

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

Ticker:4566

**GLOBAL TEK FABRICATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF JUNE 30, 2024 AND 2023
AND FOR THE SIX -MONTH PERIODS THEN ENDED**

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

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REVIEW REPORT OF INDEPENDENT AUDITORS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Global Tek Fabrication Co., Ltd. (the “Company”) and its subsidiaries as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended, the related consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 6(9), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent auditors. Those associates and joint ventures under equity method amounted to NT\$215,007 thousand as of June 30, 2023. The related shares of profits from the associate and joint venture under the equity method amounted to NT\$(2,234) thousand and NT\$(6,044) thousand for the three-month and six-month periods ended June 30, 2023, respectively. The information related to above associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent auditors.

Unqualified Conclusion and Qualified Conclusion

Based on our reviews and the review reports of the other independent auditors (please refer to the Other Matter paragraph of our report), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2024, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. In addition, based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain associates and joint ventures accounted for using equity method been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2023, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.



Other Matter – Making Reference to the Reviews of Other Independent Auditors

We did not review the financial statements of certain consolidated subsidiaries as of June 30, 2024. Those financial statements were reviewed by other auditors whose reports have been furnished to us. The amounts related to these consolidated subsidiaries were based on the other auditors' reports. The related total assets were NT\$891,934 thousand, representing 9% of consolidated total assets as of June 30, 2024, and total operating revenues of NT\$97,726 thousand and NT\$97,726 thousand, representing 8% and 4% of consolidated operating revenues for the three-month and six-month periods ended June 30, 2024, respectively.

/s/Cheng, Ching-Piao

/s/Fuh, Wen-Fun

Ernst & Young
August 12, 2024
Taipei, Taiwan
Republic of China

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of June 30, 2024, December 31, 2023 and June 30, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of June 30, 2024		As of December 31, 2023		As of June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$2,119,971	21	\$1,965,338	24	\$1,635,575	20
1110	Financial assets at fair value through profit or loss	6(2)	552	-	602	-	1,083	-
1136	Financial assets measured at amortized cost	6(4),8	57,325	1	-	-	-	-
1150	Notes receivables, net	6(5),8	167,473	2	140,742	2	196,058	2
1170	Accounts receivables, net	6(6)	1,552,697	16	1,204,839	14	1,192,968	15
1180	Accounts receivable - related parties	6(6),7	-	-	-	-	-	-
1197	Financing lease payments receivable, net	6(7)	30,746	-	33,304	-	46,407	1
1200	Other receivables		65,106	1	73,235	1	69,403	1
1210	Other receivables - related parties	7	-	-	18,274	-	18,090	-
1220	Income tax assets		-	-	23	-	14	-
1310	Inventories, net	6(8)	1,087,329	11	974,410	12	1,063,776	13
1410	Prepayments		239,016	2	136,071	2	147,466	2
1470	Other current assets		16,948	-	6,322	-	135	-
11xx	Total current assets		<u>5,337,163</u>	<u>54</u>	<u>4,553,160</u>	<u>55</u>	<u>4,370,975</u>	<u>54</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2)	1,105	-	1,025	-	619	-
1517	Financial assets at fair value through other comprehensive income	6(3)	80,234	1	79,925	1	87,328	1
1535	Financial assets measured at amortized cost	6(4),8	4,687	-	1,815	-	1,815	-
1550	Investment accounted for under equity method	6(9)	-	-	269,635	3	215,007	3
1600	Property, plant and equipment	6(10),8	3,809,569	38	3,019,062	36	2,960,486	37
1755	Right-of-use asset	6(23)	260,261	3	178,138	2	191,765	2
1760	Investment property, net	4,6(11)	11,243	-	11,273	-	-	-
1780	Intangible assets	6(12)	181,511	2	10,873	-	6,431	-
1840	Deferred tax assets	4	123,256	1	98,159	1	93,634	1
1915	Prepayment for equipment	9	89,962	1	45,571	1	80,649	1
194D	Long-term financing lease payments receivable	6(7)	32,054	-	45,357	1	85,389	1
1990	Other non-current assets	6(13)	14,723	-	11,313	-	16,054	-
15xx	Total non-current assets		<u>4,608,605</u>	<u>46</u>	<u>3,772,146</u>	<u>45</u>	<u>3,739,177</u>	<u>46</u>
1xxx	Total Assets		<u>\$9,945,768</u>	<u>100</u>	<u>\$8,325,306</u>	<u>100</u>	<u>\$8,110,152</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Balance Sheets (Continued)

