441.64	492.54	577.72
Liquidity analysis	Current ratio（%）	188.91	165.26	151.51	144.31	114.85
	Quick ratio（%）	153.71	133.52	123.31	111.58	87.20
	Times interest earned (Times)	1080.84	801.64	1990.36	2554.75	766.65
Operating performance analysis	Average collection turnover (Times)	1.87	1.59	2.45	1.95	1.36
	Days sales outstanding	195.18	229.55	148.97	187.17	268.38
	Average inventory turnover (Times)	2.39	2.49	3.56	2.7	1.63
	Average payment turnover (Times)	2.32	2.48	3.06	2.47	1.79
	Average inventory turnover days	152.71	146.58	102.52	135.18	223.92
	Property, plant and equipment turnover (Times)	6.99	5.28	6.55	6.42	4.29
	Total assets turnover (Times)	0.65	0.55	0.74	0.64	0.37
Profitability analysis	Return on total assets (%)	4.91	2.89	5.21	6.98	3.36
	Return on equity attributable to owners of the parent (%)	10.2	5.84	11.51	16	6.93
	Pre-tax income to paid-in capital (%)	21.81	12.46	21.22	38.39	17.81
	Net margin (%)	6.84	4.64	6.67	10.39	7.85
	Earnings per share (NT$)	1.51	0.93	1.54	2.41	1.25
Cash flow	Cash flow ratio (%)	—	48.7	10.76	2.71	14.92
	Cash flow adequacy ratio (%)	31.19	87.1	97.26	98.8	114.35
	Cash flow reinvestment ratio (%)	—	36.48	3.97	—	5.75
Leverage	Operating leverage	1.33	2.25	1.36	1.32	1.86
	Financial leverage	1.11	1.51	1.06	1.06	1.41

Changes that exceed 20% in the past two years and explanation for those changes:

1. Current ratio, quick ratio, accounts receivable turnover (times), average collection period: The decrease in accounts receivable in the fiscal year 2023 compared to 2022 led to these changes.
2. Interest coverage ratio: The decrease in pre-tax profit in fiscal year 2023 compared to 2022 resulted in this change.
3. Accounts payable turnover (times), inventory turnover (times), average days inventory: The decrease in cost of goods sold in fiscal year 2023 compared to 2022 resulted in these changes.
4. Fixed assets turnover (times), total assets turnover (times): The decrease in sales revenue in fiscal year 2023 compared to the previous period led to these changes.
5. Return on assets, return on equity, pre-tax profit to paid-up capital ratio, net profit margin, earnings per share: The decrease in pre-tax and after-tax profits in fiscal year 2023 compared to the previous period resulted in these changes.
6. Cash flow ratio: The decrease in accounts receivable collection and inventory and prepaid expenses led to increased cash flow from operating activities in fiscal year 2023 compared to the previous period, resulting in an increase in this ratio.
7. Operating leverage: The decrease in sales revenue and operating profit in fiscal year 2023 compared to the previous period resulted in an increase in this ratio.
8. Financial leverage: The decrease in operating profit in fiscal year 2023 compared to the previous period resulted in an increase in this ratio.

2.2 Financial Analysis – Parent Company

Item \ Year（Note 1）		Financial Analysis from 2019 to 2023				
		2019	2020	2021	2022	2023
Capital structure analysis	Debt ratio（%）	54.92	51.41	48.53	54.11	46.96
	Long-term fund to property, plant and equipment ratio（%）	691.13	566.61	635.16	704.88	862.54
Liquidity analysis	Current ratio（%）	147.64	125.29	134.59	117.77	87.68
	Quick ratio（%）	115.42	97.18	109.61	88.92	66.71
	Times interest earned (Times)	1015.91	848.29	2299.69	2884.61	977.79
Operating performance analysis	Average collection turnover (Times)	1.77	1.37	2.28	1.85	1.3
	Days sales outstanding	206.21	266.42	160.08	197.29	280.76
	Average inventory turnover (Times)	2.75	2.99	4.86	3.76	2.27
	Average payment turnover (Times)	2.14	2.3	2.87	2.2	1.65
	Average inventory turnover days	132.72	122.07	75.1	97.07	160.79
	Property, plant and equipment turnover (Times)	8.21	6.2	7.54	7	4.5
	Total assets turnover (Times)	0.63	0.49	0.66	0.55	0.3
Profitability analysis	Return on total assets (%)	5.16	3.33	5.45	7.66	3.85
	Return on equity attributable to owners of the parent (%)	10.37	6.49	10.56	15.34	7.00
	Pre-tax income to paid-in capital (%)	17.23	9.79	13.22	26.16	14.51
	Net margin (%)	7.47	6.09	7.95	13.30	11.24
	Earnings per share (NT$)	1.51	0.93	1.54	2.41	1.25
Cash flow	Cash flow ratio (%)	—	59.93	10.03	5.65	11.74
	Cash flow adequacy ratio (%)	10.93	69.87	77.32	89.47	94.08
	Cash flow reinvestment ratio (%)	—	43.77	0.77	—	—
Leverage	Operating leverage	1.17	0.86	1.95	1.78	2.69
	Financial leverage	1.15	1.49	1.14	1.19	3.24

Changes that exceed 20% in the past two years and explanation for those changes:

1. Ratio of long-term funds to property, plant, and equipment: The increase in the valuation of financial assets measured at fair value through other comprehensive income in fiscal year 2023 compared to the previous period led to this change.
2. Current ratio, quick ratio, accounts receivable turnover (times), average collection period: The decrease in accounts receivable in fiscal year 2023 compared to the previous period resulted in these changes.
3. Interest coverage ratio: The decrease in pre-tax profit in fiscal year 2023 compared to 2022 resulted in this change.
4. Accounts payable turnover (times), inventory turnover (times), average days inventory: The decrease in cost of goods sold in fiscal year 2023 compared to the previous period resulted in these changes.
5. Fixed assets turnover (times), total assets turnover (times): The decrease in sales revenue in fiscal year 2023 compared to the previous period led to these changes.
6. Return on assets, return on equity, pre-tax profit to paid-up capital ratio, earnings per share: The decrease in pre-tax and after-tax profits in fiscal year 2023 compared to the previous period resulted in these changes.
7. Cash flow ratio: The decrease in accounts receivable collection and inventory and prepaid expenses led to increased cash flow from operating activities in fiscal year 2023 compared to the previous period, resulting in an increase in this ratio.
8. Operating leverage: The decrease in sales revenue and operating profit in fiscal year 2023 compared to the previous period resulted in an increase in this ratio.
9. Financial leverage: The decrease in operating profit in fiscal year 2023 compared to the previous period resulted in an increase in this ratio.

Note 1：Financial analysis formula:

1. Capital Structure Analysis:

(1). Debt ratio = Total liabilities / Total assets

(2). Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity Analysis:

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

(2). Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities

(3). Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating Performance Analysis:

(1). Average collection turnover(includes account receivable and note receivable due to operating generated) = Net sales / Average account receivables(includes account receivable and note receivable due to operating generated).

(2). Days sales outstanding = 365 / Average collection turnover

(3). Average inventory turnover = Operating costs / Average inventory

(4). Average payment turnover(includes account payable and note payable due to operating generated). = operating costs / Average account payables(includes account payable and note payable due to operating generated).

(5). Average inventory turnover days = 365 / Average inventory turnover

(6). Property, plant and equipment turnover = Net sales / Average property, plant and equipment

(7). Total assets turnover = Net sales /Average total assets

4. Profitability Analysis:

(1). Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets

(2). Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3). Net margin = Net income / Net sales

(4). Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding

5. Cash Flow:

(1). Cash flow ratio = Net cash provided by operating activities / Current Liabilities

(2). Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3). Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)

6. Leverage:

(1). Operating leverage = (Net sales – variable costs and expenses) / Operating income

(2). Financial leverage = Operating income / (Operating income – interest expenses)

3.Audit Committee's Review Report

Gallant Precision Machining Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of LI TIEN YI & Chiang, Tsai-Yen was retained to audit GPM's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Gallant Precision Machining Co., Ltd. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Chairman of Audit Committee：羅煒

February 27 , 2024

4. Consolidated Financial Statements and Independent Auditors' Report along with Parent Company Only Financial Statements and Independent Auditors' Report

Please refer to Annual Report page 158 and page 299

5. Financial Difficulties:

The Company should disclose the financial impact to the Company and its affiliated companies have incurred any financial or cash flow difficulties from Jan. 1, 2023 through until April. 25, 2024 : None.

VII. Financial Ststus and Risk

1. Financial Status

Consolidated Report：

Unit: NT$ Thousands

Item \ Year	2023	2022	Change	
			Amount	% of Change
Current Assets	4,819,299	5,631,173	(811,874)	(14.42)
Property, Plant and Equipment	712,274	726,466	(14,192)	(1.95)
Intangible Assets	13,010	13,078	(68)	(0.52)
Other Assets	3,145,487	1,525,644	1,619,843	106.17
Total Assets	8,690,070	7,896,361	793,709	10.05
Current Liabilities	4,196,122	3,902,059	294,063	7.54
Non-current Liabilities	739,056	752,533	(13,477)	(1.79)
Total Liabilities	4,935,178	4,654,592	280,586	6.03
Common Stock	1,651,361	1,651,361	0	0.00
Capital Surplus	267,824	267,824	0	0.00
Retained Earnings	667,355	757,449	(90,094)	(11.89)
Other Equity	616,480	(3,888)	620,368	(15955.97)
Treasury stocks	(30,254)	(30,254)	0	0.00
Equity attributable to owners of the parent	3,172,766	2,642,492	530,274	20.07
Non-controlling Interest	582,126	599,277	(17,151)	(2.86)
Total Equity	3,754,892	3,241,769	513,123	15.83

Main reasons and impacts of significant changes in assets, liabilities and shareholders' equity in the last two years:

1. Increase in Other Assets: The increase in other assets is primarily due to an increase in non-current financial assets measured at fair value through other comprehensive income compared to the previous period.
2. Increase in Other Equity: The increase in other equity is mainly attributed to an increase in the fair value measurement of financial assets through other comprehensive income compared to the previous period.
3. Increase in Equity Attributable to Owners of the Parent: The increase in equity attributable to owners of the parent is primarily due to an increase in non-current financial assets measured at fair value through other comprehensive income in fiscal year 2023 compared to the previous period.

2. Operating Results

Consolidated Report：

2.1 For the past two years, the main reason that caused the significant changes in operating revenue, operating income and income before tax and its impacts:

Unit: NT$ Thousands

Year / Item	2023 Amount	2022 Amount	Change	% of Change
Net Sales	3,089,360	4,733,976	(1,644,616)	(34.74)
Gross Profit	777,043	1,406,928	(629,685)	(44.76)
Operating Income	154,598	422,834	(268,236)	(63.44)
Non-Operating Income and Expenses	139,569	211,274	(71,705)	(33.94)
Net Income before Income Tax	294,167	634,108	(339,941)	(53.61)
Net profit(Loss)from continuing operations	242,616	492,215	(249,599)	(50.71)
Net profit(Loss)from close operations	----	----	----	----
Net Income	242,616	492,215	(249,599)	(50.71)
Other Comprehensive Income, net of tax	690,672	(65,308)	755,980	(1157.56)
Total Comprehensive Income	933,288	426,907	506,381	118.62
Profit(Loss) attributable to owners of parent	203,703	390,200	(186,497)	(47.80)
Profit(Loss) attributable to non-controlling interests	38,913	102,015	(63,102)	(61.86)
Comprehensive income attributable to owners of parent	824,506	333,082	491,424	147.54
Comprehensive income attributable to non-controlling interests	108,782	93,825	14,957	15.94
Earnings per share	1.25	2.41	(1.16)	(48.13)

Main reasons for significant changes in operating income, operating profit and loss and net profit before tax in the last two years:

1. Decrease in Operating Revenue, Operating Gross Profit, Operating Profit or Loss, Profit before Tax, Profit for the Period from Continuing Operations, Profit for the Period (Loss), Net Profit Attributable to Owners of the Parent, and Earnings per Share: This is mainly due to a decrease in sales revenue and a decrease in non-operating investment income in the fiscal year 2023 compared to the previous year.
2. Decrease in Non-operating Income and Expenses: This is primarily due to a decrease in foreign exchange gains in the fiscal year 2023.
3. Decrease in Net Profit Attributable to Non-controlling Interests: This is mainly due to a decrease in net profit of subsidiaries in the fiscal year 2023.
4. Increase in Other Comprehensive Income for the Period (Net of Tax) and Total Comprehensive Income for the Period: This is mainly due to an increase in unrealized gains on financial assets measured at fair value through other comprehensive income in fiscal year 2023 compared to the previous period.

2.2 The expectation on sales volume and basis forming the expectation, the impacts on the Company's financial condition and business and the mitigation efforts:

Unit: Sets

Main Products	2024budget
Display Process Equipment	100
Semiconductor Process Equipment	276
Intelligent automation equipment	2
Other Equipment	0

Note: The forecast is based on the customers' forecast and taking into account the market conditions. The aforementioned estimated quantity does not include others and parts.

3. Cash Flow

Unit: NT$ Thousands

Cash Balance Dec. 31, 2022	Net Cash Provided by Operating Activities in 2023	Net Cash Inflows from Investing Activities in 2023	Net Cash Outflows from Financing Activities in 2023	mpact of Foreign Exchange Ratio	Cash Balance Dec. 31, 2023
1,345,746	626,359	(960,881)	360,815	22,236	1,394,275

3.1 Analysis of the Change in Cash Flow in 2023

1. Operating activities: The cash inflow from operating activities in 2023 was mainly due to the collection of accounts receivable during the year.
2. Investment activities: Primarily attributed to the acquisition of financial assets measured at fair value through other comprehensive income and the acquisition of financial assets measured at amortized cost.
3. Financing activities: Primarily due to borrowing through debt issuance.

3.2 Remedial Actions for Cash Shortfall：

The company has ample cash on-hand; remedial actions are not required.

3.3 Cash Flow Projection for Next Year：

1. Cash inflow from operating activities was NT $404,506 thousand: It is mainly due to cash collection from accounts receivable against accounts payable and operating expenses.
2.The cash outflow from investing activities was NT $38,909 thousand: It is mainly caused by the payment of staff compensation and dividends.
3.Cash outflow from financing activities was NT $390,000 thousand: Primarily due to bank loan payments.

4. Major Capital Expenditure

4.1 Major Capital Expenditure and Sources of Funding：Not applicable.

5. Investment Policies：

5.1 Latest investment policy, major causes of profits and losses and improvement, and future plan for the next year (Investment that exceeds 5% of paid-in capital)：

Unit: NT$ Thousands

Item \ Description	Initial Investment amount	Policy	The main reasons for profit/loss	Improvement plan
Gallant-Rapid Corporation Limited	459,050	Investment in Gallant Precision Industries (Suzhou) Co., Ltd.	Due to significant downturns in global panel demand resulting from challenges such as the pandemic, war, and inflation, the company experienced losses this year. However, with recent major events taking place, panel manufacturers are expected to benefit. The company is striving to seize opportunities and capture the aftermarket renovation market for sustainable operations.	1. Integrate external resources and improve per capita profitability. 2. Strengthen the internal process management mechanism, reduce costs and improve operational efficiency. 3. Continue to improve and strive to improve the after-sales service satisfaction of customers in the mainland market.
Gallant Micro. Machining CO., Ltd.	379,182	Production and Sales of Precision Mold and other Parts	By developing proprietary core technologies and successfully integrating into the semiconductor supply chain, the company aims to accelerate its growth through strategic alliances and the implementation of a Government-to-Consumer (G2C) strategy.	In line with our main customers' ongoing development of advanced process equipment, we aim to expand our core technologies and applications in various industries.

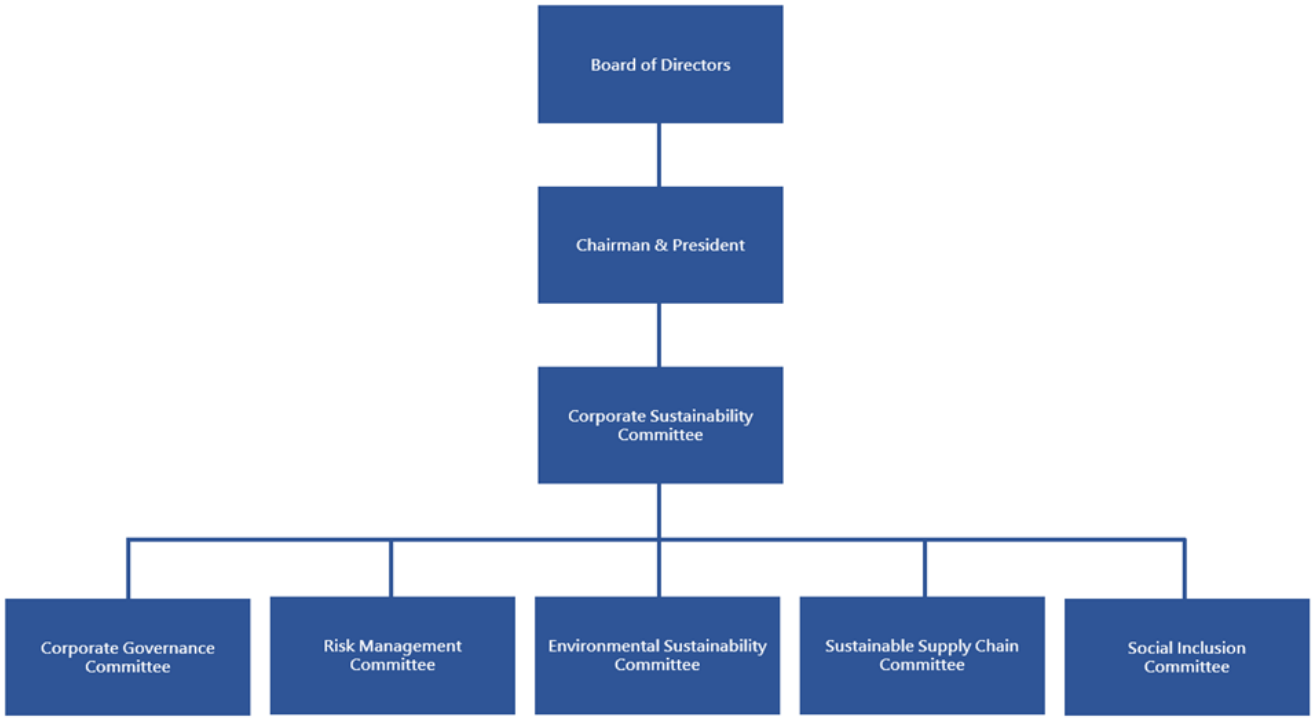
5.2 Investment plan for the next year: There will be no single investment that exceeds 5% of paid-in capital: As a result, this analysis is not applicable.

6. Risk Management

6.1 Risk Management Organizational Chart:

To promote CSR and sustainability, the Company establishes "Corporate Sustainability Committee" in 2016. The Corporate Sustainability Committee is in charge of affairs related to CSR, corporate governance and ethical corporate management policies. The execution and results shall be reported to Board of Directors at least once annually.

The organizational chart of the Company's Corporate Sustainability Committee:



6.2 The Impact and Future Mitigation Efforts to Risks Associated with Interest Rate Fluctuation, Foreign Exchange Volatility, and Inflation

1. In 2023, the GPM Group has interest expense amounting NT$45,307 thousand which accounts for 1.47% of sales. As a result, the fluctuation of interest rate does not impose significant effect to the Company.
2. In 2023, the GPM Group has exchange loss amounting to NT$8,270 thousand which accounts for 0.27 % of sales. This does not impose significant effect to the Company.
3. For the most recent fiscal year, inflation did not have significant impact on the GPM Group

6.3 The Impact and Future Mitigation Efforts to Risks Associated with High Risk/ High-Leveraged Investment, Lending, Endorsements, and Guarantees for Other Parties, and Financial Derivative Transactions:

To prudently control the financial risk, the Company does not take part in high risk and high leveraged investment The Company's derivative transaction is not speculative. All the operation is in accordance with GPM's “Procedures for Acquisition or Disposal of Assets”. Therefore, the Company does not have significant risk.

The Company stipulates control process such as "Procedures for endorsement and guarantee" and "Procedures for financing". As of March 31, 2024, the Company has provided NT$72,000 thousand of guarantee to its Affiliates, which does not exceed the limitation.

Depending on subsidiaries operation, the Company will give support.

6.4 Future Research & Development Projects and Corresponding Budget:

The GPM Group R&D plan for the most recent fiscal year can be found on page 82 In 2024, R&D budget is NT$131,459 thousand. So far the progress of R&D item is in line with R&D plan.

6.5 The Impact of Changes of Important Domestic and Foreign Policies and Laws on the Company’s Finances and Business, and the Countermeasures:

So far, the important policy and amendment of laws or regulations published by the government does not have significant impact on the Company. The GPM Group companies follows rules and regulations published by government, both domestically and internationally. The Company and companies that GPM has invested have personnel collecting the update of policies and laws for the reference of management team.

6.6 The impact of technological changes (including information security risks) and industrial changes on the Company's financial business and countermeasures:

The Group has full-time personnel to watch the technological changes and industry trends in related industries, evaluate the impact on the Company's future development and financial business, and take necessary countermeasures. However, in the recent year, there were no events that had a significant impact on the financial business of the Company due to technological changes and industrial changes.

6.7 The Impact of Change of Corporate Image on the Enterprise Crisis Management and the Countermeasures:

For more than 30 years, the Company has been adhering to the corporate spirit of "Team, Innovation, Responsibility, and Learning" and "people-oriented" to operate steadily, fulfill the social obligations of the Company, and establish and always maintain a good corporate image. Therefore, there is no incident that has a significant impact on corporate crisis management due to changes in corporate image.

6.8 The Expected Benefit, Risk and Future Mitigation Efforts to Risks Associated with Mergers and Acquisitions:

The company does not have a merger and acquisition plan

6.9 The Expected Benefit, Risk and Future Mitigation Efforts to Risks Associated with Facility Expansion:

The company does not have a facility expansion plan

6.10 The Risk and Future Mitigation Efforts to Risks Associated with Purchase Concentration and Sales Concentration:

1. Our main materials and outsourcing partners mostly from domestic companies. The supplier are not irreplaceable and plenty of sources of supply. The Company adopts diversified procurement principle and maintains long-tem stable relationship with supplier to minimize the risk of force majeure and shortage of source. As a result, the Company does not have the risk of purchase concentration.
2. In terms of FPD equipment sales, the clients were just a few panel factories. For a panel factory to construct plant, the capital expenditure payment is concentrated and the amount is enormous. This situation could easily lead to sales concentration for an equipment manufacturer. However, domestic clients are slowing down their pace in expansion in recent years. Coupled with GPM's effort of business development in China, the demand from China has increased and catch up with domestic clients. Thus, the sales concentration risk has lowered dramatically.

3. Along with FPD field, GPM group is also actively seeking demands for equipment from other industries, including green energy, electronic component, shoes-making and medical device. The development of equipments includes processing equipment, optical inspection equipment, automation, integration of whole factory and production line. In the future, we can expect that sales customers will be in fair distribution.

6.11The Effect, Risk and Mitigation Effort to Risks Associated with Sales of Significant Numbers of Shares by Directors and Major Shareholders Who Own 10% or More of the Total Outstanding Shares:

The shareholding transfer is monthly declared to Competent Authority for investors reference. GPM tracks closely the shareholdings variation of directors and shareholders holding more than 10% of the outstanding shares to lower risk and take immediate action. As of now, there is no transfer of shareholding that would have impact on the operation and financial condition of the Company.

6.12 Effects of, Risks and Response to Changes in Management Rights:

The Company does not have change in management rights.

6.13 For any litigious matters, whether the case has been finalized or the still pending, that involves the company and company's directors, supervisors, general managers, person with actual responsibility in the company, and major shareholders holding more than 10% of the company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the company's securities as a result of any litigation involving the company, the annual report shall disclose the facts in dispute, amount in dispute, commencement date of the dispute, main parties involved, and current status of the case as at the date of printing of the report: None.

6.14 Other material risk and mitigation efforts: None

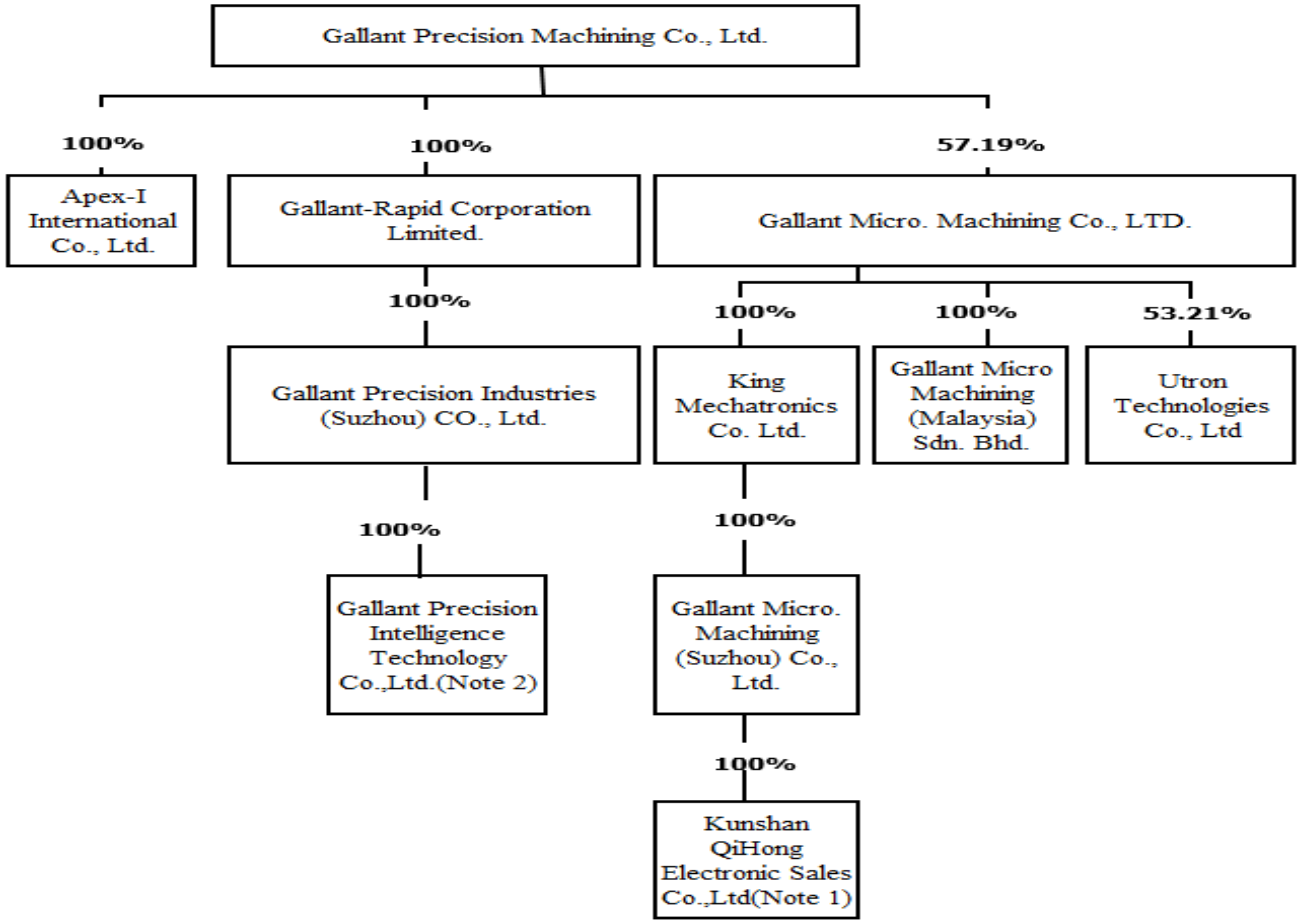
7.Other Material Events: None.

VIII. Other Special Notes

1. Subsidiary Information

1.1Affiliated Companies Chart

As of Dec. 31, 2023



Note 1: The Group acquired all the equity interests of Hongqi Electronic Technology (Kunshan) Co., Ltd. in May 2021, thereby gaining control and making it a subsidiary of the Company.
Note 2: Junqiang Machinery (Suzhou) Co., Ltd. acquired the remaining 40% equity interest from Fujian Chengzhe Automation Technology Co., Ltd. in June 2023.

1.1.1 GPM Affiliated Companies

As of Dec. 31, 2023. Unit: NT$ thousand / Foreign Currency thousands

Company Name	Date of Incorporation	Address	Capital Stock	Major Business
APEX-I INTERNATIONAL CO., LTD	2001/04/03	2F.-1, No. 8, Taiyuan 1st St., Zhubei City, Hsinchu County 302082 , Taiwan (R.O.C.)	NTD 66,000	Sale of Machinery Equipment and Parts
Gallant Micro. Machining Co., LTD.	2010/10/15	No.2-1, Minsheng St., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	NTD 282,765	Production and Sales of Precision Mold and other Parts
Gallant-Rapid Corporation Limited.	2000/06/15	P.O. Box 3321, Road Town, Tortola, British Virgin Islands	USD 13,560	Investment in Gallant Precision Industries (Suzhou) Co., Ltd.
King Mechatronics Co., Ltd.	2001/09/24	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	USD 2,781	Investment in Gallant Micro. Machining (Suzhou) Co., Ltd.
Gallant Precision Industries (Suzhou) CO., Ltd.	1995/04/19	1#Building , No.56 Songshan Road , New District , Suzhou , 215151 P.R.C.	USD 9,320	Production of optoelectronic products whole machine equipment, mechatronics equipments, and the manufacturing of its parts and accessories
Gallant Micro. Machining (Suzhou) Co., Ltd.	2003/01/28	No. 5011, Baodai West Road, Jinqiao Development Area, Mudu Town, Wuzhong District, Suzhou City, China	USD 4,550	Production and Sales of Precision Mold and other Parts
Gallant Micro Machining (Malaysia) Sdn. Bhd.	1996/10/08	B303-03-11, Krystal Point, Jalan Sultan Azlan Shah, 11900 Penang, Malaysia	MYR 500	The Import/Export and Buy/Sales of Semiconductor Machine and related Components and Parts
Gallant Precision Intelligence Technology Co.,Ltd.	2017/03/06	1#Building , No.56 Songshan Road , New District , Suzhou , 215151 P.R.C.	CNY 10,000	Optical products whole machine equipment, mechatronics equipments, and the manufacturing of its parts and accessories
Utron Technologies CO., Ltd.	1983/07/21	3F., No. 9, Aly. 8, Siwei Ln., Zhongzheng Rd., Xindian Dist., New Taipei City 231622 , Taiwan (R.O.C.)	NTD 35,000	Planning, development, design and manufacturing of electrical logging fixture
Kunshan QiHong Electronic Sales Co.,Ltd	2009/08/08	House 5, No.1369, Hengsheng Road, Yushan Town, Kunshan City, China	CNY 1,000	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor

1.1.2 Data of Common Shareholders of Treated-as Controlled Companies and Affiliates:

None.

1.1.3 Business of GPM and its Affiliated Enterprises

Business Scope of Its Subsidiaries:

GPM specializes in manufacturing and sales of semiconductor packaging front-end equipment and FPD production process equipment.

The affiliates involve in industries such as semiconductor packaging equipment, FPD production processing equipment, precision module and parts, production, trading and sales of precision components. There are also affiliates belong to investment or trading industry.

The affiliates are aiming at division of capacity, lowering cost, after sales service, product diversification, holding company purpose and operating diversification. For more details, please see Basic Information of Affiliates.

1.1.4 Directors, Supervisors and Presidents of GPM's Affiliated Companies

As of Dec. 31,2023；Unit：Thousands shares；%

Company Name	Title	Name or Representative	Thousand shares	% of Holding
APEX-I INTERNATIONAL CO., LTD	Chairman Director Director Supervisor	Gallant Precision Machining Co., Ltd.(GPM) Rep.：Jason Chen Gallant Precision Machining Co., Ltd. (GPM) Rep.：H.M. Lee Gallant Precision Machining Co., Ltd. (GPM)Rep.：ElmoYang Gallant Precision Machining Co., Ltd. (GPM) Rep.：Rita Chen	GPM holds 6,600	100
Gallant Micro. Machining Co., LTD.	Chairman Director Director Director Independent Director Independent Director Independent Director President	Frank, Liang Gallant Precision Machining Co., Ltd. (GPM) Rep.：Mufa Chien Dun Jhih Shih Jung-Liang Chen Shingo Shih Bell Chen Chen Junyu Dun Jhih Shih	283 GPM holds 16,172 395 272 0 0 0 395	1.00 57.19 1.40 0.96 0 0 0 1.40
Gallant-Rapid Corporation Limited	Chairman	Gallant Precision Machining Co., Ltd. (GPM) Rep.：Jason Chen	GPM holds 13,560	100
King Mechatronics Co., Ltd.	Director	Gallant Micro. Machining Co., LTD. (GMM) Rep.：Jung-Liang Chen	GMM holds 2,781	100
Gallant Micro. Machining (Suzhou) Co., Ltd.	Chairman Director Director Supervisor President	Jung-Liang Che Hung-Ming Hsu Zong Yan Lin Xu Yan Guo Ning Sun	King Mechatronics Co., Ltd. investment US$2,781	100
Gallant Precision Industries (Suzhou) CO., Ltd.	Chairman Director Director Supervisor President	Jason Chen H.M. Lee Chia-Ju Tseng Rita Chen Jason Chen	Gallant-Rapid Corporation Limited. investment US$13,560	100
Gallant Micro Machining (Malaysia) Sdn. Bhd.	Director Director Director Director	Gallant Micro. Machining Co., LTD.(GMM) Rep.：Hung-Ming Hsu Cin Hua Jhang Huei Ling Liou Guang Rong Deng	GMM holds 500	100
Gallant Precision Intelligence Technology Co.,Ltd	Chairman Director Director Supervisor President	Jason Chen H.M. Lee Mufa Chien Rita Chen Mufa Chien	GMM holds CNY 10,000	100
Utron Technologies Co., Ltd.	Chairman Director Director Director Director Supervisor	Gallant Micro. Machining Co., LTD. (GMM) Rep.：Hung-Ming Hsu Guang Ying Li NANO INSTRUMENTS CO., LTD. Rep.： Lian Chun Li Gallant Micro. Machining Co., LTD. (GMM) Rep.：Frank, Liang Gallant Micro. Machining Co., LTD. (GMM) Rep.： Dun Jhih Shih Ya Wen Ho	2,660 280 1,000 0 0 0	53.21 5.61 20 0 0 0
Kunshan QiHong Electronic Sales Co.,Ltd	Chairman Supervisor	Gallant Micro. Machining (Suzhou) Co., Ltd. Rep.：Ming-Kai Liang Shu-Hua Chen	Gallant Micro. Machining (Suzhou) Co., Ltd investment CNY 1,000	100

1.1.5 Summarized Operation Results of Affiliated Enterprises (As of Dec.31, 2023)

Unit: NT$ Thousands

Name of Corporation	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Net Operating Revenues	Operating Income	Net Income	Earning Per Share (NT$)
Gallant-Rapid Corporation Limited.	459,050	227,061	0	227,061	0	(239)	(8,270)	
Gallant Precision Industries (Suzhou) CO., Ltd.	194,056	255,602	63,152	192,450	94,474	(19,287)	(8,572)	
Apex-I International Co., Ltd.	66,000	121,397	35,355	86,042	28,322	13,302	11,971	1.81
Gallant Micro. Machining Co., LTD.	282,765	3,060,063	1,803,882	1,256,181	864,165	109,509	100,857	3.57
Gallant Micro Machining (Malaysia) Sdn. Bhd.	4,537	2,764	24	2,740	46	(58)	86	
KING MECHATRONICS CO.,LTD	93,144	933,630	64,713	868,917	57,923	(4,151)	10,218	
Gallant Micro. Machining (Suzhou) Co., Ltd.	139,708	648,791	113,717	535,074	298,551	8,208	13,554	
Gallant Precision Intelligence Technology Co.,Ltd.	43,270	139,600	26,155	113,445	45,084	(4,085)	(1,513)	
Utron Technologies Co., Ltd.	50,000	123,373	117,095	6,278	91,666	2,849	633	0.14
Kunshan QiHong Electronic Sales Co.,Ltd	4,327	22,178	16,017	6,161	10,681	(1,248)	(1,231)	

Note: The amount of capital, asset, liabilities and net worth in this table were calculated using the exchange rate at end of 2023. The net sales, Income from operation, net income and EPS numbers were calculated using the average exchange rate in 2023.

(1) Exchange rate on 12/31, 2023: USD:NTD=1:30.705；RMB:NTD=1:4.327；MYR:NTD=1:6.411

(2) Average exchange rate for 2023: USD:NTD=1:31.1548；RMB:NTD=1:4.3954；MYR:NTD=1:6.5531

1.2 Independent Auditor's Uni-President and Affiliated Enterprises Consolidated Financial Statements : Please refer to Page 224.

1.3 Affiliation Report: None.

2. Issuance of Private Placement of Securities:

None. (in the most recent fiscal year and up to the issue date of this Annual Report)

3. Holding or Disposition of GPM Stocks by Subsidiaries:

None (in the most recent fiscal year and up to the issue date of this Annual Report)

4. Other Necessary Supplement :None.

IX. Special Notes

Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 3 of Article 36 of Securities and Exchange Law of Taiwan：None.

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Gallant Precision Machining Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31 , 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years ended December 31 , 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the independent auditors’ responsibilities for the audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. 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. Key audit

matters for the parent company only financial statements in the current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(12) of the parent company only financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the parent company only financial statements. The inventories and allowance for inventory valuation loss amounting to NT523,753 thousand and NT141,300 thousand as of December 31, 2023 are disclosed in Note 6(5) of the parent company only financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matters.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.
2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.
3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Revenue recognition

Description

Refer to Note 4(27) and Note 6(19) of the parent company only financial statements for accounting policies on revenue recognition and the description of significant accountings – operating revenue.

Gallant Precision Machining Co., Ltd. is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase order, evidence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.
4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, 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 audit. We remain solely responsible for our audit opinion .