As of June 30, 2024, December 31, 2023 and June 30, 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2024		As of December 31, 2023		As of June 30, 2023	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(14),8	\$454,882	5	\$332,795	4	\$832,548	10
2130	Contract liabilities	6(21)	42,251	-	14,022	-	16,326	-
2150	Notes payables		139,373	1	155,312	2	40,062	-
2170	Accounts payables		771,778	8	686,093	8	793,298	10
2180	Accounts payable - related parties	7	6,008	-	-	-	-	-
2200	Other payables	6(15)	588,923	6	464,809	6	488,798	6
2220	Other payables - related parties	7	31,878	-	-	-	-	-
2230	Current income tax liabilities	4	25,738	-	48,896	1	42,155	1
2280	Lease liabilities	6(23)	39,017	-	17,240	-	21,830	-
2321	Current portion of bonds payable	6(16)	65,316	2	81,088	1	270,602	4
2322	Current portion of long-term loans	6(17),8	334,576	3	86,883	1	264,433	3
2399	Other current liabilities		15,631	-	4,437	-	2,493	-
21xx	Total current liabilities		<u>2,515,371</u>	<u>25</u>	<u>1,891,575</u>	<u>23</u>	<u>2,772,545</u>	<u>34</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	320,240	3	837,542	10	263,989	3
2540	Long-term loans	6(17),8	1,954,887	20	1,320,667	16	1,364,667	17
2570	Deferred income tax liabilities	4	243,118	2	232,005	3	238,643	3
2580	Lease liabilities	6(23)	129,774	2	100,914	1	107,085	2
2600	Other non-current liabilities	6(18)	13,385	-	12,185	-	31,368	-
25xx	Total non-current liabilities		<u>2,661,404</u>	<u>27</u>	<u>2,503,313</u>	<u>30</u>	<u>2,005,752</u>	<u>25</u>
2xxx	Total liabilities		<u>5,176,775</u>	<u>52</u>	<u>4,394,888</u>	<u>53</u>	<u>4,778,297</u>	<u>59</u>
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(20)						
3110	Common stock		1,024,853	10	910,414	11	823,959	10
3200	Capital surplus	6(20)	2,535,755	26	2,109,225	25	1,731,964	21
3300	Retained earnings	6(20)						
3310	Legal reserve		181,468	2	155,987	2	155,987	2
3320	Special reserve		96,677	1	72,027	1	72,027	1
3350	Unappropriated earnings		838,164	8	779,442	9	669,713	8
3400	Other components of equity		(50,035)	(1)	(96,677)	(1)	(121,795)	(1)
36xx	Non-controlling interests	6(20)	142,111	2	-	-	-	-
3xxx	Total equity		<u>4,768,993</u>	<u>48</u>	<u>3,930,418</u>	<u>47</u>	<u>3,331,855</u>	<u>41</u>
3x2x	Total liabilities and equity		<u>\$9,945,768</u>	<u>100</u>	<u>\$8,325,306</u>	<u>100</u>	<u>\$8,110,152</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Global Tek Fabrication Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Incomes
For the three-month and six-month periods ended June 30, 2024 and 2023
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month period ended June 30,				For the six-month period ended June 30,			
			2024		2023		2024		2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(21)	\$1,259,984	100	\$1,019,424	100	\$2,314,672	100	\$2,161,239	100
5000	Operating costs	6(8),7	(992,812)	(79)	(808,573)	(79)	(1,804,138)	(78)	(1,700,168)	(79)
5900	Gross profit		267,172	21	210,851	21	510,534	22	461,071	21
6000	Operating expenses									
6100	Sales and marketing		(84,469)	(7)	(75,530)	(8)	(151,534)	(7)	(149,073)	(7)
6200	General and administrative		(86,570)	(7)	(65,021)	(6)	(162,177)	(7)	(134,966)	(6)
6300	Research and development		(41,380)	(3)	(32,519)	(3)	(79,314)	(3)	(65,648)	(3)
6450	Expected credit gains (losses)	6(22)	(2,565)	-	(2,607)	-	(4,191)	-	(1,126)	-
	Total operating expenses		(214,984)	(17)	(175,677)	(17)	(397,216)	(17)	(350,813)	(16)
6900	Operating income		52,188	4	35,174	4	113,318	5	110,258	5
7000	Non-operating incomes and expenses									
7100	Interest incomes	6(25),7	20,320	2	12,105	1	39,214	2	19,330	-
7010	Other incomes	6(25),7	26,602	2	18,777	2	46,526	2	38,399	2
7020	Other gains and losses	6(25)	40,474	3	45,196	4	117,037	5	36,954	2
7050	Finance costs	6(25)	(21,036)	(2)	(12,753)	(1)	(35,146)	(2)	(24,722)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for under the equity method	6(9)	3,350	-	(2,234)	-	5,538	-	(6,044)	-
	Total non-operating income and expenses		69,710	5	61,091	6	173,169	7	63,917	3
7900	Income before income tax	4,6(27)	121,898	10	96,265	10	286,487	12	174,175	8
7950	Income tax expense		(24,911)	(2)	(13,460)	(2)	(55,181)	(2)	(29,090)	(1)
8200	Net income		96,987	8	82,805	8	231,306	10	145,085	7
8300	Other comprehensive income (loss)	6(26)								
8310	Items that not be reclassified to profit or loss									
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		159	-	(856)	-	(41)	-	(1,152)	-
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		11,176	1	(56,844)	(6)	45,812	2	(48,616)	(2)
	Total other comprehensive income (loss), net of tax		11,335	1	(57,700)	(6)	45,771	2	(49,768)	(2)
8500	Total comprehensive income		\$108,322	9	\$25,105	2	\$277,077	12	\$95,317	5
8600	Net income attributable to:									
8610	Shareholders of the parent		\$105,534	8	\$82,805	8	\$239,853	10	\$145,085	7
8620	Non-controlling interests		(8,547)	-	-	-	(8,547)	-	-	-
			\$96,987	8	\$82,805	8	\$231,306	10	\$145,085	7
8700	Comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		\$117,740	9	\$25,105	2	\$286,495	12	\$95,317	5
8720	Non-controlling interests		(9,418)	-	-	-	(9,418)	-	-	-
			\$108,322	9	\$25,105	2	\$277,077	12	\$95,317	5
9750	Earnings per share—basic (in NT\$)	6(28)	\$1.15		\$1.00		\$2.62		\$1.77	
9850	Earnings per share—diluted (in NT\$)	6(28)	\$0.98		\$0.89		\$2.22		\$1.56	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the six-month periods ended June 30, 2024 and 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent							Non-controlling Interests	Total Equity	
		Common Stock	Capital Surplus	Retained Earnings			Other Components of equity				Total
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income (loss)			
3100	3200	3310	3320	3350	3410	3420	31XX	36XX	3XXX		
A1	Balance as of January 1, 2023	\$810,063	\$1,683,612	\$113,931	\$89,286	\$722,425	\$(76,484)	\$4,457	\$3,347,290	\$-	\$3,347,290
	Appropriation and distribution of 2022 earnings:										
B1	Legal reserve appropriated			42,056		(42,056)			-		-
B3	Special reserve				(17,259)	17,259			-		-
B5	Cash dividends - common shares					(173,000)			(173,000)		(173,000)
D1	Net income for the six-month period ended June 30, 2023					145,085			145,085		145,085
D3	Other comprehensive income (loss), for the six-month period ended June 30, 2023						(48,616)	(1,152)	(49,768)		(49,768)
D5	Total comprehensive income (loss)	-	-	-	-	145,085	(48,616)	(1,152)	95,317	-	95,317
I1	Conversion of convertible bonds	13,896	48,352						62,248		62,248
Z1	Balance as of June 30, 2023	\$823,959	\$1,731,964	\$155,987	\$72,027	\$669,713	\$(125,100)	\$3,305	\$3,331,855	\$-	\$3,331,855
A1	Balance as of January 1, 2024	\$910,414	\$2,109,225	\$155,987	\$72,027	\$779,442	\$(109,329)	\$12,652	\$3,930,418	\$-	\$3,930,418
	Appropriation and distribution of 2023 earnings										
B1	Legal reserve appropriated			25,481		(25,481)			-		-
B3	Special reserve				24,650	(24,650)			-		-
B5	Cash dividends - common shares					(131,000)			(131,000)		(131,000)
D1	Net income for the six-month period ended June 30, 2024					239,853			239,853	(8,547)	231,306
D3	Other comprehensive income (loss), for the six-month period ended June 30, 2024						46,683	(41)	46,642	(871)	45,771
D5	Total comprehensive income (loss)	-	-	-	-	239,853	46,683	(41)	286,495	(9,418)	277,077
I1	Conversion of convertible bonds	114,439	426,530						540,969		540,969
O1	Non-controlling interests increase (decrease)								-	151,529	151,529
Z1	Balance as of June 30, 2024	\$1,024,853	\$2,535,755	\$181,468	\$96,677	\$838,164	\$(62,646)	\$12,611	\$4,626,882	\$142,111	\$4,768,993