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan
February 27, 2024

The accompanying parent financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent 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.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 433,423	7	$ 673,793	12
1136	Financial assets at amortized cost - current	6(3)	223,589	4	88,160	2
1150	Notes receivable, net	6(4)	-	-	52	-
1170	Accounts receivable, net	6(4)	890,826	15	1,571,132	27
1180	Accounts receivable - related parties, net	6(4) and 7	17,269	-	21,537	-
1200	Other receivables		2,709	-	1,016	-
1210	Other receivables - related parties	7	5,774	-	2,605	-
130X	Inventories, net	6(5)	382,453	7	618,482	11
1410	Prepayments		97,845	2	133,450	2
1470	Other current assets		14,367	-	13,254	-
11XX	**Current Assets**		2,068,255	35	3,123,481	54
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)	2,010,812	33	897,405	16
1535	Financial assets at amortized cost - non-current	6(3) and 8	165,494	3	8,466	-
1550	Investments accounted for using equity method	6(6)	1,034,708	17	1,049,087	18
1600	Property, plant and equipment, net	6(7) ,7and 8	395,661	7	408,931	7
1755	Right-of-use assets	6(8)	191,044	3	196,901	4
1780	Intangible assets, net		1,325	-	3,441	-
1840	Deferred income tax assets	6(26)	58,149	1	67,992	1
1900	Other non-current assets	6(13)	56,556	1	3,594	-
15XX	**Non-current assets**		3,913,749	65	2,635,817	46
1XXX	**Total assets**		$ 5,982,004	100	$ 5,759,298	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(9)	$ 1,210,000	20	$ 670,000	12
2130	Contract liabilities-current	6(19) and 7	113,193	2	301,013	5
2170	Accounts payable	6(10)	563,210	9	1,109,141	19
2180	Accounts payable - related parties	7	31,449	1	11,970	-
2200	Other payables	6(11)	239,544	4	291,847	5
2230	Current income tax liabilities	6(25)	8,464	-	-	-
2250	Provisions for liabilities - current		41,505	1	68,071	1
2280	Lease liabilities-current		4,869	-	4,788	-
2320	Long-term loans-current portion	6 (12)	140,000	2	180,000	3
2399	Other current liabilities - other		6,484	-	15,304	1
21XX	**Current Liabilities**		2,358,718	39	2,652,134	46
	Non-current liabilities					
2540	Long-term loans	6(12)	240,000	4	240,000	4
2570	Deferred income tax liabilities	6(26)	13,856	1	19,643	-
2580	Lease liabilities-non-current		193,147	3	197,831	4
2600	Other non-current liabilities	6(13)	3,517	-	7,198	-
25XX	**Non-current liabilities**		450,520	8	464,672	8
2XXX	**Total Liabilities**		2,809,238	47	3,116,806	54
	Equity					
	Share capital	6(15)				
3110	Share capital - common stock		1,651,361	28	1,651,361	29
	Capital surplus	6(16)				
3200	Capital surplus		267,824	4	267,824	4
	Retained earnings	6(17)				
3310	Legal reserve		226,325	4	186,625	3
3320	Special reserve		111,147	2	111,147	2
3350	Unappropriated retained earnings		329,883	6	459,677	8
	Other equity interest	6(18)				
3400	Other equity interest		616,480	10	(3,888)	-
3500	Treasury share	6(15)	(30,254)	(1)	(30,254)	-
3XXX	**Total equity**		3,172,766	53	2,642,492	46
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 5,982,004	100	$ 5,759,298	100

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Years ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(19) and 7	$ 1,810,810	100	$ 2,933,423	100
5000	**Operating costs**	6(5)(24)(25) and 7	(1,457,317)	(81)	(2,288,711)	(78)
5900	**Operating margin**		353,493	19	644,712	22
5910	Unrealized profit from sales		(138)	-	(208)	-
5920	Realized profit from sales		208	-	70	-
5950	**Net operating margin**		353,563	19	644,574	22
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		(49,068)	(3)	(66,312)	(2)
6200	General and administrative expenses		(191,606)	(10)	(284,906)	(10)
6300	Research and development expenses		(141,207)	(8)	(142,105)	(5)
6450	Expected credit impairment gain (loss)	12(2)	68,695	4	(57,295)	(2)
6000	**Total operating expenses**		(313,186)	(17)	(550,618)	(19)
6900	**Operating profit**		40,377	2	93,956	3
	Non-operating income and expenses					
7100	Interest income	6(20)	8,763	1	2,974	-
7010	Other income	6(21) and 7	156,007	9	98,358	3
7020	Other gains and losses	6(22)	1,084	-	59,259	2
7050	Finance costs	6(23)	(27,917)	(2)	(15,652)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	61,382	3	193,260	7
7000	**Total non-operating income and expenses**		199,319	11	338,199	12
7900	**Profit before tax**		239,696	13	432,155	15
7950	Income tax expense	6(26)	(35,993)	(2)	(41,955)	(2)
8200	**Profit for the year**		$ 203,703	11	$ 390,200	13
	Other comprehensive income for the year					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(13)	$ 435	-	$ 6,805	-
8316	Unrealized gains(losses) on investments in equity instruments at fair value through other comprehensive income	6(2)(18)	624,913	35	(68,361)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	216	-	(2,122)	-
8310	**Components that will not be reclassified subsequently to profit or loss:**		625,564	35	(63,678)	(2)
	Components of other comprehensive income that may be reclassified subsequently to profit or loss					
8361	Cumulative translation differences of foreign operations	6(18)	(4,761)	-	6,560	-
8360	**Components of other comprehensive income that may be reclassified subsequently to profit or loss**		(4,761)	-	6,560	-
8300	**Other comprehensive income (loss) for the year**		$ 620,803	35	($ 57,118)	(2)
8500	**Total comprehensive income for the year**		$ 824,506	46	$ 333,082	11
	Basic earnings per share	6(27)				
9750	**Basic earnings per share**		$	1.25	$	2.41
	Diluted earnings per share	6(27)				
9850	**Diluted earnings per share**		$	1.24	$	2.38

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Treasury share	Total equity
For the year ended December 31, 2022										
Balance at January 1, 2022		$ 1,651,361	$ 226,704	$ 163,550	$ 111,147	$ 310,619	($ 49,419)	$ 109,454	($ 81,555)	$ 2,441,861
Profit for the year		-	-	-	-	390,200	-	-	-	390,200
Other comprehensive income for the year	6(18)	-	-	-	-	6,805	6,560	(70,483)	-	(57,118)
Total comprehensive income for the year		-	-	-	-	397,005	6,560	(70,483)	-	333,082
Distribution of 2021 earnings:	6(17)									
Legal reserve		-	-	23,075	-	(23,075)	-	-	-	-
Cash dividends		-	-	-	-	(224,872)	-	-	-	(224,872)
Capital surplus distribute cash		-	(16,062)	-	-	-	-	-	-	(16,062)
Recognition of changes in ownership interest in subsidiaries		-	36,514	-	-	-	-	-	-	36,514
Treasury stock transferred	6(14)	-	20,668	-	-	-	-	-	51,301	71,969
Balance at December 31, 2022		$ 1,651,361	$ 267,824	$ 186,625	$ 111,147	$ 459,677	($ 42,859)	$ 38,971	($ 30,254)	$ 2,642,492
For the year ended December 31, 2023										
Balance at January 1, 2023		$ 1,651,361	$ 267,824	$ 186,625	$ 111,147	$ 459,677	($ 42,859)	$ 38,971	($ 30,254)	$ 2,642,492
Profit for the year		-	-	-	-	203,703	-	-	-	203,703
Other comprehensive income for the year	6(18)	-	-	-	-	435	(4,761)	625,129	-	620,803
Total comprehensive income for the year		-	-	-	-	204,138	(4,761)	625,129	-	824,506
Distribution of 2022 earnings:	6(17)									
Legal reserve		-	-	39,700	-	(39,700)	-	-	-	-
Cash dividends		-	-	-	-	(294,232)	-	-	-	(294,232)
Balance at December 31, 2023		$ 1,651,361	$ 267,824	$ 226,325	$ 111,147	$ 329,883	($ 47,620)	$ 664,100	($ 30,254)	$ 3,172,766

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 239,696	$ 432,155
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	27,260	27,844
Amortization	6(24)	2,197	3,633
Expected credit impairment loss (gain)	12(2)	(68,695)	57,294
Interest expense	6(23)	27,917	15,652
Interest income	6(20)	(8,763)	(2,974)
Dividend income	6(21)	(96,489)	(48,390)
Share of profits of associates and joint ventures accounted for using equity method		(61,382)	(193,260)
Unrealized profits from sales		138	208
Realized profits from sales		(208)	(70)
Share-based payment	6(14)	-	22,499
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		52	(52)
Accounts receivable		749,001	(413,770)
Accounts receivable - related parties		4,268	30,363
Other receivables		868	(1,370)
Other receivables - related parties		(3,169)	(134)
Inventories		236,029	(204,976)
Prepayments		35,606	(101,991)
Other current assets		(1,113)	(7,671)
Accrued pension assets		(2,730)	-
Other non-current assets		(51,058)	-
Net changes in liabilities relating to operating activities			
Contract liabilities		(187,820)	196,490
Accounts payable		(545,931)	233,727
Accounts payable - related parties		19,479	(29,323)
Other payables		(51,804)	77,210
Provisions for liabilities		(26,566)	18,146
Unearned receipts		(8,625)	10,125
Other current liabilities		(195)	152
Accrued pension liabilities		(3,110)	(5,533)
Cash generated from operations		224,853	115,984
Interest received		6,202	3,213
Dividends received		96,489	48,390
Interest paid		(27,369)	(15,524)
Income tax paid		(23,257)	(2,060)
Net cash provided by (used in) operating activities		276,918	150,003

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	($ 584,174)	($ 304,654)
Acquisition of financial assets at amortized cost		(628,757)	(68,829)
Proceeds from disposal of financial assets at amortized cost		336,300	112,230
Acquisition of property, plant and equipment	6(28)	(8,070)	(11,359)
Acquisition of intangible assets		(934)	(2,406)
Refundable deposits paid		(625)	-
Refundable deposits refunded		1,978	211
Dividends received from investments accounted for using equity method		166,656	103,978
Net cash provided by (used in) investing activities		(717,626)	(170,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(29)	2,180,000	1,222,778
Repayment of short-term loans	6(29)	(1,640,000)	(1,033,342)
Increase in long-term loans	6(29)	-	140,000
Repayment of long-term loans	6(29)	(40,000)	(20,000)
Repayment of the principal portion of lease liabilities	6(29)	(4,860)	(4,713)
Guarantee deposits received	6(29)	-	473
Guarantee deposits paid	6(29)	(570)	-
Treasury stock transferred to employees	6(15)	-	51,301
Payment of cash dividends	6(17)	(294,232)	(224,872)
Cash distributed from capital surplus	6(16)	-	(16,062)
Net cash provided by (used in) financing activities		200,338	115,563
Net increase in cash and cash equivalents		(240,370)	94,737
Cash and cash equivalents at beginning of year	6(1)	673,793	579,056
Cash and cash equivalents at end of year	6(1)	$ 433,423	$ 673,793

The accompanying notes are an integral part of these financial statements.

GALLANT PRECISION MACHINING CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the Company) was incorporated on December 22, 1978. The Company are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business. The Company's stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd. (the "Syntran Company") on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company's stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	May 23, 2023

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non - current Liabilities with Covenants”	January 1, 2024
Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences

arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rates of that periods; and

(c)All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.
(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) – operating leases

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of

completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acqusition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

E. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 50 years
Machinery and equipment	3 ~ 20 years
Furniture and fixtures	1 ~ 5 years
Other equipment	5 ~ 10 years

(15) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following: Fixed payments, less any lease incentives receivable;

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

a. The amount of the initial measurement of lease liability;

b. Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an

adjustment to the right-of-use asset.

(16) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Other intangible assets

Other intangible assets mainly technical royalties, are amortized on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

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

(21) Provisions

Provisions (including warranties, after-sales service) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i . Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii . Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate

and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 5% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the

consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Cash dividends are recorded in the Company's financial statements in the period in which they are resolved by the Board of Directors. Cash dividends are recorded as liabilities; Stock dividends are recorded as stock dividends to be distributed while resolved by the shareholders' meeting and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) The Company provides manufacturing and sales of Flat display manufacturing inspection equipment, Semiconductor packaging equipment, Intelligent automation equipment and parts products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales are recognised based on the price specified in the contract.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

B. Sales of services

The Company provides technical services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that

the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make **c**ritical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $382,453.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 132	$ 132
Checking accounts	26	26
Demand deposits	433,265	673,635
Total	$ 433,423	$ 673,793

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortised cost-non-current. Please refer to note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Listed stocks	$ 1,443,746	$ 869,520
Non-Listed and non-otc stocks	47,948	38,000
Valuation adjustment	519,118	(10,115)
Total	$ 2,010,812	$ 897,405

A. The Company has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at December 31, 2023 and 2022, the fair value of such investments amounted to $2,010,812 and $897,405, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Fair value change recognised in other comprehensive income	$ 529,233	($ 56,339)
Dividend income recognized in profit or loss held at end of period	$ 96,489	$ 48,390

(3) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	$ 223,589	$ 88,160
Non-current items:		
Pledged time deposits	15,494	8,466
Bonds	150,000	-
	165,494	8,466
Total	$ 389,083	$ 96,626

A. The Company transacts with financial institutions with high credit quality.

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 52
Accounts receivable	$ 996,961	$ 1,745,962
Accounts receivable - related parties	17,269	21,537
Less: allowance for bad debts	(106,135)	(174,830)
	$ 908,095	$ 1,592,669

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 696,726	$ -	$ 1,339,340	$ 52
1 to 90 days	187,395	-	174,880	-
91 to 120 days	10,386	-	16,001	-
Over 120 days	119,723	-	237,278	-
	$ 1,014,230	$ -	$ 1,767,499	$ 52

The above ageing analysis was based on past due date.

B. For the years ended December 31, 2023 and 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to $1,014,230, $1,767,551 and $1,390,964, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were $0 and $52, $908,095 and $1,592,669, respectively.

D. The Company does not hold any collateral as security.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 218,164	($ 26,096)	$ 192,068
Work in progress	281,610	(101,624)	179,986
Finished goods	23,773	(13,580)	10,193
Inventory in transit	206	-	206
Total	$ 523,753	($ 141,300)	$ 382,453

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 171,107	($ 15,818)	$ 155,289
Work in progress	453,594	(72,308)	381,286
Finished goods	95,963	(14,124)	81,839
Inventory in transit	68	-	68
Total	$ 720,732	($ 102,250)	$ 618,482

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	$ 1,418,267	$ 2,247,006
Loss on decline in value of inventory	39,050	41,705
	$ 1,457,317	$ 2,288,711

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Gallant Micro. Machining Co., Ltd.	715,117	658,922
Gallant-Rapid Corporation Ltd. (the "GRC")	$ 233,549	$ 246,468
APEX-I International Co., Ltd.	86,042	143,697
	$ 1,034,708	$ 1,049,087

A. Information about the Company's subsidiaries is provided in Note 4(3) of the 2023 consolidated financial statements.

(7) Property, plant and equipment

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets	Others	Total
At January 1, 2023							
Cost	$ 472,804	$ 67,610	$ 11,019	$ 143	$ 65,683	$ 8,188	$ 625,447
Accumulated depreciation and impairment	(166,958)	(15,550)	(7,125)	(68)	(20,221)	(6,594)	(216,516)
	$ 305,846	$ 52,060	$ 3,894	$ 75	$ 45,462	$ 1,594	$ 408,931
2023							
Opening net book amount as at January 1	$ 305,846	$ 52,060	$ 3,894	$ 75	$ 45,462	$ 1,594	$ 408,931
Additions	5,074	1,091	181	1,440	-	90	7,876
Disposals	-	-	-	-	-	-	-
Depreciation charge	(9,725)	(7,165)	(1,928)	(65)	(1,288)	(975)	(21,146)
Closing net book amount as at December 31	$ 301,195	$ 45,986	$ 2,147	$ 1,450	$ 44,174	$ 709	$ 395,661
At December, 31, 2023							
Cost	$ 477,878	$ 68,586	$ 7,158	$ 1,583	$ 65,683	$ 5,848	$ 626,736
Accumulated depreciation and impairment	(176,683)	(22,600)	(5,011)	(133)	(21,509)	(5,139)	(231,075)
	$ 301,195	$ 45,986	$ 2,147	$ 1,450	$ 44,174	$ 709	$ 395,661

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets	Others	Total
At January 1, 2022							
Cost	$ 472,804	$ 66,741	$ 11,409	$ 143	$ 65,683	$ 8,188	$ 624,968
Accumulated depreciation and impairment	(157,448)	(8,519)	(6,053)	(44)	(18,933)	(5,366)	(196,363)
	$ 315,356	$ 58,222	$ 5,356	$ 99	$ 46,750	$ 2,822	$ 428,605
2022							
Opening net book amount as at January 1	$ 315,356	$ 58,222	$ 5,356	$ 99	$ 46,750	$ 2,822	$ 428,605
Additions	-	869	1,261	-	-	-	2,130
Depreciation charge	(9,510)	(7,031)	(2,723)	(24)	(1,288)	(1,228)	(21,804)
Closing net book amount as at December 31	$ 305,846	$ 52,060	$ 3,894	$ 75	$ 45,462	$ 1,594	$ 408,931
At December, 31, 2022							
Cost	$ 472,804	$ 67,610	$ 11,019	$ 143	$ 65,683	$ 8,188	$ 625,447
Accumulated depreciation and impairment	(166,958)	(15,550)	(7,125)	(68)	(20,221)	(6,594)	(216,516)
	$ 305,846	$ 52,060	$ 3,894	$ 75	$ 45,462	$ 1,594	$ 408,931

A. Amount of borrowing costs capitalized as part of property, plant and equipment were $0 and $0 for the years ended December 31, 2023 and 2022, respectively.

B. The significant components of buildings include main plants improvement and structure, which are depreciated over 5 and 50 years.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. The above property, plant and equipment of the Company were for their own used.

(8) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings, multifunction printers. Rental contracts are typically made for periods of 1 to 35 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise buildings.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 191,044	$ 196,901

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation charge	Depreciation charge
Land	$ 6,114	$ 6,040

D. For the years ended December 31, 2023 and 2022, the amount of addition for leases were $257 and $2,912, respectively.

E. The information on income and expense accounts relating to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,239	$ 3,311
Expense on short-term lease contracts	7,181	7,807

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $15,280 and $15,831, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured Banking Loan	$ 1,210,000	1.75%~1.86%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured Banking Loan	$ 670,000	1.4%~1.65%	None

(10) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable - general supplier	$ 442,612	$ 994,933
Accrued accounts payable	120,598	114,208
	$ 563,210	$ 1,109,141

(11) Others accounts payable

	December 31, 2023	December 31, 2022
Accrued salaries	$ 158,243	$ 170,208
Accrued employees' bonuses and directors' remuneration	30,210	75,144
Payables on equipment - Fixed assets	1,160	1,354
Payables on equipment - Intangible assets	85	938
Others	49,846	44,203
	$ 239,544	$ 291,847

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.76%	Note	$ 100,000
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	2.05%	Note	140,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	60,000
				380,000
Less: current portion				(140,000)
				$ 240,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.51%	Note	$ 100,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	1.58%	Note	180,000
Unsecured borrowings	Borrowing period is from January 18, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.57%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 21, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.57%	None	60,000
				420,000
Less: current portion				(180,000)
				$ 240,000

Note : Details of long-term borrowings pledged as collateral are provided in Note 8.

(13) Pensions

A. (a) The Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 47,826)	($ 47,413)
Fair value of plan assets	51,083	44,303
Net defined benefit assets (liability)	($ 3,257)	($ 3,110)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 47,413)	$ 44,303	($ 3,110)
Current service cost	(271)	-	(271)
Interest (expense) income	(631)	637	6
	(48,315)	44,940	(3,375)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	343	343
Experience adjustments	716	-	716
Change in demographic assumptions	(9)	-	(9)
Change in financial assumptions	(523)	-	(523)
	184	343	527
Pension fund contribution	-	6,105	6,105
Paid pension	305	(305)	-
Others	-	-	-
Balance at December 31	($ 47,826)	$ 51,083	$ 3,257

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	($ 57,102)	$ 41,653	($ 15,449)
Current service cost	(456)	-	(456)
Interest (expense) income	(395)	312	(83)
	(57,953)	41,965	(15,988)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	3,027	3,027
Experience adjustments	117	-	117
Change in demographic assumptions	1	-	1
Change in financial assumptions	3,660	-	3,660
	3,778	3,027	6,805
Pension fund contribution	-	6,073	6,073
Paid pension	6,762	(6,762)	-
Others	-	-	-
Balance at December 31	($ 47,413)	$ 44,303	($ 3,110)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	1.25%	1.35%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,294)	$ 1,345	$ 1,331	($ 1,288)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,310)	$ 1,363	$ 1,351	($ 1,305)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ended December 31, 2024 amount to $6,809.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 11 year. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	1,417
1-2 year(s)		1,471
2-5 years		4,879
Over 5 years		46,865
	$	54,632

B. (a) Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $21,206 and $20,949, respectively.

(14) Share-based payment

A. For the years ended December 31,2023, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting contiditions
Treasury stock transferred to employees	2022.8.9	2,839	-	Immediately

B. The fair value of the Company's treasury stocks transferred to employees is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Compensation cost per unit
Treasury stock transferred to employees	2022.8.9	25.35	18.07	7.28

C. Share-based payment

	Year ended December 31, 2023	Year ended December 31, 2022
Equity settled	$ -	$ 20,668

(15) Share capital

A. As of December 31, 2023, the Company's authorized capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was $1,651,361 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: shares in thousands

	Year ended December 31, 2023	Year ended December 31, 2022
At January 1	163,462	160,623
Treasury stock transferred to employees	-	2,839
At December 31	163,462	163,462

B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousand shares of the Company. All the acquired shares shall be reissued to employees. As of December 31, 2023, the Company has acquired 6,000 thousand shares and reissued 4,326 thousand shares to employees.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Unit: shares in thousands

		December 31, 2023		
Name of company holding the shares	Reason for reacquisition	Number of shares		Carrying amount
The Company	To be reissued to employees	1,674	$	30,254

		December 31, 2022		
Name of company holding the shares	Reason for reacquisition	Number of shares		Carrying amount
The Company	To be reissued to employees	1,674	$	30,254

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) For the years ended December 31, 2023 and 2022, the number of treasury shares transferred to employees of the Company were 0 thousand shares and 2,509 thousand shares, respectively. The compensation cost and transfer amount were $0, $18,266, $0 and $45,337, respectively.

For the years ended December 31, 2023 and 2022, the number of shares transferred to the employees of the subsidiary are 0 thousand shares and 330 thousand shares, respectively and the compensation cost and transfer amount are $0, $2,402, $0 and $5,963, respectively.

As the aforesaid transfer amount is higher than the carrying amount of treasury shares, the difference amount arising from transaction of treasury shares was recognized as the capital surplus.

(16) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Employee stock option	Total
At January 1, 2023 (At December 31, 2023)	$ 111,105	$ 74,714	$ 11,750	$ 65,809	$ 4,446	$ 267,824

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Employee stock option	Total
At January 1, 2022	$ 127,167	$ 54,046	$ 11,750	$ 29,295	$ 4,446	$ 226,704
From changes in equities of subsidiaries	-	-	-	36,514	-	36,514
Capital surplus distribute cash	(16,062)	-	-	-	-	(16,062)
Treasury stock transferred	-	20,668	-	-	-	20,668
At December 31, 2022	$ 111,105	$ 74,714	$ 11,750	$ 65,809	$ 4,446	$ 267,824

(17) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution. The company authorized the board of directors to distribute all or part of the dividends or legal reserve and capital surplus in the form of cash with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors, and report to the shareholders' meeting.

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized $132,987 special reserve.

(c) For year ended December 31, 2021, the aforementioned special surplus reserve were reversed amounting to $21,840 due to liquidation of subsidiaries.

D. On June 19, 2023 and June 8, 2022, respectively, the shareholders resolved that total dividends

for the distribution of earnings for the year of 2022 and 2021 were as following:

	Year ended December 31,2022		Year ended December 31,2021	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	$ 39,700	$ -	$ 23,075	$ -
Cash dividends	294,232	1.800	224,872	1.400
Total	$ 333,932	$ 1.800	$ 247,947	$ 1.400

E. On June 8, 2022, the Shareholders resolved for the distribution of dividends from capital surplus amounting to $16,062 ($0.1 (in dollars) per share).

F. On February 27, 2024, the Board of Directors had proposed the distribution of cash dividends for the year of 2023 earnings amounting to $196,155 ($1.20 (in dollars) per share).

(18) Other equity items

	Year ended December 31, 2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 38,971	($ 42,859)	($ 3,888)
Revaluation - subsidiary	624,913	-	624,913
Revaluation - tax	216	-	216
Currency translation differences: - group	-	(4,761)	(4,761)
At December 31	$ 664,100	($ 47,620)	$ 616,480

	Year ended December 31, 2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 109,454	($ 49,419)	$ 60,035
Revaluation - subsidiary	(68,361)	-	(68,361)
Revaluation - tax	(2,122)	-	(2,122)
Currency translation differences: - group	-	6,560	6,560
At December 31	$ 38,971	($ 42,859)	($ 3,888)

(19) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from Contracts with Customers	$ 1,810,810	$ 2,933,423

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

Year ended December 31, 2023	Taiwan	China	Other	Total
Revenue from external customer contracts	$ 1,291,179	$ 40,567	$ 479,064	$ 1,810,810
Timing of revenue recognition				
At a point in time	$ 1,273,639	$ 40,567	$ 479,064	$ 1,793,270
Over time	17,540	-	-	17,540
	$ 1,291,179	$ 40,567	$ 479,064	$ 1,810,810

Year ended December 31, 2022	Taiwan	China	Other	Total
Revenue from external customer contracts	$ 1,845,838	$ 1,019,927	$ 67,658	$ 2,933,423
Timing of revenue recognition				
At a point in time	$ 1,830,248	$ 1,019,927	$ 67,658	$ 2,917,833
Over time	15,590	-	-	15,590
	$ 1,845,838	$ 1,019,927	$ 67,658	$ 2,933,423

B. Contract liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Contract liabilities-Deposit	$ 113,193	$ 301,013	$ 104,523

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Deposit	$ 204,633	$ 78,508

(20) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	$ 8,763	$ 2,974

(21) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Rental revenue	$ 23,305	$ 24,025
Government subsidy income (Note)	25,419	14,414
Dividends income	96,489	48,390
Others	10,794	11,529
Total	$ 156,007	$ 98,358

Note: Government subsidy income mainly arose from the subsidy income of special subjects such as the implementation of special counseling program of the Ministry of Economic Affairs and the Ministry of Digital Development.

(22) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Net currency exchange gains	$ 1,084	$ 59,259

(23) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	$ 27,917	$ 15,652

(24) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	$ 542,374	$ 653,412
Depreciation expense (including right-of-use assets)	$ 27,260	$ 27,844
Amortization charges on intangible assets	$ 2,197	$ 3,633

(25) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 464,092	$ 574,953
Labour and health insurance fees	40,699	39,167
Pension costs	21,471	21,488
Other personnel expenses	16,112	17,804
	$ 542,374	$ 653,412

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders at shareholders' meeting.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $19,865 and $59,917, respectively; while directors' and supervisors' remuneration was accrued at $5,297 and $10,155, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7.50% and 2.00% of distributable profit of current year for the year ended December 31, 2023.

The employees' compensation and directors' and supervisors' remuneration resolved by the

Board of Directors were $19,865 and $5,297, and the employees' compensation will be distributed in the form of cash.

The employees' compensation and directors' and supervisors' remuneration for 2022 amounting to $59,917 and $10,155, respectively, as resolved by the Board of Directors on February 22, 2023 which were in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 6,259	$ -
Tax on undistributed surplus earnings	3,153	-
Prior year income tax (over) underestimation	22,309	2,552
Total current tax	31,721	2,552
Deferred tax:		
Origination and reversal of temporary differences	4,272	39,403
Total deferred tax	4,272	39,403
Income tax expense	$ 35,993	$ 41,955

(b) The income tax expense (gain) relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Share of other comprehensive income of subsidiary	$ 216	($ 2,122)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 47,939	$ 86,431
Tax exempt income by tax regulation	(33,227)	(52,667)
Temporary differences not recognized as deferred tax assets	1,654	3,967
Change in assessment of realisation of deferred tax assets	(5,835)	1,672
Prior year income tax (over) underestimation	22,309	2,552
Tax on undistributed earnings	3,153	-
Tax expenses	$ 35,993	$ 41,955

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for bad debt	$ 31,431	($ 12,232)	$ -	$ 19,199
Inventory obsolescence and market price decline	20,451	7,809	-	28,260
Warranty provision	13,614	(5,314)	-	8,300
Net defined benefit liabilities	622	(622)	-	-
Others	1,874	300	216	2,390
Subtotal	67,992	(10,059)	216	58,149
Deferred tax liabilities:				
Net defined benefit assets	-	(651)	-	(651)
Others	(19,643)	6,438	-	(13,205)
Subtotal	(19,643)	5,787	-	(13,856)
Total	$ 48,349	($ 4,272)	$ 216	$ 44,293

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for bad debt	$ 22,100	$ 9,331	$ -	$ 31,431
Inventory obsolescence and market price decline	12,110	8,341	-	20,451
Warranty provision	9,985	3,629	-	13,614
Net defined benefit liabilities	1,751	(1,129)	-	622
Others	43,928	(39,932)	(2,122)	1,874
Subtotal	89,874	(19,760)	(2,122)	67,992
Deferred tax liabilities:				
Others	-	(19,643)	-	(19,643)
Subtotal	-	(19,643)	-	(19,643)
Total	$ 89,874	($ 39,403)	($ 2,122)	$ 48,349

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(27) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 203,703	163,462	$ 1.25
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,049	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 203,703	164,511	$ 1.24

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$ 390,200	161,751	$ 2.41
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,386	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	$ 390,200	164,137	$ 2.38

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 7,876	$ 2,130
Add: opening balance of payable on equipment	1,354	10,583
Less: ending balance of payable on equipment	(1,160)	(1,354)
Cash paid during the year	$ 8,070	$ 11,359

(29) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	$ 670,000	$ 420,000	$ 4,087	$ 202,619	$ -	$ 1,296,706
Changes in cash flow from financing activities	540,000	(40,000)	(570)	(4,860)	(294,232)	200,338
Interest expense	-	-	-	3,239	-	3,239
Payment of interest	-	-	-	(3,239)	-	(3,239)
Changes in other non-cash items	-	-	-	-	294,232	294,232
Changes in lease liabilities	-	-	-	257	-	257
At December 31, 2023	$ 1,210,000	$ 380,000	$ 3,517	$ 198,016	$ -	$ 1,791,533

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	$ 480,564	$ 300,000	$ 3,614	$ 204,420	$ -	$ 988,598
Changes in cash flow from financing activities	189,436	120,000	473	(4,713)	(224,872)	80,324
Interest expense	-	-	-	3,311	-	3,311
Payment of interest	-	-	-	(3,311)	-	(3,311)
Changes in other non-cash items	-	-	-	-	224,872	224,872
Changes in lease liabilities	-	-	-	2,912	-	2,912
At December 31, 2022	$ 670,000	$ 420,000	$ 4,087	$ 202,619	$ -	$ 1,296,706

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Gallant Micro. Machining Co., Ltd.	Subsidiary
Gallant-Rapid Corporation Ltd.	Subsidiary
Gallant Precision Industries (Suzhou) Co., Ltd.	Subsidiary
Gallant Precision Intelligence Technology Co., Ltd.	Subsidiary
APEX-I International Co., Ltd.	Subsidiary
C SUN Mfg. Ltd.	Associate
C SUN(Guangzhou) Mfg. Ltd.	Associate
Ohmplus Technology Inc.	Substantive related party
OPXION Tech. Incorporation	Substantive related party

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Subsidiary	$ 19,673	$ 20,991
Associate	11,250	34,215
Substantive related party	2,080	-
	$ 33,003	$ 55,206

The Company's sales to related parties has no other transactions of the same type that can be compared, and the sales are conducted in accordance with the agreed sales prices and conditions; the terms of payment are not significantly different from those of non-related parties.

B. Purchases

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
Subsidiary	$ 46,775	$ 127,001
Associate	117	-
	$ 46,892	$ 127,001

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivables :		
Subsidiary	$ 11,261	$ 2,007
Associate	6,008	19,530
Subtotal	$ 17,269	$ 21,537
Other receivables		
Subsidiary	$ 5,774	$ 2,605

D. Payables from related parties

	December 31, 2023	December 31, 2022
Accounts payables:		
Subsidiary	$ 31,326	$ 11,970
Associate	123	-
Subtotal	$ 31,449	$ 11,970

E. Other

	Year ended December 31, 2023		Year ended December 31, 2022	
	Item	Amount	Item	Amount
Other:	Other revenue	$ 3,830	Other revenue	$ 3,882
Subsidiary	Procurement service revenue	$ 11,607	Procurement service revenue	$ 13,163
	After sales services expense from overseas	$ 3,020	After sales services expense from overseas	$ 17,702

F. Property transactions:

Acquisition of property, plant and equipment:

	December 31, 2023	December 31, 2022
Subsidiary	$ 375	$ -

G. Endorsements and guarantees provided to related parties:

	December 31, 2023	December 31, 2022
Subsidiary	$ 70,705	$ 70,710

H. Contract liabilities:

	December 31, 2023	December 31, 2022
Associate	$ 10,118	$ 193

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	$ 19,236	$ 17,472
Post-employment benefits	436	479
Total	$ 19,672	$ 17,951

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (shown as "financial assets at amortised cost non-current")	$ 15,494	$ 8,466	Exercise guarantee for construction and customs deposit
Property, plant and equipment	340,511	351,308	Long-term borrowings
	$ 356,005	$ 359,774	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingent liabilities

As of the years ended December 31, 2023 and 2022, respectively, the bank open a guarantee letter for the Company due to business tender and guarantee for construction amounting to $46,960 and $45,648, respectively.

(2) Unrecognized contract commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(17)

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During year ended December 31, 2023, the Company's strategy, which was unchanged from 2022 was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	$ 1,590,000	$ 1,090,000
Less: Cash and cash equivalents	(433,423)	(673,793)
Net debt	1,156,577	416,207
Total equity	3,172,766	2,642,492
Total capital	$ 4,329,343	$ 3,058,699
Gearing ratio	26.71%	13.61%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through other comprehensive income	$ 2,010,812	$ 897,405
Financial assets at amortised cost		
Loans and receivables		
Cash and cash equivalents	433,423	673,793
Financial assets at amortised cost	389,083	96,626
Notes receivables	-	52
Accounts receivables (including related parties)	908,095	1,592,669
Other accounts receivables(including related parties)	8,483	3,621
Guarantee deposits paid	2,241	3,594
	$ 3,752,137	$ 3,267,760

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,210,000	$ 670,000
Accounts payable (including related parties)	594,659	1,121,111
Other accounts payable	239,544	291,847
Long-term borrowings (including current portion)	380,000	420,000
Guarantee deposits received	3,517	4,087
	$ 2,427,720	$ 2,507,045
Leases liabilities	$ 198,016	$ 202,619

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,617	30.71	$ 448,829
JPY:NTD	427,691	0.2172	92,894
RMB:NTD	14,637	4.327	63,332

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial liability			
Monetary items			
USD:NTD	$ 1,006	30.71	$ 30,894
JPY:NTD	40,411	0.2172	8,777
RMB:NTD	8,762	4.327	37,915
Non-monetary items : None			

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 20,665	30.71	$ 634,630
JPY:NTD	116,605	0.2324	27,099
RMB:NTD	56,613	4.408	249,550
Financial liability			
Monetary items			
USD:NTD	$ 2,747	30.71	$ 84,360
JPY:NTD	81,697	0.2324	18,986
RMB:NTD	6,659	4.408	29,353
Non-monetary items: None			

ii. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $1,084 and $59,259, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 4,488	$ -
JPY:NTD	1%	929	-
RMB:NTD	1%	633	-

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liability			
Monetary items			
USD:NTD	1%	($ 309)	$ -
JPY:NTD	1%	(88)	-
RMB:NTD	1%	(379)	-

	Year ended December 31, 2022		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,346	$ -
JPY:NTD	1%	271	-
RMB:NTD	1%	2,496	-
Financial liability			
Monetary items			
USD:NTD	1%	($ 844)	$ -
JPY:NTD	1%	(190)	-
RMB:NTD	1%	(294)	-

Price risk

i . The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased with all other variables held constant, post-tax profit for the year ended December 31, 2023 and 2022 would have increased/decreased by $20,108 and $8,974, respectively.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the year ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in the NTD, JPY ,USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the year ended December 31, 2023 and 2022 would have increased/decreased by $7,700 and $8,200, respectively.

(b) Credit risk

i . Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customer's accounts receivable, in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

viii. The Company used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix as of December 31, 2023 and 2022, is as follows:

At December 31, 2023	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%-0.74%	0.06%-26.71%	1.00%-30.92%	3.15%-100%	
Total book value	$ 696,726	$ 187,395	$ 10,386	$ 119,723	$1,014,230
Loss allowance	$ 1,802	$ 8,579	$ 2,405	$ 93,349	$ 106,135

At December 31, 2022	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%-0.67%	0.04%-21.30%	0.74%-24.33%	2.83%-100%	
Total book value	$ 1,339,340	$ 174,880	$ 16,001	$ 237,278	$1,767,499
Loss allowance	$ 2,981	$ 5,051	$ 1,816	$ 164,982	$ 174,830

ix. Movements in relation to the company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2023
	Accounts receivable
At January 1	$ 174,830
Reversal of impairment loss	(68,695)
At December 31	$ 106,135

	For the year ended December 31, 2022
	Accounts receivable
At January 1	$ 124,408
Provision for impairment	57,295
Write-offs	(6,873)
At December 31	$ 174,830

x. For investments in debt instruments at amortised cost and the credit rating levels are presented below:

	Year ended December 31, 2023			
		Lifetime		
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 389,083	$ -	$ -	$ 389,083

	Year ended December 31, 2022			
		Lifetime		
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 96,626	$ -	$ -	$ 96,626

Group 1:Taiwan Bank

(c) Liquidity risk

i . Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii . Surplus cash held by the operating entities over and above balance required for working

capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and no active market of debt securities investment (Later than three mouth but not later than one years of deposit account), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2023 and 2022, the Company held money market position of $656,854 and $761,795, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 1,152,115	$ 1,615,250
Expiring beyond one year	70,000	-
	$ 1,222,115	$ 1,615,250

The facilities expiring within one year are annual facilities subject to review at various dates during 2023. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Company. Please refer to note 12.

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 1,110,000	$ 100,000	$ -	$ -	$ -
Accounts payable (including related parties)	373,529	72,578	148,552	-	-
Other payables	192,855	46,689	-	-	-
Leases liabilities	2,008	6,023	8,031	24,093	214,330
Long-term borrowings (including current portion)	11,865	134,471	183,424	70,887	-

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 440,000	$ 230,000	$ -	$ -	$ -
Accounts payable (including related parties)	522,006	94,229	504,876	-	-
Other payables	216,704	75,143	-	-	-
Leases liabilities	2,006	6,018	8,024	24,072	222,151
Long-term borrowings (including current portion)	11,574	173,980	142,817	112,080	-

Derivative financial liabilities:

December 31, 2023 and 2022:None

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates, is included in Level 1

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. The fair value of the Company's investment in equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits paid, financial assets at amortized cost, short-term borrowings, contract liabilities, accounts payable, other payables, lease payments (shown as other current assets and other non-current assets) and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 1,962,864	$ -	$ 47,948	$ 2,010,812

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 859,405	$ -	$ 38,000	$ 897,405

(b)The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

D. For the years ended December 31, 2023 and 2022, there was no transfer into or out from the

financial instruments movement of level 3.

E. The following chart is the financial instruments movement of Level 3 for the year ended December 31, 2023 and 2022:

	Year ended December 31, 2023 equity instrument	Year ended December 31, 2022 equity instrument
At January 1	$ 38,000	$ 5,500
Acquired	9,948	32,500
Gains and losses recognized in other comprehensive income	-	-
At December 31	$ 47,948	$ 38,000

F. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 47,948	Net asset value method	Not applicable	-	Not applicable

	December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 38,000	Net asset value method	Not applicable	-	Not applicable

(4) Operating effect of COVID-19

COVID-19 has no significant impact to the Company's going concern, assets impairment and risk of financing based on the Company assessment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20%

of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

None.

Table 1

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company(Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
													Item	Value			
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Other receivables -related parties	Y	$ 50,000	$ 50,000	$ -	2.00%	Short-term financing	-	Operating needed	-	Promised note	$ 50,000	$ 125,618	$ 251,236	
2	Utron Technologies Corp	U Pin Precision Co., Ltd.	Other receivables	N	1,350	-	-	-	Short-term financing	-		-	-	-	9,420	18,841	

Note1 : The subsidiaries of the Company are in accordance with the "Procedures for Provision of Loans" :

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note2 : Utron Technologies Corp Financings provided:

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note3 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk.If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 2

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	$ 634,553	$ 70,705	$ 70,705	$ -	$ -	2.23%	$ 1,586,383	Y	N	N	
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	251,236	80,000	60,000	57,000	-	4.78%	628,091	Y	N	N	

Note1:The limits of endorsements/guarantees provided by the company and subsidiary：

(1)Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed30% of the net worth of the Company and subsidiaries.