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2024 and 2023

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	For the six-month periods ended June 30,		Code	Items	For the six-month periods ended June 30,	
		2024	2023			2024	2023
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$286,487	\$174,175	B00040	Disposal (acquisition) of financial assets at amortized cost	(59,200)	-
A20000	Adjustments:			B00050	Proceeds from disposal of financial assets measured at amortized cost	-	826
A20010	Income and expense adjustments:			B01800	Acquisition of investment accounted for under equity method	(24,750)	(48,077)
A20100	Depreciation (including right-of-use assets)	122,378	97,968	B02200	Acquisition of subsidiaries (net of cash received)	111,999	-
A20200	Amortization	3,224	1,439	B02700	Acquisition of property, plant and equipment	(48,596)	(126,473)
A20300	Expected credit losses (gain)	4,191	1,126	B02800	Proceeds from disposal of property, plant and equipment	7,096	5,509
A20400	Net loss (gain) of financial assets at fair value through profit or loss	(30)	(663)	B03800	Decrease in refundable deposits	1,477	2,092
A20900	Interest expense	35,146	24,722	B04300	Decrease (increase) in other receivables - related parties	18,274	36,618
A21200	Interest income	(39,214)	(19,330)	B04500	Acquisition of intangible assets	(4,855)	-
A22300	Share of profit or loss of associates and joint ventures accounted for under the equity method	(5,538)	6,044	B06000	Decrease (increase) in financing lease payments receivable	18,439	26,687
A22500	Loss (gain) on disposal of property, plant and equipment	475	635	B07100	Increase in prepayments for equipment	(94,296)	(90,678)
A23100	Disposal of investment losses (profits)	(10,674)	-	BBBB	Net cash provided by (used in) investing activities	(74,412)	(193,496)
A23700	Impairment loss (gain) on non-financial assets	-	(10,061)				
A29900	Loss on inventory valuation	19,640	4,752	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on lease modification	-	(4,218)	C00100	Increase in (repayment of) short-term loans	41,244	250,203
A29900	Gain on government grants	(606)	(623)	C01600	Increase in long-term loans	150,000	456,000
A30000	Changes in operating assets and liabilities:			C01700	Repayment of long-term loans	(74,204)	(121,550)
A31130	Notes receivables	(9,476)	(75,866)	C03000	Increase (decrease) in guarantee deposits	1,919	708
A31150	Accounts receivables	(187,669)	341,149	C04020	Cash payments for the principal portion of the lease liabilities	(21,148)	(14,714)
A31180	Other receivables	11,392	36,301	C04500	Cash dividends paid	(131,000)	(173,000)
A31200	Inventories	78,019	223,213	C05800	Increase(decrease) in non-controlling interests	605	-
A31230	Prepayments	(39,247)	(24,675)	CCCC	Cash flows from financing activities	(32,584)	397,647
A31240	Other current assets	(10,480)	26				
A32125	Contract liabilities	7,334	4,729	DDDD	Effect of exchange rate changes	22,246	(18,422)
A32130	Notes payables	(32,287)	(5,349)				
A32150	Accounts payables	5,577	(191,985)	EEEE	Increase (decrease) in cash and cash equivalents	154,633	509,846
A32180	Other payables	59,785	(179,351)	E00100	Cash and cash equivalents at beginning of period	1,965,338	1,125,729
A32190	Other payables - related parties	(18,022)	-	E00200	Cash and cash equivalents at end of period	\$2,119,971	\$1,635,575
A32230	Other current liabilities	9,800	(169)				
A32240	Net defined benefit liabilities	(267)	(242)				
A33000	Cash generated from (used in) operations	289,938	403,747				
A33100	Interest received	38,436	14,804				
A33300	Interest paid	(27,398)	(20,998)				
A33500	Income tax paid	(61,593)	(73,436)				
AAAA	Net cash provided by (used in) operating activities	239,383	324,117				