Note2:Gallant Micro. Machining Co., Ltd. endorsements guarantees provided

(1)Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2)The total endorsement/ guarantee amount to a company shall not exceed20% of the net worth of the Company.

Note3:Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 3

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2023

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

				December 31, 2023				
Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Footnote
Gallant Precision Machining Co., Ltd	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	19,957,082	$ 1,237,339	12.73	$ 1,237,339	
Gallant Precision Machining Co., Ltd	AMPOC FAR-EAST CO., LTD	None	Financial assets at fair value through other comprehensive income-non-current	5,000,000	395,500	4.37	395,500	
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,334,461	330,025	3.67	330,025	
Gallant Precision Machining Co., Ltd	Ohmplus Technologies Inc.	None	Financial assets at fair value through other comprehensive income-non-current	877,615	15,448	10.96	15,448	
Gallant Precision Machining Co., Ltd	OpXion Tech. Incorporation	None	Financial assets at fair value through other comprehensive income-non-current	6,500,000	32,500	18.57	32,500	
Gallant Precision Machining Co., Ltd	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	150,000	-	150,000	
Gallant-Rapid Corpration Ltd.	Phoenix & Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,694	111	0.59	111	
Gallant-Rapid Corpration Ltd.	Phoenix pioneer technology	None	Financial assets at fair value through other comprehensive income-non-current	1,079,183	19,426	0.36	19,426	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	None	Financial assets at fair value through other comprehensive income-non-current	624,726	361,053	10.15	361,053	
Gallant Micro. Machining Co., Ltd.	C SUN Mfg. Ltd.	The Compamy has siginificant impact on the group	Financial assets at fair value through other comprehensive income-non-current	1,237,723	77,048	0.79	77,048	
Gallant Micro. Machining Co., Ltd.	Test Research, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	813,000	50,398	0.34	50,398	
Gallant Micro. Machining Co., Ltd.	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	50,000	-	50,000	

Table 4

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS
OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

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

					Beginning Balance		Acquisition		Disposal				Ending Balance	
Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	Financial assets at fair value through other comprehensive income-non-current	N/A	No	-	$ -	6,334,461	$ 322,061	-	$ -	$ -	$ -	6,334,461	$ 330,025

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

				Intercompany Transactions			
No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	1	Sales	$ 19,621	subject to the terms and conditions agreed upon by both parties	0.64%
0	Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	1	Accounts receivable	11,261	subject to the terms and conditions agreed upon by both parties	0.13%
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	1	Other income	11,362	subject to the terms and conditions agreed upon by both parties	0.37%
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	1	Purchases	37,597	subject to the terms and conditions agreed upon by both parties	1.22%
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	1	Accounts payable	28,289	subject to the terms and conditions agreed upon by both parties	0.33%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Sales	33,295	subject to the terms and conditions agreed upon by both parties	1.08%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Accounts receivable	43,322	subject to the terms and conditions agreed upon by both parties	0.50%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Purchases	20,087	subject to the terms and conditions agreed upon by both parties	0.65%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Sales	37,993	subject to the terms and conditions agreed upon by both parties	1.23%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	24,628	subject to the terms and conditions agreed upon by both parties	0.80%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.
Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiaries.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than $10,000 thousand and counter parties shall not disclose.

Table 6

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee(note1)	Share of Profits/ Losses of Investee(note1)	Footnote
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	$ 459,050	$ 459,050	13,560,000	100.00	$ 233,549	($ 8,270)	($ 8,270)	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LED and related parts.	46,657	46,657	6,600,000	100.00	86,042	11,971	11,971	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	379,182	379,182	16,171,750	57.19	715,117	100,857	57,681	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	866,153	10,218	10,218	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	2,740	86	86	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Taiwan	Testing of wire and tools and testing equipment of PBC and related systems	53,212	53,212	2,660,600	53.21	50,467	633	360	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 7

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Outflow	Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (note 2(2))	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Footnote
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	$ 194,056	Indirectly invest in Mainland China through GRC registered in third region.	$ 160,925	$ -	$ -	$ 160,925	($ 8,572)	100.00	($ 8,572)	$ 192,450	$ -	Note2- 2.B
Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	43,270	Directly invest by GPI.	-	-	-	-	(1,513)	100.00	3,053	113,663	-	Note2- 2.B
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	139,708	Indirectly invest in Mainland China through KMC registered in third region.	246,962	-	-	246,962	13,554	100.00	13,554	528,740	275,772	Note2- 2.B
Kunshan Qihong Electronic Sales Co., Ltd.	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor	4,327	Directly invest by GMM. (Suzhou)	-	-	-	-	(1,231)	100.00	(1,231)	6,161	-	Note2- 2.C Note 4
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	168,878	Indirectly invest in Mainland China through Power Ever registered in third region .	28,367	-	-	28,367	-	10.15	-	-	8,236	Note 5
Nantong Top Creation Machines Co.,Ltd	Design and production of printed circuit boards, flat panel displays, semiconductors, special equipment for the solar industry and sales of related spare parts	307,050	Indirectly invest in Mainland China through Power Ever registered in third region .	-	-	-	-	-	10.15	-	-	-	Note 6

Investee Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Gallant Precision Machining Co., Ltd.	$ 434,800	$ 600,116	$ 2,252,935
Gallant Micro. Machining Co., Ltd.	275,329	275,329	780,333

Note1: There are three methods of investment as follows

(1) Directly invest in Mainland China.

(2) Indirectly invest in Mainland China.

(3) Others.

Note2: Share of Profits/Losses recognized for the year ended December 31, 2023:

(1) No investment income (loss) recognition.

(2) There are three basis for investment income (loss) recognition.

A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.

C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment was invested by Gallant Micro. Machining (Suzhou) Co., Ltd. There was no cash outflow for the year ended December 31, 2023.

Note5: The Company acquired 10% ownership of Suzhou Top Creation Machines Co.,Ltd. held by C SUN Mfg. Ltd. through the British Virgin Islands business King Mechatronics Co. Ltd. (BVI) for US$1,205 thousand. Thus, the Company indirectly invested in Suzhou Top Creation Machines Co.,Ltd. in the mainland, and then executed the equity conversion according to the relevant terms of the original investment contract. After the conversion, the Company directed hold Suzhou Top Creation Machines Co.,Ltd. which was shown as "financial assets measured at fair value through other comprehensive income".

Note6: The Company invested in Samoa POWER EVER ENTERPRISES LIMITED through King Mechatronics Co. Ltd. (BVI) of the British Virgin Islands. Received dividends of US$1,015 thousand from Suzhou Top Creation Machines Co., Ltd., was reinvested in Nantong Chuangfeng Optoelectronics Equipment Co., Ltd. The investment was shown as "financial assets measured at fair value through other comprehensive income".

Note7: The investment amount was translated based on the exchange rate USD:NTD=1:30.71 of balance sheet date December 31, 2023

Table 8

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHLDER
FOR THE YEAR ENDED DECEMBER 31, 2023

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
C SUN Mfg. Ltd.	44,758,827	27.10%

Note1: The main shareholder information in this table is calculated by TDCC based on the shareholders hold more than 5% of the common shares and preferred shares of the company that have completed delivery without physical registration (including treasury shares) on the last business day at the end of each quarter. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences due to the different basis for preparation and calculation.

Note2: For the above-mentioned information is the shareholder transfers the owned shares to the trust, it shall disclose separately based on special trust account opened by the trustor for the trustee. As for the declaration of insider shareholders who hold more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes the shares held by themselves and the shares they have delivered to the trust and have the right to use the trust property, etc. For information on insider shareholder declarations, please refer to Market Observation Post System.

REPRESENTATION LETTER

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

Very truly yours,

GALLANT PRECISION MACHINING CO., LTD.

By

Chairman
February 27, 2024

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the independent auditors' responsibilities for the audit of the separate financial statements section of our report. We are independent of Gallant Precision Machining Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group's consolidated financial statements in the current period are stated as follows:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(13) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the consolidated financial statements. The inventories and allowance for inventory valuation loss amounting to NT1,359,288 thousand and NT364,996 thousand as of December 31, 2023 are disclosed in Note 6(5) of the consolidated financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Obtained an understanding and assessed the reasonableness of the policy of the allowance for inventory valuation loss and compared whether consistent application of accounting policies in relation to the provision for inventory valuation losses.
2. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification.
3. Assessed and confirmed the reasonableness in estimation of net realizable value and checked the related supporting documents.
4. Tested the reasonableness in accrual of the allowance for inventory valuation loss.

Revenue recognition

Description

Refer to Note 4(27) and Note 6(18) of the consolidated financial statements for accounting policies on revenue recognition and the description of significant accountings – operating revenue.

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

1. Assessed the appropriateness of the policy of sales revenue recognition.
2. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition.
3. Sampled and tested the sales transactions included check customer purchase orders, evidence of customer's confirmation for acceptance, verified whether had met criteria of the contract and considered the reliability of collection for the timing of revenue recognition.
4. Performed cut-off test on sales transactions for a specific time prior to and after the balance sheet date.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Gallant Precision Machining Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting

Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Independent 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 ROC GAAS 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 ROC GAAS, 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 Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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.

PricewaterhouseCoopers, Taiwan
February 27, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. 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.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022	
	Assets	Notes	AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,394,275	16	$ 1,345,746	17
1136	Financial assets at amortized cost - current	6(3)	659,928	8	586,983	7
1150	Noteds receivable, net	6(4)	37,845	-	35,446	1
1170	Accounts receivable, net	6(4)	1,555,374	18	2,362,856	30
1180	Accounts receivable to related parties, net	6(4) and 7	6,008	-	19,530	-
1200	Other receivables		5,973	-	3,431	-
130X	Inventories, net	6(5)	994,292	11	1,086,396	14
1410	Prepayments		149,543	2	175,026	2
1470	Other current assets		16,061	-	15,759	-
11XX	**Current Assets**		4,819,299	55	5,631,173	71
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)	2,518,848	29	1,151,151	15
1535	Financial assets at amortized cost - non-current	6(3) and 8	221,879	3	14,777	-
1600	Property, plant and equipment, net	6(6) and 8	712,274	8	726,466	9
1755	Right-of-use assets	6(7)	242,856	3	242,980	3
1780	Intangible assets, net		13,010	-	13,078	-
1840	Deferred income tax assets	6(25)	102,338	1	107,920	2
1900	Other non-current assets		59,566	1	8,816	-
15XX	**Non-current assets**		3,870,771	45	2,265,188	29
1XXX	**Total assets**		$ 8,690,070	100	$ 7,896,361	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(8)	$ 2,143,153	25	$ 1,313,000	17
2130	Contract liabilities-current	6(18) and 7	228,606	3	341,753	4
2150	Notes payable		-	-	1,764	-
2170	Accounts payable	6(9)	1,133,752	13	1,364,727	17
2180	Accounts payable - related parties	7	123	-	66	-
2200	Other payables	6(10)	381,421	4	498,505	6
2230	Current income tax liabilities	6(25)	51,913	-	52,336	1
2250	Provisions for liabilities-current		65,934	1	92,134	1
2280	Lease liabilities-current		26,206	-	23,322	-
2320	Long-term loans-current portion	6(11)	146,143	2	192,943	3
2399	Other current liabilities - other		18,871	-	21,509	-
21XX	**Current Liabilities**		4,196,122	48	3,902,059	49
	Non-current liabilities					
2540	Long-term loans	6(11)	360,071	4	336,414	4
2570	Deferred income tax liabilities	6(25)	125,111	2	155,942	2
2580	Lease liabilities-non-current		225,089	3	227,239	3
2600	Other non-current liabilities		28,785	-	32,938	1
25XX	**Non-current liabilities**		739,056	9	752,533	10
2XXX	**Total Liabilities**		4,935,178	57	4,654,592	59
	Equity attributable to owners of parent company					
	Share capital	6(14)				
3110	Share capital-common stock		1,651,361	19	1,651,361	21
	Capital surplus	6(15)				
3200	Capital surplus		267,824	3	267,824	3
	Retained earnings	6(16)				
3310	Legal reserve		226,325	2	186,625	2
3320	Special reserve		111,147	1	111,147	1
3350	Unappropriated retained earnings		329,883	4	459,677	6
	Other equity interest	6(17)				
3400	Other equity interest		616,480	7	(3,888)	-
3500	Treasury share	6(14)	(30,254)	-	(30,254)	-
31XX	**Equity attributable to owners of the parent company**		3,172,766	36	2,642,492	33
36XX	**Non-controlling interest**	4(3)	582,126	7	599,277	8
3XXX	**Total equity**		3,754,892	43	3,241,769	41
	Contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 8,690,070	100	$ 7,896,361	100

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Years ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(18) and 7	$ 3,089,360	100	$ 4,733,976	100
5000	**Operating costs**	6(5)(23)(24) and 7	(2,312,317)	(75)	(3,327,248)	(70)
5900	**Net operating margin**		777,043	25	1,406,728	30
	Operating expenses	6(23)(24)				
6100	Selling expenses		(98,820)	(3)	(127,225)	(3)
6200	General and administrative expenses		(341,666)	(11)	(501,655)	(11)
6300	Research and development expenses		(269,406)	(9)	(260,706)	(5)
6450	Expected credit impairment gain (loss)	12(2)	87,447	3	(94,308)	(2)
6000	**Total operating expenses**		(622,445)	(20)	(983,894)	(21)
6900	**Operating profit**		154,598	5	422,834	9
	Non-operating income and expenses					
7100	Interest income	6(19)	30,401	1	12,249	-
7010	Other income	6(20)	167,322	5	125,289	3
7020	Other gains and losses	6(21)	(12,847)	-	99,827	2
7050	Finance costs	6(22)	(45,307)	(1)	(26,091)	(1)
7000	**Total non-operating income and expenses**		139,569	5	211,274	4
7900	**Profit before tax**		294,167	10	634,108	13
7950	Income tax expense	6(25)	(51,551)	(2)	(141,893)	(3)
8200	**Profit for the year**		$ 242,616	8	$ 492,215	10
	Other comprehensive income for the year	6(17)				
	Items that will not be reclassified subsequently to profit or loss:					
8311	Loss on remeasurements of defined benefit plan	6(12)	$ 326	-	$ 6,805	1
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(2)	733,565	23	(88,788)	(2)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(35,972)	(1)	4,613	-
8310	**Items that will not be reclassified subsequently to profit or loss:**		697,919	22	(77,370)	(1)
	Items that may be reclassified subsequently to profit or loss:					
8361	Cumulative translation differences of foreign operations	6(17)	(7,247)	-	12,062	-
8360	**Summary of Components of other comprehensive income that will be reclassified to profit or loss**		(7,247)	-	12,062	-
8300	**Other comprehensive (loss) income for the year**		$ 690,672	22	($ 65,308)	(1)
8500	**Total comprehensive income for the year**		$ 933,288	30	$ 426,907	9
	Profit attributable to:					
8610	Equity holders of the parent company		$ 203,703	7	$ 390,200	8
8620	Non-controlling interest		38,913	1	102,015	2
	Profit for the year		$ 242,616	8	$ 492,215	10
	Total comprehensive income attributable to:					
8710	Equity holders of the parent company		$ 824,506	26	$ 333,082	7
8720	Non-controlling interest		108,782	4	93,825	2
	Total comprehensive income for the year		$ 933,288	30	$ 426,907	9
	Basic earnings per share	6(26)				
9750	**Profit for the year**		$	1.25	$	2.41
	Diluted earnings per share	6(26)				
9850	**Profit for the year**		$	1.24	$	2.38

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Share capital-common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Treasury share	Total	Non-controlling interest	Total equity
For the year ended December 31, 2022												
Balance at January 1, 2022		$ 1,651,361	$ 226,704	$ 163,550	$ 111,147	$ 310,619	($ 49,419)	$ 109,454	($ 81,555)	$ 2,441,861	$ 466,458	$ 2,908,319
Profit for the year		-	-	-	-	390,200	-	-	-	390,200	102,015	492,215
Other comprehensive income for the year	6(17)	-	-	-	-	6,805	6,560	(70,483)	-	(57,118)	(8,190)	(65,308)
Total comprehensive income for the year		-	-	-	-	397,005	6,560	(70,483)	-	333,082	93,825	426,907
Distribution of 2021 earnings:	6(16)											
Legal reserve		-	-	23,075	-	(23,075)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(224,872)	-	-	-	(224,872)	-	(224,872)
Capital surplus distribute cash	6(15)	-	(16,062)	-	-	-	-	-	-	(16,062)	-	(16,062)
Recognition of changes in ownership interest in subsidiaries		-	36,514	-	-	-	-	-	-	36,514	-	36,514
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	38,994	38,994
Treasury stock transferred	6(15)	-	20,668	-	-	-	-	-	51,301	71,969	-	71,969
Balance at December 31, 2022		$ 1,651,361	$ 267,824	$ 186,625	$ 111,147	$ 459,677	($ 42,859)	$ 38,971	($ 30,254)	$ 2,642,492	$ 599,277	$ 3,241,769
For the year ended December 31, 2023												
Balance at January 1, 2023		$ 1,651,361	$ 267,824	$ 186,625	$ 111,147	$ 459,677	($ 42,859)	$ 38,971	($ 30,254)	$ 2,642,492	$ 599,277	$ 3,241,769
Profit for the year		-	-	-	-	203,703	-	-	-	203,703	38,913	242,616
Other comprehensive income for the year	6(17)	-	-	-	-	435	(4,761)	625,129	-	620,803	69,869	690,672
Total comprehensive income for the year		-	-	-	-	204,138	(4,761)	625,129	-	824,506	108,782	933,288
Distribution of 2022 earnings:	6(16)											
Legal reserve		-	-	39,700	-	(39,700)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(294,232)	-	-	-	(294,232)	-	(294,232)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(125,933)	(125,933)
Balance at December 31, 2023		$ 1,651,361	$ 267,824	$ 226,325	$ 111,147	$ 329,883	($ 47,620)	$ 664,100	($ 30,254)	$ 3,172,766	$ 582,126	$ 3,754,892

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 294,167	$ 634,108
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(23)	60,802	59,929
Amortization	6(23)	4,069	5,701
Expected credit impairment loss (gain)	12(2)	(87,447)	94,308
Interest expense	6(22)	45,307	26,091
Interest income	6(19)	(30,401)	(12,249)
Dividend income	6(20)	(100,945)	(51,995)
(Gain)/loss on disposal of property, plant and equipment, net	6(21)	173	225
Share-based payment	6(13)	1,828	37,043
Gain on lease modification	6(21)	(89)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		(3,093)	4,499
Accounts receivable		890,936	(608,174)
Accounts receivable - related parties		12,568	26,789
Other receivables		3,084	148
Inventories		89,817	(284,746)
Prepayments		25,376	(109,944)
Other current assets		(328)	(7,701)
Net defined benefit assets		(1,172)	-
Other non-current assets		(50,975)	1,275
Net changes in liabilities relating to operating activities			
Contract liabilities		(112,330)	118,680
Notes payable		(1,764)	(6,919)
Accounts payable		(229,393)	123,482
Accounts payable - related parties		356	(12,505)
Other payables		(122,305)	105,261
Provisions for liabilities		(26,095)	(9,519)
Unearned receipts		(8,635)	8,830
Other current liabilities		6,036	2,870
Net defined benefit liabilities		(3,110)	(12,339)
Cash generated from operations		656,437	133,148
Interest received		24,775	12,913
Dividends received		100,945	51,995
Interest paid		(44,280)	(25,842)
Income tax paid		(111,518)	(66,461)
Net cash provided by (used in) operating activities		626,359	105,753

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	6(2)	($ 634,132)	($ 304,655)
Acquisition of financial assets at amortized cost		(962,192)	(211,647)
Proceeds from disposal of financial assets at amortized cost		662,113	297,578
Acquisition of property, plant and equipment	6(27)	(24,053)	(27,663)
Proceeds from disposal of property, plant and equipment		685	4,401
Acquisition of intangible assets		(4,646)	(4,055)
Refundable deposits refunded		2,811	-
Refundable deposits paid		(1,467)	(1,453)
Net cash provided by (used in) investing activities		(960,881)	(247,494)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from short-term loan		3,166,153	1,875,777
Repayment of short-term loan		(2,336,000)	(1,563,342)
Proceeds from long-term loan		74,000	140,000
Repayment of long-term loan		(97,143)	(38,693)
Repayment of the principal portion of lease liabilities	6(28)	(24,245)	(22,096)
Guarantee deposits paid		-	473
Guarantee deposits refunded		(570)	-
Cash capital increase from non-controlling equity - subsidiaries		-	30,000
Proceeds from transaction with non-controlling interest		(41,612)	-
Treasury stock transferred to employees	6(13)	-	135,283
Cash dividends paid	6(16)	(379,768)	(279,721)
Cash dividends from capital surplurs	6(16)	-	(16,062)
Net cash provided by (used in) financing activities		360,815	261,619
Effect of fluctuations in exchange rate		22,236	4,302
Net increase (decrease) in cash and cash equivalents		48,529	124,180
Cash and cash equivalents at beginning of year	6(1)	1,345,746	1,221,566
Cash and cash equivalents at end of year	6(1)	$ 1,394,275	$ 1,345,746

The accompanying notes are an integral part of these consolidated financial statements.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Gallant Precision Machining Co., Ltd. (the "Company"). The Company was incorporated on December 22, 1978. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the design, manufacture and sale of molds and machinery, metal parts and mold parts, stamping parts and die-cast parts, and automated manufacturing systems and their unit equipment, as well as the management and investment in the relevant business. The Company's stock was listed on the Taipei Exchange (formerly named GreTai Securities Market), effective from February, 1998.