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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in
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Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

As of June 30, 2024 and 2023 and for the six-month periods then ended

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

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

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the six-month periods ended June 30, 2024 and 2023 were authorized for issue by the Board of Directors on August 12, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2024. The adoption of these new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The abovementioned amendments are applicable for annual periods beginning on or after January 1, 2025 and have no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

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

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

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

- (b) IFRS 17 “Insurance Contracts”

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2024 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statement. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(d) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(e) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(f) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendment to IFRS 1:

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendment to IFRS 7:

The amendments update an obsolete cross-reference relating to gain or loss on derecognition

(3) Amendment to Guidance on implementing IFRS 7:

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendment to IFRS 9:

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(5) Amendment to IFRS 10:

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(6) Amendment to IAS 7:

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the six-month periods ended June 30, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(3)~4(8), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2023. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2023.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
The Company	Global Tek Co., Ltd.	Precision machining	100.00%	100.00%	100.00%
The Company	Global Tek Fabrication Co., Ltd. (Samoa)	Investing activities	100.00%	100.00%	100.00%
The Company	Global Tek GmbH	Trading activities	100.00%	100.00%	100.00%
The Company	AvioCast Inc.	Aerospace aluminum alloy manufacturing	50.23% (Note 1)	-%	-%
The Company	GLOBAL TEK 株式会社	Trading activities	90.00% (Note 2)	-%	-%
The Company	Global Tek GROUP(THAI) Co., Ltd.	Precision machining	100.00% (Note 3)	-%	-%
The Company	Global Tek AVIATION(THAI) Co., Ltd.	Precision machining	100.00% (Note 4)	-%	-%
AvioCast Inc.	ALTEMIS INC.	Aerospace aluminum alloy manufacturing	100.00% (Note 1)	-%	-%
Global Tek Co., Ltd.	GP Tech, Inc.	Trading activities	100.00%	100.00%	100.00%
Global Tek Fabrication Co., Ltd.	Global Tek Co., Ltd. (Samoa) (Note 1)	Investing activities	100.00%	100.00%	100.00%

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	92.76%	92.76%	92.76%
Global Tek Fabrication Co., LTD. (Samoa)	Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining	22.10% (Note 5)	-%	-%
Global Tek Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	7.24%	7.24%	7.24%
Global Tek Co., Ltd. (Samoa)	Global Tek (Xi' An) Co., Ltd.	Precision machining	100.00%	100.00%	100.00%
Global Tek Co., Ltd. (Samoa)	Global Tek (Wuxi) Co., Ltd.	Precision machining	47.02%	47.02%	47.02%
Global Tek Fabrication Co., Ltd. (HK)	Global Tek (Wuxi) Co., Ltd.	Precision machining	52.98%	52.98%	52.98%
Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining	31.21% (Note 5)	-%	-%
Global Tek (Xi' An) Co., Ltd.	Globaltek (Xi' An) Machinery Manufacturing Co., Ltd.	Trading activities	100.00%	100.00%	100.00%

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Global Tek (Xi'An) Co., Ltd.	Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Trading activities	100.00%	100.00%	100.00%

Note 1: The Group signed a Share Purchase Agreement with Sumitomo Precision Products Co., Ltd. on March 8, 2021. The Company intends to purchase 9,842 thousand ordinary shares of AvioCast Inc. at NT\$12.1 per share (totaling NT\$119,088 thousand), with an ownership percentage of 36.72%, acquiring significant influence of the AvioCast Inc. The transaction has been completed on April 21, 2021.