The Company merged with Syntran Co., Ltd. (the "Syntran Company") on August 3, 2007 (merger effective date). The Company was a surviving company and Syntran Company was a dissolved company. Syntran Company was incorporated in November 1994, mainly engaged in the research, development, manufacture and sale of DWDM automatic optical testing machines, DWDM module packaging machines, digital safety monitoring systems and nano functional powder and films.

The special shareholders' meeting of the Company resolved to spin-off its semiconductor business on December 15, 2010 and the GreTai Securities Market approved the spin-off and the Company's stock listed on January 13, 2011. The Company transferred its semiconductor business and related investment to the Company's subsidiary – Gallant Micro. Machining Co., Ltd. on the spin-off effective day March 1, 2011.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	May 23, 2023

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by FSC effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 16 “Leases” - Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non - current Liabilities with Covenants”	January 1, 2024
Amendment to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

The above standards and interpretations have no significant impact to the Group financial condition and operating result based on the Group assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING　POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations,　and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs"）.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income 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.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Manufacturing and selling of semiconductor related equipment and parts	57.19	57.19	
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	100	100	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Marketing and selling of process equipment of LCD and related parts.	100	100	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	Investing in Gallant Micro. Machining (Suzhou) Co., Ltd.	100	100	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd.	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	100	100	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Testing of wire and tools and testing equipment of PBC and related systems	53.21	53.21	Note 1
Gallant-Rapid Corporation Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	100	

Name of Investor	Name of subsidiary	Main Business Activities	Percentage of Ownership December 31, 2023	Percentage of Ownership December 31, 2022	
King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	100	100	
Gallant Precision Industries (Suzhou) Co., Ltd.	Gallant Precision Intelligence Technology Co.,Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	100	60	Note 2
Gallant Micro. Machining (Suzhou) Co., Ltd.	Kunshan Qihong Electronic Sales Co., Ltd.	Circuit board testing equipment, wire and cable and semiconductor testing and manufacturing	100	100	

Note 1: Utron Technologies Corp issued new shares in July 2022. The Group did not subscribe the new shares and therefore the percentage of ownership was decreased.

Note 2: Gallant Precision Industries (Suzhou) Co., Ltd. acquired the remaining 40% equity from Fujian Chengzhe Automation Technology Co. Ltd in June 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to $582,126 and $599,277, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest December 31, 2023 Amount	Non-controlling interest December 31, 2023 Ownership (%)	Non-controlling interest December 31, 2022 Amount	Non-controlling interest December 31, 2022 Ownership(%)
Gallant Micro. Machining Co., Ltd.	Taiwan	$537,752	42.81	$495,690	42.81

Summarised financial information of the subsidiaries:

Balance sheets

	Gallant Micro. Machining Co., Ltd. and its subsidiary December 31, 2023	Gallant Micro. Machining Co., Ltd. and its subsidiary December 31, 2022
Current assets	$ 2,398,530	$ 1,973,083
Non-current assets	958,896	644,883
Current liabilities	(1,794,399)	(1,153,863)
Non-current liabilities	(262,472)	(262,121)
Total net assets	$ 1,300,555	$ 1,201,982

Statements of comprehensive income

	Gallant Micro. Machining Co., Ltd. and its subsidiary	
	Year ended December 31, 2023	Year ended December 31, 2022
Revenue	$ 1,187,852	$ 1,482,663
Profit before income tax	$ 118,350	$ 298,745
Income tax expense	(17,177)	(69,052)
Profit for the year from continuing operations	101,173	229,693
Profit for the year	101,173	229,693
Other comprehensive income, net of tax	164,726	(28,326)
Total comprehensive income for the year	$ 265,899	$ 201,367
Comprehensive income attributable to non-controlling interest	$ 113,692	$ 85,074
Dividends paid to non-contronlling interest	$ 72,628	$ 54,849

Statements of cash flows

	Gallant Micro. Machining Co., Ltd. and its subsidiary	
	Year ended December 31, 2023	Year ended December 31, 2022
Net cash provided by (used in) operating activities	$ 366,898	($ 100,233)
Net cash provided by (used in) investing activities	(94,188)	17,372
Net cash provided by (used in) financing activities	120,998	68,055
Effect of exchange rates on cash and cash equivalents	2,903	2,491
Increase (decrease) in cash and cash equivalents	396,611	(12,315)
Cash and cash equivalents, beginning of year	503,709	516,024
Cash and cash equivalents, end of year	$ 900,320	$ 503,709

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in

profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rates of that periods; and

(c)All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to

be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settle within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settle within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group’s business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease net of any incentives given to the lessee is recognized in profitor loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The

item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 50 years
Machinery and equipment	3 ~ 20 years
Furniture and fixtures	1 ~ 10 years
Other equipment	5 ~ 10 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

Fixed payments, less any lease incentives receivable;

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any initial direct costs incurred by the lessee;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

A. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

B. Other intangible assets

Other intangible assets mainly technical royalties, are amortized on a straight-line basis over its estimated useful life of 3 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are

subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Provisions

Provisions (including warranties, after-sales service) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i . Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii . Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and

non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 5% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally

enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Cash dividends are recorded in the Company's financial statements in the period in which they are resolved by the Board of Directors. Cash dividends are recorded as liabilities; Stock dividends are recorded as stock dividends to be distributed while resolved by the shareholders' meeting and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) The Group provides manufacturing and sales of Flat display manufacturing inspection equipment, Semiconductor packaging equipment, Intelligent automation equipment and parts products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales are recognised based on the price specified in the contract.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the

consideration is unconditional because only the passage of time is required before the payment is due. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

B. Sales of services

The Group provides technical services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(28) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairmen of Board that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make **c**ritical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes

down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was $994,292.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 270	$ 270
Checking accounts	26	26
Demand deposits	948,757	1,345,450
Time deposits	445,222	-
Total	$ 1,394,275	$ 1,345,746

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2023 and 2022, cash and cash equivalents pledged to Customs and others as collateral were classified as financial assets at amortised cost-non-current. Please refer to note 8.

(2) Financial Assets at Fair Value Through Other Comprehensive Income

Items	December 31, 2023	December 31, 2022
Non-current items:		
Listed stocks	$ 1,549,679	$ 925,494
Non-Listed and non-otc stocks	121,855	111,908
Valuation adjustment	847,314	113,749
Total	$ 2,518,848	$ 1,151,151

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. As at December 31, 2023 and 2022, the fair value of such investments amounted to $2,518,848 and $1,151,151, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Fair value change recognised in other comprehensive income	$ 733,565	($ 88,788)
Dividend income recognized in profit or loss held at end of period	$ 100,945	$ 51,995

(3) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits	$ 659,928	$ 586,983
Non-current items:		
Pledged time deposits	21,879	14,777
Bonds	200,000	-
	221,879	14,777
Total	$ 881,807	$ 601,760

A. The Group transacts with financial institutions with high credit quality.

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk is provided in Note 12(2). The Group investment in time deposit with financial institutions with high credit quality, and expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 37,845	$ 35,446
Accounts receivable	$ 1,761,174	$ 2,657,461
Accounts receivable - related parties	6,008	19,530
Less: allowance for bad debts	(205,800)	(294,605)
	$ 1,561,382	$ 2,382,386

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 1,249,933	$ 37,845	$ 1,906,654	$ 35,446
Up to 90 days	237,208	-	359,366	-
91 to 120 days	25,561	-	29,146	-
Over 120 days	254,480	-	381,825	-
	$ 1,767,182	$ 37,845	$ 2,676,991	$ 35,446

The above ageing analysis was based on past due date.

B. For the years ended December 31, 2023 and 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to $1,805,027, $2,712,437 and $2,136,485, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were $37,845 and $35,446, $1,561,382 and $2,382,386, respectively.

D. The Group does not hold any collateral as security.

E. Information relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 301,024	($ 43,608)	$ 257,416
Work in progress	871,465	(228,725)	642,740
Finished goods	182,718	(92,663)	90,055
Inventory in transit	4,081	-	4,081
Total	$ 1,359,288	($ 364,996)	$ 994,292

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 281,324	($ 31,414)	$ 249,910
Work in progress	834,539	(174,632)	659,907
Finished goods	256,772	(90,978)	165,794
Inventory in transit	10,785	-	10,785
Total	$ 1,383,420	($ 297,024)	$ 1,086,396

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	$ 2,243,916	$ 3,253,720
Loss on decline in market value	68,262	73,528
Other	139	-
	$ 2,312,317	$ 3,327,248

(6) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Construction in progress and equipment under installation	Total
At January 1, 2023								
Cost	$ 134,686	$ 605,842	$ 171,042	$ 35,373	$ 65,682	$ 67,387	$ 1,854	$ 1,081,866
Accumulated depreciation and impairment	-	(181,228)	(98,975)	(23,852)	(20,220)	(31,125)	-	(355,400)
	$ 134,686	$ 424,614	$ 72,067	$ 11,521	$ 45,462	$ 36,262	$ 1,854	$ 726,466
2023								
Opening net book amount as at January 1	$ 134,686	$ 424,614	$ 72,067	$ 11,521	$ 45,462	$ 36,262	$ 1,854	$ 726,466
Additions	-	5,074	7,905	6,749	-	3,365	-	23,093
Disposals	-	-	(459)	(37)	-	(362)	-	(858)
Reclassifications		-	-	1,849	-	-	(1,849)	-
Depreciation charge	-	(12,556)	(9,276)	(5,797)	(1,288)	(6,516)	-	(35,433)
Net exchange differences	-	(49)	(284)	(143)	-	(513)	(5)	(994)
Closing net book amount as at December 31	$ 134,686	$ 417,083	$ 69,953	$ 14,142	$ 44,174	$ 32,236	$ -	$ 712,274
At December, 31, 2023								
Cost	$ 134,686	$ 610,845	$ 172,528	$ 36,927	$ 65,682	$ 66,315	$ -	$ 1,086,983
Accumulated depreciation and impairment	-	(193,762)	(102,575)	(22,785)	(21,508)	(34,079)	-	(374,709)
	$ 134,686	$ 417,083	$ 69,953	$ 14,142	$ 44,174	$ 32,236	$ -	$ 712,274

	Land	Buildings	Machinery and equipment	Office equipment	Leased assets	Others	Construction in progress and equipment under installation	Total
At January 1, 2022								
Cost	$ 134,686	$ 604,358	$ 164,309	$ 35,025	$ 70,762	$ 65,970	$ -	$ 1,075,110
Accumulated depreciation and impairment	-	(168,934)	(90,847)	(21,509)	(19,948)	(27,079)	-	(328,317)
	$ 134,686	$ 435,424	$ 73,462	$ 13,516	$ 50,814	$ 38,891	$ -	$ 746,793
2022								
Opening net book amount as at January 1	$ 134,686	$ 435,424	$ 73,462	$ 13,516	$ 50,814	$ 38,891	$ -	$ 746,793
Additions	-	1,397	7,090	4,807	-	3,315	1,860	18,469
Disposals	-	-	(142)	(718)	(3,048)	(718)	-	(4,626)
Depreciation charge	-	(12,267)	(8,497)	(6,774)	(2,304)	(6,454)	-	(36,296)
Net exchange differences	-	60	154	690	-	1,228	(6)	2,126
Closing net book amount as at December 31	$ 134,686	$ 424,614	$ 72,067	$ 11,521	$ 45,462	$ 36,262	$ 1,854	$ 726,466
At December, 31, 2022								
Cost	$ 134,686	$ 605,842	$ 171,042	$ 35,373	$ 65,682	$ 67,387	$ 1,854	$ 1,081,866
Accumulated depreciation and impairment	-	(181,228)	(98,975)	(23,852)	(20,220)	(31,125)	-	(355,400)
	$ 134,686	$ 424,614	$ 72,067	$ 11,521	$ 45,462	$ 36,262	$ 1,854	$ 726,466

A. Amount of borrowing costs capitalized as part of property, plant and equipment were $0 and $0 for the years ended December 31, 2023 and 2022, respectively.

B. The significant components of buildings include main plants improvement and structure, which are depreciated over 5 to 50 years.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. The above property, plant and equipment of the Group were for their own used.

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, multifunction printers. Rental contracts are typically made for periods of 1 to 38 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise Buildings. Low-value assets comprise office equipment (multifunction printers).

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 191,044	$ 196,901
Buildings	51,812	46,079
	$ 242,856	$ 242,980

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation charge	Depreciation charge
Land	$ 6,114	$ 6,040
Buildings	19,255	17,593
	$ 25,369	$ 23,633

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $27,297 and $9,056, respectively.

E. The information on income and expense accounts relating to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 4,632	$ 5,381
Expense on short-term lease contracts	13,815	14,849
Expense on leases of low-value assets	736	572

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $43,428 and $42,898, respectively.

G. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured Banking Loan	$ 2,133,431	0.5%~2.02%	None
Mortgage loan	9,722	0.5%	Note
	2,143,153		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured Banking Loan	$ 1,313,000	1.24%~1.87%	None

Note: Details of short-term borrowings pledged as collateral are provided in Note 8.

(9) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable - general supplier	$ 960,213	$ 1,214,387
Accrued accounts payable	173,539	150,340
	$ 1,133,752	$ 1,364,727

(10) Others accounts payable

	December 31, 2023	December 31, 2022
Accrued salaries	$ 224,716	$ 268,598
Accrued employees' bonuses and directors' remuneration	64,298	130,863
Payables on equipment - Fixed assets	1,671	2,631
Payables on equipment - Intangible assets	85	938
Others	90,651	95,475
	$ 381,421	$ 498,505

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	2.05%	Note 1	$ 140,000
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.76%	Note 1	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.98%	Note 1	52,214

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Mortgage borrowings	The mortgage borrowings from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.90%	Note 1	$ 54,000
Mortgage borrowings	The mortgage borrowings from July 7, 2023 to July 7, 2026, with monthly interest payment and the principal shall be paid off on the maturity date.	1.95%	Note 1	20,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 20, 2023 to April 20, 2025, with monthly interest payment and the principal shall be paid off on the maturity date.	1.98%	None	60,000
				506,214
Less: current portion				(146,143)
				$ 360,071

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Mortgage borrowings	Borrowing period is from July 1, 2021 to July 1, 2026, non-revolving instalments, with monthly interest payment, principal is repayable every 3 months with 5% of principal from July 1, 2022, and the rest of principal shall be paid off on the maturity date.	1.58%	Note 1	$ 180,000
Mortgage borrowings	The mortgage borrowings is recyclable from November 24, 2021 to March 31, 2024, with monthly interest payment and the principal shall be paid off on the maturity date (the actual borrowings period is less than 3 years, because the factory contract period is from March 31, 2021 to March 31, 2024, the principal shall be paid off on the maturity date).	1.51%	Note 1	100,000
Mortgage borrowings	Borrowing period is from June 14, 2017 to June 14, 2032; interest is repayable monthly and principal is repayable monthly through June, 2018 to June, 2032.	1.73%	Note 1	58,357
Mortgage borrowings	Borrowing period is from June 8, 2020 to June 8, 2030; The principal is repayable every 3 months in 40 installments；principle is repayable every 3 months from September 8,2020.	2.18%	Note 1、2	51,000
Unsecured borrowing	The unsecured borrowings is recyclable from January 18, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.57%	None	80,000
Unsecured borrowing	The unsecured borrowings is recyclable from April 21, 2022 to May 14, 2023, with monthly interest payment and the principal shall be paid off on the maturity date.	1.57%	None	60,000
				529,357
Less: current portion				(192,943)
				$ 336,414

Note 1: Details of long-term borrowings pledged as collateral are provided in Note 8.

Note 2: Repayable in advance in December 2023.

(12) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contributes monthly an amount equal to 2% and 7% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 50,081)	($ 47,413)
Fair value of plan assets	51,253	44,303
Net defined benefit assets (liability)	($ 1,172)	($ 3,110)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	($ 47,413)	$ 44,303	($ 3,110)
Prior periods service cost	(1,937)	-	(1,937)
Current service cost	(360)	-	(360)
Interest (expense) income	(659)	637	(22)
	(50,369)	44,940	(5,429)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	343	343
Change in demographic assumptions	(9)	-	(9)
Change in financial assumptions	(564)	-	(564)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Experience adjustments	556	-	556
	(17)	343	326
Pension fund contribution	-	6,275	6,275
Paid pension	305	(305)	-
Balance at December 31	($ 50,081)	$ 51,253	$ 1,172
Year ended December 31, 2022			
Balance at January 1	($ 57,102)	$ 41,653	($ 15,449)
Current service cost	(456)	-	(456)
Interest (expense) income	(395)	312	(83)
	(57,953)	41,965	(15,988)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	3,027	3,027
Change in demographic assumptions	1	-	1
Change in financial assumptions	3,660	-	3,660
Experience adjustments	117	-	117
	3,778	3,027	6,805
Pension fund contribution	-	6,073	6,073
Paid pension	6,762	(6,762)	-
Pension fund return	-	-	-
Balance at December 31	($ 47,413)	$ 44,303	($ 3,110)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	1.25%~1.35%	1.35%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31,2023				
Effect on present value of defined benefit obligation	($ 1,394)	$ 1,451	$ 1,436	($ 1,388)
December 31,2022				
Effect on present value of defined benefit obligation	($ 1,310)	$ 1,363	$ 1,351	($ 1,305)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group in the year ended December 31, 2024 amount to $6,880.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 11 to 18 year. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 1,417
1-2 year(s)	1,471
2-5 years	4,979
Over 5 years	49,675
	$ 57,542

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries (APEX-I International Co., Ltd. and Gallant Micro. Machining Co., Ltd.) have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Group's have a defined contribution plan. Monthly contributions to an independent fund

administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10% to 20%. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $43,357 and $41,295, respectively.