On December 28, 2023, the Group's board of directors resolved to purchase 3,300 thousand ordinary shares of AvioCast Inc. at NT\$24,750 thousand. As a result of the offering, the Group's share interest on AvioCast Inc. increased from 36.72% to 49.03%. The transfer of shareholding rights has completed on March 13, 2024.

To continue the vertical integration of its production supply chain and deepen its aerospace product line, the Group's board of directors resolved on March 14, 2024, to purchase 319 thousand shares from AvioCast Inc.'s shareholders, increasing its share interest from 49.03% to 50.23%. The Group gained control and included AvioCast Inc. as part of its consolidated financial statements in April 2024.

Note 2: To enhance the Group's operational efficiency, the Company established a subsidiary, GLOBAL TEK 株式会社, with a 90% ownership percentage. The company completed its registration in April 2024.

Note 3: To enhance the Group's operational efficiency, the Company established a subsidiary, Global Tek GROUP (THAI) Co., Ltd., with a 100% ownership percentage. The company completed the related registration changes in June 2024.

Note 4: To enhance the Group's operational efficiency, the Company established a subsidiary, Global Tek AVIATION (THAI) Co., Ltd., with a 100% ownership percentage. The company completed the related registration changes in June 2024.

Note 5: On August 8, 2019, the Group acquired partial equity of Top Yes (Suzhou) Precision Industry Co., Ltd. for RMB3,000 thousand upon board resolution, considering the scale of operation, long-term development and competitiveness enhancement. The Group obtained two of the five directorship seats which has a significant impact on the company.

On March 25, 2022, considering the operational development plan and to strengthen the strategic partnership, the Group's board of directors resolved to invest RMB30,000 thousand (approximately USD4,724 thousand) through Global Tek Fabrication Co., Ltd. (Samoa) to acquire partial ownership of Top Yes (Suzhou) Precision Industry Co., Ltd., which has been approved by the Investment Committee of the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No.11100053870. As of March 31, 2024, the investment amount of RMB30,000 thousand (approximately USD4,724 thousand) had been remitted.

On December 27, 2022, the Group's board of directors resolved to increase its investment in Top Yes (Suzhou) Precision Industry Co., Ltd. through sub-subsidiary Global Tek (Wuxi) Co., Ltd. As of December 31, 2022, the Group has remitted the investment amount to RMB6,000 thousand (approximately US\$945 thousand).

In May 2024, Top Yes (Suzhou) Precision Industry Co., Ltd. completed a cash capital increase. The Group's equity percentage increased from 4.11% to 31.21% through its subsidiary, Global Tek (Wuxi) Co., Ltd., and through its subsidiary Global Tek Fabrication Co., LTD. (Samoa), the ownership percentage was 22.10%. The Group's final consolidated ownership percentage reached 53.31%, thereby gaining control of the company in May 2024, and it was included as a part of the Group's consolidated financial statements.

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

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period

(5) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
- (b) The technical feasibility of completing the intangible asset so that it will be available for use or sale
- (c) How the asset will generate future economic benefits
- (d) The availability of resources to complete the asset
- (e) The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

A summary of the policies applied to the Group's intangible assets is as follows:

	<u>Internally Generated Intangible Assets</u>	<u>Computer Software</u>
Useful lives	2 to 15 years	3 to 5 years
Amortization method used	Amortized on a straight-line basis over the expected future sales period of the related project	Straight-line method during the contract term
Internally generated or acquired	Internally generated	Acquired externally

(6) Post-employment benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(7) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, “Income Tax.” The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

(8) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the six-month period ended June 30, 2024 as those applied in the Company's consolidated financial statements for the year ended December 31, 2023. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2023.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	<u>Jun. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Jun. 30, 2023</u>
Cash and petty cash	\$2,155	\$2,050	\$2,187
Checking and saving	964,317	869,713	726,820
Time deposit	1,153,499	1,093,575	906,568
Total	<u>\$2,119,971</u>	<u>\$1,965,338</u>	<u>\$1,635,575</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Mandatorily measured at fair value through profit or loss:			
Convertible corporate bond redemption rights	\$1,105	\$1,074	\$1,166
Non-derivative financial assets - Certificate of benefit of the fund	552	553	536
Total	<u>\$1,657</u>	<u>\$1,627</u>	<u>\$1,702</u>
Current	<u>\$552</u>	<u>\$602</u>	<u>\$1,083</u>
Non-current	<u>\$1,105</u>	<u>\$1,025</u>	<u>\$619</u>

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

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

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted companies stocks			
Techplasma Technology Co., Ltd.	\$50,047	\$50,047	\$41,223
Allied Advantage Sdn Bhd	12,837	12,888	29,200
Formtechnology GmbH	17,350	16,990	16,905
Total	<u>\$80,234</u>	<u>\$79,925</u>	<u>\$87,328</u>

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

(b) On January 9, 2020, the board of directors resolved to invest in Techplasma Technology Co., Ltd. according to the medium and long-term strategy, and expected to make profits through long-term investment.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In 2023, the Group increased investing NT\$5,193 thousand in Techplasma Technology Co., Ltd., and obtained 164 thousand shares.

(c) The Group's 19% equity investment in Malaysia-based Allied Advantage Sdn Bhd in July 2020 lost material influence following the resignation of the director from the Group. Because it is a medium-to-long-term strategic investment, the Group chose to designate the investment as measured at fair value through other comprehensive income.

(d) On December 24, 2020, the board of directors resolved to invest in Formtechnology GmbH according to the medium and long-term strategy, and it is expected to make profits through long-term investment. The investment was completed in April 2021.

(4) Financial assets measured at amortized cost

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Restricted of deposits	\$62,012	\$1,815	\$1,815
Current	\$57,325	\$-	\$-
Non-current	\$4,687	\$1,815	\$1,815

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5) Notes receivable

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Notes receivables arising from operating activities	\$167,473	\$140,742	\$196,058
Less: loss allowance	-	-	-
Total	\$167,473	\$140,742	\$196,058

Please refer to Note 8 for more details on Notes receivable pledged as collaterals .

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for more details on credit risk.

(6) Accounts receivable and accounts receivable - related parties, net

(a) Accounts receivables, net

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Accounts receivables, gross	\$1,582,623	\$1,212,670	\$1,205,781
Less: loss allowance	(29,926)	(7,831)	(12,813)
Subtotal	1,552,697	1,204,839	1,192,968
Accounts receivables-related parties, gross	106,087	-	-
Less: loss allowance	(106,087)	-	-
Subtotal	-	-	-
Total	\$1,552,697	\$1,204,839	\$1,192,968

(b)Accounts receivables were not pledged.

(c)Accounts receivable are generally on 60~120 day terms. The total carrying amount as of June 30, 2024, December 31, 2023 and June 30, 2023, were NT\$1,688,710 thousand, NT\$1,212,670 thousand and NT\$1,205,781 thousand, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivables for the six-month periods ended June 30, 2024 and 2023, respectively. Please refer to Note 12 for more details on credit risk management.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Financial lease payments receivable

	As of			
	Jun. 30, 2024		Dec. 31, 2023	
		Present value of receivables		Present value of receivables
	Net investment in leases	on minimum lease payments	Net investment in leases	on minimum lease payments
Not more than one year	\$32,442	\$30,746	\$35,944	\$33,304
More than one year but less than five years	32,430	32,054	46,335	45,357
Total non-discounted lease payments	64,872	\$62,800	82,279	\$78,661
Less: Unearned finance income	(2,072)		(3,618)	
Gross investment in the lease (Financing lease payments receivable)	\$62,800		\$78,661	
Current	\$30,746		\$33,304	
Non-current	32,054		45,357	
Total	\$62,800		\$78,661	

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of	
	Jun. 30, 2023	
	Net investment in leases	Present value of receivables on minimum lease payments
Not more than one year	\$50,997	\$46,407
More than one year but less than five years	88,791	85,389
Total non-discounted lease payments	139,788	\$131,796
Less: Unearned finance income	(7,992)	
Gross investment in the lease (Financing lease payments receivable)	\$131,796	
Current	\$46,407	
Non-current	85,389	
Total	\$131,796	

(a) Financial lease payments receivable were not pledged.

(b) The Group has signed financial lease agreements for some machines and equipment. All leases are presented in New Taiwan Dollars, and the average financial lease period is 1 to 5 years.

The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of June 30, 2024, December 31, 2023 and June 30, 2023, the implied interest rate of the financial lease is 2.0% to 2.5% per annum.

Finance lease receivables are secured by leased equipment. The Group shall not sell or re-pledge the collateral unless the lessee defaults.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (a) The Group adopts the simplified approach of IFRS 9 to measure the allowance loss of lease receivables based on expected credit losses during the duration. Lease receivables are secured by leased equipment. As of June 30, 2024, December 31, 2023 and June 30, 2023, there were no overdue lease receivables, and at the same time, the counterparty's past record of default, the future development of the relevant properties of the leased object and collateral, the Group believes that the above-mentioned lease receivables have no impairment.

(8) Inventories

- (a) Details of inventories are listed below:

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Raw materials	\$192,147	\$173,607	\$192,296
Work in progress	366,166	222,059	311,701
Finished goods	430,447	458,171	459,230
Merchandises	98,569	120,573	100,549
Total	<u>\$1,087,329</u>	<u>\$974,410</u>	<u>\$1,063,776</u>

- (b) The cost of inventories recognized in expenses amounted to NT\$992,812 thousand, NT\$808,573 thousand, NT\$1,804,138 thousand and NT\$1,700,168 thousand for the three-month and six-month periods ended June 30, 2024 and 2023, respectively.

Item	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Loss from inventory market decline (reversal gain)	\$13,742	\$(2,480)	\$19,640	\$4,752
Unallocated manufacturing overhead	8,824	3,505	17,726	6,753
Loss (Gain) from inventory physical count	-	(607)	-	(1,532)
Loss from inventory write-off obsolescence	606	1,197	1,157	4,820
Total	<u>\$23,172</u>	<u>\$1,615</u>	<u>\$38,523</u>	<u>\$14,793</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month periods ended June 30, 2023, evaluating the previous slow moving inventories has been disposed, the Group recognized the reversal gain, which loss from inventory market decline.