(13) Share-based payment

A. For the years ended December 31,2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting contiditions
Employee stock options	2023.12.19	100	4 years	25% can be exercised 2 years after the grant expires 50% can be exercised 2.5 years after the grant expires 75% can be exercised 3 years after the grant expires 100% can be exercised 3.5 years after the grant expires
Employee stock options	2023.9.27	1,400	4 years	25% can be exercised 2 years after the grant expires 50% can be exercised 2.5 years after the grant expires 75% can be exercised 3 years after the grant expires 100% can be exercised 3.5 years after the grant expires
Treasury stock transferred to employees	2022.8.9	2,839	-	Immediately
Treasury stock transferred to employees	2022.8.19	1,135	-	Immediately

B. Details of the share-based payment arrangements are as follows:

	2023		2022	
	No. of options	Exercise price (in dollars)	No. of options	Exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	1,500	118.67	-	-
Options outstanding at December 31	1,500	$ 118.67	-	$ -
Options exercisable at December 31	-	$ -	-	$ -

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31,2023		December 31,2022	
Issue date approved	Expiry date	No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)
2023.12.19	2027.12.18	100	$ 135.0	-	$ -
2023.09.27	2027.09.26	1,400	$ 117.5	-	$ -

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2023.12.19	135	135	46.09% ~ 48.88%	3 ~ 3.75 years	-	1.12% ~ 1.14%	45.80 ~ 48.42
Employee stock options	2023.9.27	117.5	117.5	46.66% ~ 48.86%	3 ~ 3.75 years	-	1.09% ~ 1.13%	39.81 ~ 42.59

E. The fair value of the Company's treasury stocks transferred to employees is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Compensation cost per unit (in dollars)
Treasury stock transferred to employees	2022.8.9	25.35	18.07	7.28
Treasury stock transferred to employees	2022.8.19	90.80	71.13	19.67
Treasury stock transferred to employees	2022.8.19	90.80	74.91	15.89
Treasury stock transferred to employees	2022.8.19	90.80	78.09	12.71

F. The expenses incurred on share-based payment transactions of the Group for the years ended December 31, 2023 and 2022, were $1,828 and $37,043, respectively.

(14) Share capital

A. As of December 31, 2023, the Company's authorized capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock, and the paid-in capital was $1,651,361 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

Unit: shares in thousands

	Year ended December 31, 2023	Year ended December 31, 2022
At January 1	163,462	160,623
Treasury stock transferred to employees	-	2,839
At December 31	163,462	163,462

B. On March 24, 2020, the Board of directors resolved to acquire 6,000 thousand shares of the Company. All the acquired shares will be reissued to employees. As of December 31, 2023, the Company has acquired 6,000 thousand shares and 4,326 thousand shares have been reissued to employees.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Unit: shares in thousands

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	$ 30,254

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,674	$ 30,254

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be etired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) For the years ended December 31, 2023 and 2022, the number of treasury shares transferred to employees of the Company were 0 thousand shares and 2,509 thousand shares, respectively. The compensation cost and transfer amount were $0, $18,266, $0 and $45,337, respectively.

For the years ended December 31, 2023 and 2022, the number of shares transferred to the employees of the subsidiary are 0 thousand shares and 330 thousand shares, respectively and the compensation cost and transfer amount are $0, $2,402, $0 and $5,963, respectively.

As the aforesaid transfer amount is higher than the carrying amount of treasury shares, the difference amount arising from transaction of treasury shares was recognized as the capital surplus.

(15) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Details of Capital surplus:

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Expiry Employee stock option	Total
At January 1, 2023 (At December 31, 2023)	$ 111,105	$ 74,714	$ 11,750	$ 65,809	$ 4,446	$ 267,824

	Share premium	Treasury share transactions	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Net change in equity of subsidiaries	Expiry Employee stock option	Total
At January 1, 2022	$ 127,167	$ 54,046	$ 11,750	$ 29,295	$ 4,446	$ 226,704
From changes in equities of subsidiaries	-	-	-	36,514	-	36,514
Capital surplus distribute cash	(16,062)	-	-	-	-	(16,062)
Treasury stock transferred	-	20,668	-	-	-	20,668
At December 31, 2022	$ 111,105	$ 74,714	$ 11,750	$ 65,809	$ 4,446	$ 267,824

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and set aside a special reserve in accordance with applicable legal and regulatory requirement. Distributing the remaining amount plus prior year's retained earnings in the following order, but the ratios of the distribution of the aforementioned retained earnings and the cash dividend distribution shall be proposed by the Board of Directors based on the actual profit and capital situation of the current year, and proposed to the shareholders' meeting for resolution. The company authorized the board of directors to distribute all or part of the dividends or legal reserve and capital surplus in the form of cash with a resolution adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors, and report to the shareholders' meeting.

The ratio of cash dividend shall not be less than 10% of the shareholders' dividend.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of the date of transition, the Company recognized $132,987 special reserve.

(c) For year ended December 31, 2021, the aforementioned special surplus reserve were reversed amounting to $21,840 due to liquidation of subsidiaries.

D. On June 19, 2023 and June 8, 2022, respectively, the shareholders resolved that total dividends for the distribution of earnings for the year of 2022 and 2021 were as following:

	2022		2021	
	Amount	Earnings per share(In dollars)	Amount	Earnings per share(In dollars)
Legal reserve	$ 39,700	$ -	$ 23,075	$ -
Cash dividends	294,232	1.800	224,872	1.400
Total	$ 333,932	$ 1.800	$ 247,947	$ 1.400

E. On June 8, 2022, the Shareholders resolved for the distribution of dividends from 2021 earnings amounting to $16,062 ($0.1 (in dollars) per share).

F. On February 27, 2024, the Board of Directors had proposed the distribution of cash dividends for the year of 2023 earnings amounting to $196,155 ($1.20 (in dollars) per share).

(17) Other equity items

	Year ended December 31, 2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 38,971	($ 42,859)	($ 3,888)
Revaluation - group	624,913	-	624,913
Revaluation - tax	216	-	216
Currency translation differences:–group	-	(4,761)	(4,761)
At December 31	$ 664,100	($ 47,620)	$ 616,480

	Year ended December 31, 2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 109,454	($ 49,419)	$ 60,035
Revaluation - group	(68,361)	-	(68,361)
Revaluation - tax	(2,122)	-	(2,122)
Currency translation differences:–group	-	6,560	6,560
At December 31	$ 38,971	($ 42,859)	($ 3,888)

(18) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from Contracts with Customers	$ 3,089,360	$ 4,733,976

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

Year ended December 31, 2023	Taiwan	China	Other	Total
Total segment revenue	$ 2,097,071	$ 665,257	$ 539,394	$ 3,301,722
Inter-segment revenue	(114,449)	(97,867)	(46)	(212,362)
Revenue from external customer contracts	$ 1,982,622	$ 567,390	$ 539,348	$ 3,089,360
Timing of revenue recognition				
At a point in time	$ 1,952,154	$ 566,349	$ 538,781	$ 3,057,284

Over time	30,468	1,041	567	32,076
	$ 1,982,622	$ 567,390	$ 539,348	$ 3,089,360

Year ended December 31, 2022	Taiwan	China	Other	Total
Total segment revenue	$ 2,814,742	$ 2,244,895	$ 129,167	$ 5,188,804
Inter-segment revenue	(274,381)	(180,385)	(62)	(454,828)
Revenue from external customer contracts	$ 2,540,361	$ 2,064,510	$ 129,105	$ 4,733,976
Timing of revenue recognition				
At a point in time	$ 2,511,718	$ 2,064,441	$ 128,832	$ 4,704,991
Over time	28,643	69	273	28,985
	$ 2,540,361	$ 2,064,510	$ 129,105	$ 4,733,976

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 228,606	$ 341,753	$ 222,518

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue recognised that was included in the contract liability balance at the beginning of the period	$ 237,671	$ 192,346

(19) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	$ 30,401	$ 12,249

(20) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Rental revenue	$ 23,483	$ 26,892
Government subsidy income (Note)	31,240	33,057
Dividends income	100,945	51,995
Others income - other	11,654	13,345
	$ 167,322	$ 125,289

Note: Government subsidy income mainly arose from the subsidy income of special subjects such as the implementation of special counseling program of the Ministry of Economic Affairs and the Ministry of Digital Development.

(21) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Losses on disposal of property, plant and equipment	($ 173)	($ 225)
Gains arising from lease modifications	89	-
Net currency exchange gains (loss)	(8,270)	105,774
Other gains and losses	(4,493)	(5,722)
Total	($ 12,847)	$ 99,827

(22) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	$ 45,307	$ 26,091

(23) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense	$ 905,893	$ 1,116,000
Depreciation expense (including right-of-use assets)	$ 60,802	$ 59,929
Amortization charges on intangible assets	$ 4,069	$ 5,701

(24) Employee benefit expense

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 762,393	$ 978,209
Labour and health insurance fees	71,150	67,055
Pension costs	43,739	41,834
Other personnel expenses	28,611	28,902
	$ 905,893	$ 1,116,000

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute not less than 1% and not more than 12% of its annual profit as the employee compensation, and not more than 3% of its annual profit as the director remuneration. However, if the Company has an accumulated deficit, then it should be offset first.

Employee remuneration could be paid by cash or shares, and entitled to receive the cash or shares may include the employees of subsidiaries of the Company meeting certain specific requirements.

The term "profit" used in the first paragraph refers to the profit before tax before deducting the employee compensation and director remuneration. The distribution of employee compensation and director remuneration shall be in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The

resolution should be reported to the shareholders at shareholders' meeting.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at $19,865 and $59,917, respectively; while directors' and supervisors' remuneration was accrued at $5,297 and $10,155, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7.50% and 2.00% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $19,865 and $5,297, and the employees' compensation will be distributed in the form of cash.

The employees' compensation and directors' and supervisors' remuneration for 2022 amounting to $59,917 and $10,155, respectively, as resolved by the Board of Directors on February 22, 2023 which were in agreement with those amounts recognized in the 2022 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the period	$ 86,864	$ 81,804
Tax on undistributed surplus earnings	5,032	-
Prior year income tax (over) underestimation	20,876	(4,274)
Total current tax	112,772	77,530
Deferred tax:		
Origination and reversal of temporary differences	(61,221)	64,363
Total deferred tax	(61,221)	64,363
Income tax expense	$ 51,551	$ 141,893

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Changes in fair value of financial assets at fair value through other comprehensive income	($ 36,012)	$ 4,613
Remeasurement number of Defined Benefit Obligation	40	-

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 73,447	$ 193,300
Tax exempt income by tax regulation	(37,670)	(52,771)
Prior year income tax (over) underestimation	20,876	(4,274)
Change in assessment of realisation of deferred tax assets	(10,134)	5,638
Tax on undistributed earnings	5,032	-
Tax expenses	$ 51,551	$ 141,893

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for bad debt	$ 37,622	($ 15,174)	$ -	$ 22,448
Inventory obsolescence and market price decline	49,711	12,946	-	62,657
Warranty provision	17,074	(4,977)	-	12,097
Net defined benefit liabilities	623	(623)	-	-
Others	2,890	1,990	256	5,136
Subtotal	107,920	(5,838)	256	102,338
Deferred tax liabilities:				
Foreign investment income using equity method	(93,395)	59,047	-	(34,348)
Gain recognized in bargain purchase transaction	(6,179)	-	-	(6,179)
Unrealized gain of financial assets at fair value through other comprehensive income	(28,696)	-	(36,228)	(64,924)
Land value increment tax	(5,793)	-	-	(5,793)
Others	(21,879)	8,012	-	(13,867)
Subtotal	(155,942)	67,059	(36,228)	(125,111)
Total	($ 48,022)	($ 61,221)	($ 35,972)	($ 22,773)

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for bad debt	$ 28,064	$ 9,558	$ -	$ 37,622
Inventory obsolescence and market price decline	36,895	12,816	-	49,711
Warranty provision	19,245	(2,171)	-	17,074
Net defined benefit liabilities	1,752	(1,129)	-	623
Others	44,932	(39,920)	(2,122)	2,890
Subtotal	130,888	(20,846)	(2,122)	107,920
Deferred tax liabilities:				
Foreign investment income using equity method	(71,758)	(21,637)	-	(93,395)
Gain recognized in bargain purchase transaction	(6,179)	-	-	(6,179)
Unrealized gain of financial assets at fair value through other comprehensive income	(35,431)	-	6,735	(28,696)
Land value increment tax	(5,793)	-	-	(5,793)
Others	-	(21,879)	-	(21,879)
Subtotal	(119,161)	(43,516)	6,735	(155,942)
Total	($ 11,727)	($ 64,362)	$ 4,613	$ 48,022

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 203,703	163,462	$ 1.25
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	1,049	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 203,703	164,511	$ 1.24

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 390,200	161,751	$ 2.41
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares Employees' bonus	-	2,386	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 390,200	164,137	$ 2.38

(27) Supplemental cash flow information

Investing activities with partial cash payments

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	$ 23,093	$ 18,469
Add: opening balance of payable on equipment	2,631	11,825
Less: ending balance of payable on equipment	(1,671)	(2,631)
Cash paid during the year	$ 24,053	$ 27,663

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	$ 1,313,000	$ 529,357	$ 4,087	$ 250,561	$ -	$ 2,097,005
Changes in cash flow from financing activities	830,153	(23,143)	(570)	(24,245)	(379,768)	402,427
Interest expense	-	-	-	4,632	-	4,632
Payment of interest	-	-	-	(4,632)	-	(4,632)
Changes in other non-cash items	-	-	-	(488)	379,768	379,280
New lease	-	-	-	27,297	-	27,297
Changes in leases liabilities	-	-	-	(1,830)	-	(1,830)
At December 31, 2023	$ 2,143,153	$ 506,214	$ 3,517	$ 251,295	$ -	$ 2,904,179

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Leases liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	$ 1,000,565	$ 428,050	$ 3,614	$ 263,096	$ -	$ 1,695,325
Changes in cash flow from financing activities	312,435	101,307	473	(22,096)	(279,721)	112,398
Interest expense	-	-	-	5,381	-	5,381
Payment of interest	-	-	-	(5,381)	-	(5,381)
Changes in other non-cash items	-	-	-	505	279,721	280,226
New lease	-	-	-	9,056	-	9,056
At December 31, 2022	$ 1,313,000	$ 529,357	$ 4,087	$ 250,561	$ -	$ 2,097,005

7. RELATED-PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
C SUN Mfg. Ltd.	Associate
C SUN(Guangzhou) Mfg. Ltd.	Associate
Fujian Chengzhe Automation Technology Co., Ltd (Note)	Substantive related party
Ohmplus Technology Inc.	Substantive related party
OPXION Tech. Incorporation	Substantive related party

Note : The Group acquried the remaning 40% equity of Gallent Precision Intelligence Technology Co. Ltd from Fujian Chengzhe Automation Technology Co., Ltd in June 2023. Therefore, Fujian Chengzhe Automation Technology Co., Ltd is not substantive related party.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Sales of goods:		
Associate	$ 11,250	$ 34,215
Substantive related party	2,080	-
Total	$ 13,330	$ 34,215

The Group's sales to related parties has no other transactions of the same type that can be compared, and the sales are conducted in accordance with the agreed sales prices and conditions; the terms of payment are not significantly different from those of non-related parties.

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Purchases of goods:		
Associate	$ 117	$ -
Substantive related party	4	8,882
	$ 121	$ 8,882

The purchase prices of transactions with related parties and non-related parties were negotiated in consideration of the differences of product and the complexity of production. There were no similar transaction types with non-related parties. The transactions with related parties are subject to the terms and conditions agreed upon by both parties. The payment terms are 90 days after the date of acceptance on a monthly basis.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivables :		
Associate	$ 6,008	$ 19,530

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable:		
Associate	$ 123	$ -
Substantive related party	-	66
Total	$ 123	$ 66

E. Contract liabilities:

	December 31, 2023	December 31, 2022
Contract liabilities:		
Associate	$ 10,118	$ 193

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	$ 46,956	$ 45,783
Post-employment benefits	882	1,063
Share-based payment	1,208	-
Total	$ 49,046	$ 46,846

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (shown as "financial assets at amortised cost non-current")	$ 21,879	$ 14,777	Exercise guarantee for construction and customs deposit
Property, plant and equipment	486,392	473,044	Long-term borrowings
	$ 508,271	$ 487,821	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Contingent liabilities

As of December 31, 2023 and December 31, 2022, the bank open a guarantee letter for the Company due to business tender and guarantee for construction amounting to $46,960 and $45,648, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(16)

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a

going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During year ended December 31, 2023, the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio within reasonable risk level. The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Total borrowings	$ 2,649,367	$ 1,842,357
Less: Cash and cash equivalents	(1,394,275)	(1,345,746)
Net debt	1,255,092	496,611
Total equity	3,754,892	3,241,769
Total capital	5,009,984	3,738,380
Gearing ratio	25.05%	13.28%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income	$ 2,518,848	$ 1,151,151
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	1,394,275	1,345,746
Financial assets at amortised cost	881,807	601,760
Notes receivables	37,845	35,446
Accounts receivables (including related parties)	1,561,382	2,382,386
Other accounts receivables	5,973	3,431
Guarantee deposits paid	7,157	8,551
	$ 6,407,287	$ 5,528,471

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 2,143,153	$ 1,313,000
Notes payable	-	1,764
Accounts payable (including related parties)	1,133,875	1,364,793
Other accounts payable	381,421	498,505
Long-term borrowings (including current portion)	506,214	529,357
Guarantee deposits received	3,517	4,087
	$ 4,168,180	$ 3,711,506
Leases liabilities	$ 251,295	$ 250,561

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 39,675	30.71	$ 1,218,210
JPY:NTD	445,547	0.2172	96,773
RMB:NTD	16,793	4.327	72,663
USD: RMB	1,635	7.0961	50,212
Non-monetary items:			
USD:NTD	$ 11,759	30.71	$ 361,053
Financial liability			
Monetary items			
USD:NTD	$ 4,144	30.71	$ 127,245
JPY:NTD	54,716	0.2172	11,884
RMB:NTD	8,806	4.327	38,104
Non-monetary items :None			

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 45,611	30.71	$ 1,400,723
JPY:NTD	173,374	0.2324	40,292
RMB:NTD	61,051	4.408	269,115
USD: RMB	1,576	6.9669	48,396
Non-monetary items :			
USD:NTD	$ 5,858	30.71	$ 179,909
Financial liability			
Monetary items			
USD:NTD	$ 3,665	30.71	$ 112,547
JPY:NTD	112,370	0.2324	26,115
RMB:NTD	6,671	4.408	29,405
Non-monetary items :None			

ii. Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted ($8,270) and $105,774, respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 12,182	$ -
JPY:NTD	1%	968	-
RMB:NTD	1%	727	-
USD: RMB	1%	502	-
Non-monetary items:			
USD:NTD	1%	-	3,611
Financial liability			
Monetary items			
USD:NTD	1%	($ 1,272)	$ -
JPY:NTD	1%	(119)	-
RMB:NTD	1%	(381)	-

	Year ended December 31, 2022		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 14,007	$ -
JPY:NTD	1%	403	-
RMB:NTD	1%	2,691	-
USD: RMB	1%	484	-
Non-monetary items:			
USD:NTD	1%	-	1,799
Financial liability			
Monetary items			
USD:NTD	1%	($ 1,125)	$ -
JPY:NTD	1%	(261)	-
RMB:NTD	1%	(294)	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic listed and unlisted companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $25,188 and $11,512, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the year ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in the NTD, JPY ,USD. If the interest rate had increased/decreased by 1%, the amount of cash flow out for the year ended December 31, 2023 and 2022 would have increased/decreased by $8,222 and $9,294, respectively.