(c)The inventories were not pledged.

(9) Investments accounted for under equity method

	As of					
	Jun. 30, 2024		Dec. 31, 2023		Jun. 30, 2023	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investee companies						
Investments in associates:						
AvioCast Inc.	\$-	-%	\$98,204	36.72%	\$89,153	36.72%
Top Yes (Suzhou) Precision Industry Co., Ltd.	-	-%	171,431	4.11%	125,854	4.11%
Total	<u>\$-</u>		<u>\$269,635</u>		<u>\$215,007</u>	

(a)The Group signed a Share Purchase Agreement with Sumitomo Precision Products Co., Ltd. on March 8, 2021. The Company intends to purchase 9,842 thousand ordinary shares of AvioCast Inc. at NT\$12.1 per share (totaling NT\$119,088 thousand), with an ownership percentage of 36.72%, acquiring significant influence of the AvioCast Inc. The transaction has been completed on April 21, 2021.

On December 28, 2023, the Group's board of directors resolved to purchase 3,300 thousand ordinary shares of AvioCast Inc. at NT\$24,750 thousand. As a result of the offering, the Group's share interest on AvioCast Inc. increased from 36.72% to 49.02%. The transfer of shareholding rights has completed on March 31, 2024.

To continue the vertical integration of its production supply chain and deepen its aerospace product line, the Group's Board of Directors resolved on March 14, 2024, to purchase 319 thousand shares from AvioCast Inc.'s shareholders, increasing its share interest from 49.03% to 50.23%. The Group gained control and included AvioCast Inc. as part of its consolidated financial statements in April 2024.

(b) On August 8, 2019, the Group acquired partial equity of Top Yes (Suzhou) Precision Industry Co., Ltd. for RMB3,000 thousand upon board resolution, considering the scale of operation, long-term development and enhancing competitiveness. The Group obtained two of the five directorship seats which has a significant impact on the company.

On March 25, 2022, considering the operational development plan and to strengthen the strategic partnership, the Group's board of directors resolved to invest RMB30,000 thousand (approximately US\$4,724 thousand) through Global Tek Fabrication Co., Ltd. (Samoa) to acquire partial ownership of Top Yes (Suzhou) Precision Industry Co., Ltd., which has been approved by the Investment Committee of the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No.11100053870. As of June 30, 2024, the investment amount of RMB30,000 (approximately US\$ 4,724 thousand) had been remitted.

On December 27, 2022, the Group's board of directors resolved to increase its investment in Top Yes (Suzhou) Precision Industry Co., Ltd. through sub-subsidiary Global Tek (Wuxi) Co., Ltd. As of December 31, 2022, the Group has remitted the investment amount to RMB6,000 thousand (approximately US\$945 thousand).

In May 2024, Top Yes (Suzhou) Precision Industry Co., Ltd. completed a cash capital increase. The Group's equity percentage increased from 4.11% to 31.21% through its subsidiary, Global Tek (Wuxi) Co., Ltd., and to 22.10% through its subsidiary, Global Tek Fabrication Co., LTD. (Samoa). The Group's final consolidated ownership percentage reached 53.31%, gaining control of the company, and it was included as a part of the Group's consolidated financial statements in May 2024.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Investments in associates

As of June 30, 2024, December 31, 2023 and June 30 2023, the aggregate carrying amount of the Group's interests in AvioCast Inc. and Top Yes (Suzhou) Precision Industry Co., Ltd. were NT\$0 , NT\$269,635 thousand and NT\$215,007 thousand, respectively. The aggregate financial information based on Group's share as follows:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Profit or loss from continuing operations	\$3,350	\$(2,234)	\$5,538	\$(6,044)
Other comprehensive income (post-tax)	-	-	-	-
Total comprehensive income (loss)	<u>\$3,350</u>	<u>\$(2,234)</u>	<u>\$5,538</u>	<u>\$(6,044)</u>

There aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of June 30, 2024, December 31, 2023 and June 30, 2023.

(d) The Group's investment accounted for under equity method as of June 30, 2024 and 2023 were NT\$0 thousand and NT\$215,007 thousand, respectively. For the three-month period ended June 30, 2024 and 2023 share of investment loss from these associates and joint venture amount to NT\$3,350 thousand and NT\$(2,234) thousand, respectively. For the six-month period ended June 30, 2024 and 2023 share of investment loss from these associates and joint venture amount to NT\$5,538 thousand and NT\$(6,044) thousand, respectively. They were measured based on the unreviewed financial statements of the investee for the same correspondent periods.

(e) Investment accounted for under equity method were no pledged.