(b) Credit risk

i . Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating

of 'A' are accepted.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customer's accounts receivable, in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability of Panel industry research report to adjust historical and timely information to assess the default possibility of accounts receivable. The provision matrix as of December 31, 2023 and 2022 is as follows:

At December 31, 2023	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%-0.74%	0.01%-26.71%	0.01%-30.92%	0.01%-100%	
Total book value	$ 1,249,933	$ 237,208	$ 25,561	$ 254,480	$1,767,182
Loss allowance	$ 7,735	$ 10,419	$ 2,748	$ 184,898	$ 205,800

At December 31, 2022	Not past due	Between 0-90 days past due	Between 91-120 days past due	Over 121 days past due	Total
Expected loss rate	0.00%-0.67%	0.00%-21.3%	0.01%-24.33%	0.02%-100%	
Total book value	$ 1,906,654	$ 359,366	$ 29,146	$ 381,825	$2,676,991
Loss allowance	$ 16,746	$ 15,411	$ 2,956	$ 259,492	$ 294,605

ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Year ended December 31, 2023
	Accounts receivable
At January 1	$ 294,605
Reversal of impairment loss	(87,447)
Effect of foreign exchange	(1,358)
At December 31	$ 205,800

	Year ended December 31, 2022
	Accounts receivable
At January 1	$ 207,192
Provision for impairment	94,308
Write-offs	(7,013)
Effect of foreign exchange	118
At December 31	$ 294,605

x. For investments in debt instruments at amortised cost and the credit rating levels are presented below:

	December 31, 2023			
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 514,173	$ -	$ -	$ 514,173
Group 2	352,127	-	-	352,127
Group 3	15,507	-	-	15,507
	$ 881,807	$ -	$ -	$ 881,807

	December 31, 2022			
	By Geographic	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
Group 1	$ 129,904	$ -	$ -	$ 129,904
Group 2	456,299	-	-	456,299
Group 3	15,557	-	-	15,557
	$ 601,760	$ -	$ -	$ 601,760

Group 1:Taiwan Bank
Group 2:China Bank
Group 3:Other regional Bank

(c) Liquidity risk

i . Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii . Surplus cash held by the operating entities over and above balance required for working

capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, beneficiary certificates and no active market of debt securities investment (Later than three mouth but not later than one years of deposit account), choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2023 and 2022, the Group held money market position of $2,053,907 and $1,932,433, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 1,342,606	$ 1,972,960
Expiring beyond one year	120,000	3,400
	$ 1,462,606	$ 1,976,360

The facilities expiring within one year are annual facilities subject to review at various dates during 2024. The other facilities have been arranged to help finance the proposed equipment manufacturing and research and development business activities of the Group. Please refer to note 12.

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 1,894,000	$ 249,153	$ -	$ -	$ -
Accounts payable(including related parties)	756,119	229,204	148,552	-	-
Other payables	255,304	126,117	-	-	-
Leases liabilities	7,715	22,812	20,374	39,725	219,277
Long-term borrowings (including current portion)	14,010	140,862	191,840	165,981	22,263

Non-derivative financial liabilities:

December 31, 2022	Less than 3 months	3 months and 1year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 1,053,000	$ 260,000	$ -	$ -	$ -
Notes payable	1,764	-	-	-	-
Accounts payable(including related parties)	700,829	157,823	506,141	-	-
Other payables	343,209	155,296	-	-	-
Leases liabilities	7,062	20,927	25,138	37,504	222,151
Long-term borrowings (including current portion)	15,334	185,180	157,525	154,669	46,249

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of

financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, is included in Level 1

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. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value (the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits paid, financial asset at amortized cost (over 3 months), short-term borrowings, contract liabilities, accounts payable, other payables, and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$2,090,310	$ -	$ 428,538	$2,518,848

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 912,627	$ -	$ 238,524	$1,151,151

(b)The methods and assumptions the Group used to measure fair value are as follows:

i . The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

i i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated

by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.

v . The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. For the December 31, 2023 and December 31, 2022, there was no transfer into or out from Level 3.

E. The following chart is the financial instruments movement of Level 3 for the year ended December 31, 2023 and 2022:

	Year ended December 31, 2023 equity instrument	Year ended December 31, 2022 equity instrument
At January 1	$ 238,524	$ 229,087
Acquired	9,948	32,500
Gains (losses) recognized in other comprehensive income	180,066	(23,063)
At December 31	$ 428,538	$ 238,524

F. For the year ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

G. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair

value measurement:

	December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 361,053	Market comparable companies	Price to book ratio multiple Price - erarnings ratio multiple	7.65~7.63 1.02~1.00	The higher the multiple , the higher the fair value
Unlisted shares	$ 67,485	Net asset value method	Not applicable	-	Not applicable

	December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Derivative equity instrument:					
Unlisted shares	$ 179,909	Market comparable companies	Price to book ratio multiple Price - erarnings ratio multiple	6.53~6.51 1.53~1.51	The higher the multiple , the higher the fair value
Unlisted shares	$ 58,615	Net asset value method	Not applicable	-	Not applicable

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 3,611	($ 3,611)

			December 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ 1,799	($ 1,799)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

There is no material change in the Group's segment, classified basis and measurement of segment information.

(2) Measurement of segment information

Management assess the segment performance based on the income (loss) before tax in the consolidated financial statements. The accounting policies of segment are the same with the summary of significant accounting policy in notes 4.

(3) Information about segment

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2023

	Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	APEX-I International Co., Ltd.	elimination	Amount
Revenue from external customers	$ 1,791,189	$ 81,997	$ 1,187,852	$ 28,322	$ -	$ 3,089,360
Inter-segment revenue	$ 35,109	$ 49,366	$ 135,180	$ -	($ 219,655)	$ -
Segment income	$ 239,696	($ 17,351)	$ 118,350	$ 14,853	($ 61,381)	$ 294,167
Total segment assets	$ 5,982,004	$ 307,908	$ 3,357,426	$ 121,397	($ 1,078,665)	$ 8,690,070

Year ended December 31, 2022

	Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	Gallant Micro. Machining Co., Ltd.	APEX-I International Co., Ltd.	elimination	Amount
Revenue from external customers	$ 2,912,433	$ 104,275	$ 1,482,663	$ 234,605	$ -	$ 4,733,976
Inter-segment revenue	$ 38,035	$ 151,964	$ 263,389	$ -	($ 453,388)	$ -
Segment income	$ 432,155	($ 2,819)	$ 298,745	$ 99,287	($ 193,260)	$ 634,108
Total segment assets	$ 5,766,691	$ 395,387	$ 2,617,966	$ 182,960	($ 1,066,643)	$ 7,896,361

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Reportable segments income/(loss)	$ 355,548	$ 827,368
Other	(61,381)	(193,260)
Income/(loss) before tax from continuing operations	$ 294,167	$ 634,108

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements.

A reconciliation of assets of reportable segment and total assets is as follow:

	December 31, 2023	December 31, 2022
Assets of reportable segments	$ 9,766,650	$ 8,963,004
Elimination of intersegment assets	(1,076,580)	(1,066,643)
Total assets	$ 8,690,070	$ 7,896,361

(5) Information on product and service

Revenue from external customers is mainly from manufacturing and selling of Display process equipment, semiconductor process equipment and intelligent automated equipment. Detail of revenue balance is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Display process equipment	$ 673,523	$ 2,128,510
Semiconductor process equipment	1,884,924	1,991,280
Intelligent automated transportation equipment	1,429	66,960
Other	529,484	547,226
Total	$ 3,089,360	$ 4,733,976

(6) Geographical information

The Company and its subsidiaries geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets (note)	Revenue	Non-current assets (note)
Taiwan	$ 1,982,622	$ 951,027	$ 2,540,361	$ 909,689
China	567,390	75,617	2,064,510	80,509
Others	539,348	1,061	129,105	1,142
Total	$ 3,089,360	$ 1,027,705	$ 4,733,976	$ 991,340

Note: Not included financial assets at fair value through other comprehensive income non-current, financial assets at amortized cost non-current and deferred income tax assets.

(7) Major customer information

Revenue from specific customers that represent over 10% of total revenues of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		
	Revenue	Percentage(%)	Segment
Customer B	$ 779,964	25%	The whole Group
Customer U	427,467	14%	The whole Group
Customer N	401,571	13%	The whole Group

	Year ended December 31, 2022		
	Revenue	Percentage(%)	Segment
Customer B	$ 1,114,563	24%	The whole Group

Table 1

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Financing Company	Counter -party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company(Note 1)	Financing Company's Total Financing Amount Limits (Note 1)	Footnote
													Item	Value			
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Other receivables -related parties	Y	$ 50,000	$ 50,000	$ -	2.00%	Short-term financing	-	Operating needed	-	Promised note	$ 50,000	$ 125,618	$ 251,236	
2	Utron Technologies Corp	U Pin Precision Co., Ltd.	Other receivables	N	1,350	-	-	-	Short-term financing	-	-	-	-	-	9,420	18,841	

Note1 : The subsidiaries of the Company are in accordance with the "Procedures for Provision of Loans" :

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note2 : Utron Technologies Corp Financings provided:

(1) Total financing amount limits: Total financing amount limits shall not exceed 40% of the net worth of the Company.

(2) The need for short-term financing: The total loan amount is limited to 20% of the company's net worth.
The total amount for lending to a company for funding for a short-term period shall not exceed 10% of the net worth of the Company.

Note3 : When a public company whose loans of funds were resolved by the board of directors in accordance with paragraph 1 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the fund have not drawn down, the company shall announce the amount of loans of funds which resolved by the board of directors to disclose exposure risks. However, if the subsequent funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk.If a public company whose chairperson be authorized within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down in accordance with paragraph 2 of Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall announce the amount of loans of funds which resolved by the board of directors. Although the funds will be repaid later, considering the possibility of refinancing the loan, the company shall announce the amount of loans of funds which resolved by the board of directors.

Table 2

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

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

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note1)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Footnote
		Name	Nature of Relationship											
0	Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Subsidiary	$ 634,553	$ 70,705	$ 70,705	$ -	$ -	2.23%	$ 1,586,383	Y	N	N	
1	Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Subsidiary	251,236	80,000	60,000	57,000	-	4.78%	628,091	Y	N	N	

Note1:The limits of endorsements/guarantees provided by the company and subsidiary：

(1)Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company. The total endorsement/ guarantee amount to a company shall not exceed 20% of the net worth of the Company.

(2) Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company and subsidiaries. The total endorsement/ guarantee amount to a company shall not exceed30% of the net worth of the Company and subsidiaries.

Note2:Gallant Micro. Machining Co., Ltd. endorsements guarantees provided

(1)Total endorsement/ guarantee amount limits shall not exceed 50% of the net worth of the Company.

(2)The total endorsement/ guarantee amount to a company shall not exceed20% of the net worth of the Company.

Note3:Limits on endorsement/ guarantee amount is based on the amount of the endorsement/ guarantee contract or notes were signed between guaranteed party and financial institutions.

Table 3

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2023

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

				December 31, 2023				
Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Footnote
Gallant Precision Machining Co., Ltd	C SUN Mfg. Ltd.	Associates	Financial assets at fair value through other comprehensive income-non-current	19,957,082	$ 1,237,339	12.73	$ 1,237,339	
Gallant Precision Machining Co., Ltd	AMPOC FAR-EAST CO., LTD	None	Financial assets at fair value through other comprehensive income-non-current	5,000,000	395,500	4.37	395,500	
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,334,461	330,025	3.67	330,025	
Gallant Precision Machining Co., Ltd	Ohmplus Technologies Inc.	None	Financial assets at fair value through other comprehensive income-non-current	877,615	15,448	10.96	15,448	
Gallant Precision Machining Co., Ltd	OpXion Tech. Incorporation	None	Financial assets at fair value through other comprehensive income-non-current	6,500,000	32,500	18.57	32,500	
Gallant Precision Machining Co., Ltd	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	150,000	-	150,000	
Gallant-Rapid Corpration Ltd.	Phoenix & Corporation	None	Financial assets at fair value through other comprehensive income-non-current	6,694	111	0.59	111	
Gallant-Rapid Corpration Ltd.	Phoenix pioneer technology	None	Financial assets at fair value through other comprehensive income-non-current	1,079,183	19,426	0.36	19,426	
APEX-I International Co., Ltd.	Shinyu Light Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	286,891	-	1.98	-	
King Mechatronics Co., Ltd.	POWER EVER ENTFRPRISES LIMITED	None	Financial assets at fair value through other comprehensive income-non-current	624,726	361,053	10.15	361,053	
Gallant Micro. Machining Co., Ltd.	C SUN Mfg. Ltd.	The Company has siginificant impact on the group	Financial assets at fair value through other comprehensive income-non-current	1,237,723	77,048	0.79	77,048	
Gallant Micro. Machining Co., Ltd.	Test Research, Inc.	None	Financial assets at fair value through other comprehensive income-non-current	813,000	50,398	0.34	50,398	
Gallant Micro. Machining Co., Ltd.	Fubon Life Insurance Co., Ltd. Subordinated Ordinary Corporate Bonds	None	Financial assets at amortized cost – non-current	-	50,000	-	50,000	

Table 4

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS
OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

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

					Beginning Balance		Acquisition		Disposal				Ending Balance	
Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Gallant Precision Machining Co., Ltd	Phoenix Silicon International Corporation	Financial assets at fair value through other comprehensive income-non-current	N/A	No	-	$ -	6,334,461	$ 322,061	-	$ -	$ -	$ -	6,334,461	$ 330,025

Table 5

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

				Intercompany Transactions			
No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	1	Sales	$ 19,621	subject to the terms and conditions agreed upon by both parties	0.64%
0	Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	1	Accounts receivable	11,261	subject to the terms and conditions agreed upon by both parties	0.13%
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Industries (Suzhou) Co., Ltd.	1	Other income	11,362	subject to the terms and conditions agreed upon by both parties	0.37%
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	1	Purchases	37,597	subject to the terms and conditions agreed upon by both parties	1.22%
0	Gallant Precision Machining Co., Ltd.	Gallant Precision Intelligence Technology Co., Ltd.	1	Accounts payable	28,289	subject to the terms and conditions agreed upon by both parties	0.33%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Sales	33,295	subject to the terms and conditions agreed upon by both parties	1.08%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Accounts receivable	43,322	subject to the terms and conditions agreed upon by both parties	0.50%
1	Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	1	Purchases	20,087	subject to the terms and conditions agreed upon by both parties	0.65%
1	Gallant Micro. Machining Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	1	Sales	37,993	subject to the terms and conditions agreed upon by both parties	1.23%
2	King Mechatronics Co., Ltd.	Gallant Micro. Machining (Suzhou) Co., Ltd.	3	Purchases	24,628	subject to the terms and conditions agreed upon by both parties	0.80%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.
Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiaries.
(2) The consolidated subsidiaries to the Company.
(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note4: The information only disclosing for the amount of transactions are more than $10,000 thousand and counter parties shall not disclose.

Table 6

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee(note1)	Share of Profits/ Losses of Investee(note1)	Footnote
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Gallant Precision Machining Co., Ltd.	Gallant-Rapid Corporation Ltd.	British Virgin Islands	Investing in Gallant Precision Industries (Suzhou) Co., Ltd.	$ 459,050	$ 459,050	13,560,000	100.00	$ 233,549	($ 8,270)	($ 8,270)	
Gallant Precision Machining Co., Ltd.	APEX-I International Co., Ltd.	Taiwan	Marketing and selling of process equipment of LED and related parts.	46,657	46,657	6,600,000	100.00	86,042	11,971	11,971	
Gallant Precision Machining Co., Ltd.	Gallant Micro. Machining Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor related equipment and parts	379,182	379,182	16,171,750	57.19	715,117	100,857	57,681	
Gallant Micro. Machining Co., Ltd.	King Mechatronics Co., Ltd.	British Virgin Islands	Investment Gallant Micro. Machining (Suzhou) Co., Ltd.	393,508	393,508	2,780,645	100.00	866,153	10,218	10,218	
Gallant Micro. Machining Co., Ltd.	Gallant Micro Machining (Malaysia) Sdn. Bhd.	Malaysia	Engaged in the import and export and trading business of semiconductor substrate machines and related parts	3,992	3,992	500,000	100.00	2,740	86	86	
Gallant Micro. Machining Co., Ltd.	Utron Technologies Corp	Taiwan	Testing of wire and tools and testing equipment of PBC and related systems	53,212	53,212	2,660,600	53.21	50,467	633	360	

Note1: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

Table 7

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Outflow	Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (note 2(2))	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Footnote
Gallant Precision Industries (Suzhou) Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	$ 194,056	Indirectly invest in Mainland China through GRC registered in third region.	$ 160,925	$ -	$ -	$ 160,925	($ 8,572)	100.00	($ 8,572)	$ 192,450	$ -	Note2- 2.B
Gallant Precision Intelligence Technology Co., Ltd.	Manufacturing of optoelectronic products equipment, mechanical equipment and related parts	43,270	Directly invest by GPI.	-	-	-	-	(1,513)	100.00	3,053	113,663	-	Note2- 2.B
Gallant Micro. Machining (Suzhou) Co., Ltd.	Manufacturing and selling of precision mold and related parts	139,708	Indirectly invest in Mainland China through KMC registered in third region.	246,962	-	-	246,962	13,554	100.00	13,554	528,740	275,772	Note2- 2.B
Kunshan Qihong Electronic Sales Co., Ltd.	Testing and manufacturing of circuit board testing equipment, wire and cable and semiconductor	4,327	Directly invest by GMM. (Suzhou)	-	-	-	-	(1,231)	100.00	(1,231)	6,161	-	Note2- 2.C Note 4
Suzhou Top Creation Machines Co.,Ltd.	PCB / FPC Wet Process Equipments	168,878	Indirectly invest in Mainland China through Power Ever registered in third region .	28,367	-	-	28,367	-	10.15	-	-	8,236	Note 5
Nantong Top Creation Machines Co., Ltd	Design and production of printed circuit boards, flat panel displays, semiconductors, special equipment for the solar industry and sales of related spare parts	307,050	Indirectly invest in Mainland China through Power Ever registered in third region .	-	-	-	-	-	10.15	-	-	-	Note 6

Investee Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Gallant Precision Machining Co., Ltd.	$ 434,800	$ 600,116	$ 2,252,935
Gallant Micro. Machining Co., Ltd.	275,329	275,329	780,333

Note1: There are three methods of investment as follows

(1) Directly invest in Mainland China.

(2) Indirectly invest in Mainland China.

(3) Others.

Note2: Share of Profits/Losses recognized for the year ended December 31, 2023:

(1) No investment income (loss) recognition.

(2) There are three basis for investment income (loss) recognition.

A. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The basis for investment income (loss) recognition is from the financial statements which were based on the audited and attested by R.O.C. parent company's CPA.

C. Others (The basis for investment income (loss) recognition is from the non-audited financial statements prepared by the investees.

Note3: The amounts of paid-in capital and accumulated beginning and ending balance have translated to New Taiwan Dollars at the closing exchange rate.

Note4: The investment was invested by Gallant Micro. Machining (Suzhou) Co., Ltd. There was no cash outflow for the year ended December 31, 2023.

Note5: The Company acquired 10% ownership of Suzhou Top Creation Machines Co.,Ltd. held by C SUN Mfg. Ltd. through the British Virgin Islands business King Mechatronics Co. Ltd. (BVI) for US$1,205 thousand. Thus, the Company indirectly invested in Suzhou Top Creation Machines Co.,Ltd. in the mainland, and then executed the equity conversion according to the relevant terms of the original investment contract. After the conversion, the Company directed hold Suzhou Top Creation Machines Co.,Ltd. which was shown as "financial assets measured at fair value through other comprehensive income".

Note6: The Company invested in Samoa POWER EVER ENTERPRISES LIMITED through King Mechatronics Co. Ltd. (BVI) of the British Virgin Islands. Received dividends of US$1,015 thousand from Suzhou Top Creation Machines Co., Ltd., was reinvested in Nantong Chuangfeng Optoelectronics Equipment Co., Ltd. The investment was shown as "financial assets measured at fair value through other comprehensive income".

Note7: The investment amount was translated based on the exchange rate USD:NTD=1:30.71 of balance sheet date December 31, 2023

Table 8

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
INFORMATION OF MAJOR SHAREHLDER
FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2023

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
C SUN Mfg. Ltd.	44,758,827	27.10%

Note1: The main shareholder information in this table is based on the last business day at the end of each quarter by the China Insurance Company, which calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder’s declaration of insider’s equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider’s equity declaration, please refer to Market Observation Post System.

Gallant Precision Machining Co., Ltd.

No.5-1, Innovation 1st Rd., Science Based Industrial Park, Hsinchu, 30076, Taiwan.

http://www.gpmcorp.com.tw



Gallant Precision Machining Co., Ltd.



Jason Chen, Chairman