(10) Property, plant and equipment

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Owner occupied property, plant and equipment	<u>\$3,809,569</u>	<u>\$3,019,062</u>	<u>\$2,960,486</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
Cost:									
As of Jan. 1, 2024	\$1,423,160	\$830,710	\$1,334,816	\$19,868	\$23,696	\$311,349	\$61,993	\$90,968	\$4,096,560
Additions	-	2,320	9,705	393	-	7,398	210	24,540	44,566
Acquisitions through business combinations	-	516,174	200,306	2,134	548	29,629	-	24,923	773,714
Disposals	-	-	(19,085)	(491)	-	(2,867)	-	-	(22,443)
Exchange differences	-	15,009	22,042	297	347	4,051	-	2,176	43,922
Reclassification	11,238	71,737	36,700	637	-	2,106	-	(71,237)	51,181
As of Jun. 30, 2024	<u>\$1,434,398</u>	<u>\$1,435,950</u>	<u>\$1,584,484</u>	<u>\$22,838</u>	<u>\$24,591</u>	<u>\$351,666</u>	<u>\$62,203</u>	<u>\$71,370</u>	<u>\$4,987,500</u>
As of Jan. 1, 2023	\$1,419,755	\$732,158	\$1,219,773	\$18,565	\$21,888	\$304,358	\$127,610	\$168,488	\$4,012,595
Additions	1,703	1,293	51,345	520	2,216	8,514	961	56,534	123,086
Disposals	-	(538)	(48,451)	(377)	(2,005)	(10,957)	(58,441)	-	(120,769)
Exchange differences	-	(15,968)	(22,773)	(103)	(278)	(4,297)	(18)	(4,801)	(48,238)
Reclassification	1,702	20,211	31,016	52	233	2,148	-	1,709	57,071
As of Jun. 30, 2023	<u>\$1,423,160</u>	<u>\$737,156</u>	<u>\$1,230,910</u>	<u>\$18,657</u>	<u>\$22,054</u>	<u>\$299,766</u>	<u>\$70,112</u>	<u>\$221,930</u>	<u>\$4,023,745</u>
Depreciation and impairment:									
As of Jan. 1, 2024	\$3,119	\$104,570	\$717,831	\$10,806	\$15,352	\$209,079	\$16,741	\$-	\$1,077,498
Depreciation	-	16,336	62,501	996	1,092	16,524	2,915	-	100,364
Disposals	-	-	(11,853)	(512)	-	(2,507)	-	-	(14,872)
Exchange differences	-	348	11,153	163	169	3,108	-	-	14,941
Reclassification	-	-	(126)	141	-	(15)	-	-	-
As of Jun. 30, 2024	<u>\$3,119</u>	<u>\$121,254</u>	<u>\$779,506</u>	<u>\$11,594</u>	<u>\$16,613</u>	<u>\$226,189</u>	<u>\$19,656</u>	<u>\$-</u>	<u>\$1,177,931</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
As of Jan. 1, 2023	\$3,119	\$148,832	\$643,209	\$8,427	\$16,297	\$193,168	\$75,696	\$-	\$1,088,748
Depreciation	-	8,976	49,627	875	1,152	16,666	3,993	-	81,289
Reversal of impairment loss	-	(10,061)	-	-	-	-	-	-	(10,061)
Disposals	-	(538)	(10,675)	(363)	(1,712)	(6,903)	(58,441)	-	(78,632)
Exchange differences	-	(2,347)	(11,990)	(124)	(224)	(3,383)	(17)	-	(18,085)
Reclassification	-	-	(140)	1,046	-	(906)	-	-	-
As of Jun. 30, 2023	\$3,119	\$144,862	\$670,031	\$9,861	\$15,513	\$198,642	\$21,231	\$-	\$1,063,259
Net carrying amount as of:									
Jun. 30, 2024	\$1,431,279	\$1,314,696	\$804,978	\$11,244	\$7,978	\$125,477	\$42,547	\$71,370	\$3,809,569
Dec. 31, 2023	\$1,420,041	\$726,140	\$616,985	\$9,062	\$8,344	\$102,270	\$45,252	\$90,968	\$3,019,062
Jun. 30, 2023	\$1,420,041	\$592,294	\$560,879	\$8,796	\$6,541	\$101,124	\$48,881	\$221,930	\$2,960,486

(b) For the six-month periods ended June 30, 2023, as the reason for impairment loss provisioning with respect to certain housing and building has vanished, the Group recognized gain on reversal of impairment loss in the amount of NT\$10,061 thousand, which was recognized in the statement of comprehensive income.

(c) Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 51 years and 3 to 20 years.

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (e) The land owned by Group located at Nos. 631 and 635, Xinzhou Section, Xinwu District, Taoyuan City, belongs to the general agricultural land that is not urban planning area. According to Article 33 of the Agricultural Development Regulation “Private legal persons shall not be subject to restrictions on agricultural land”, temporarily registered in the name of General Manager, Huang Ya-Hsing, general manager, and handled the setting with the Company as the right holder.

(11) Investment property

The Group’s investment properties include owned investment properties. The Group has entered into commercial property leases on its owned investment properties with terms of 15 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Buildings	Land use rights	Total
Cost:			
As of 1 Jan. 2024	\$59,839	\$1,985	\$61,824
Exchange differences	1,632	54	1,686
As of 30 Jun. 2024	<u>\$61,471</u>	<u>\$2,039</u>	<u>\$63,510</u>
Depreciation and impairment:			
As of 1 Jan. 2024	\$50,551	\$-	\$50,551
Amortization	298	37	335
Exchange differences	1,381	-	1,381
As of 30 Jun. 2024	<u>\$52,230</u>	<u>\$37</u>	<u>\$52,267</u>
Net carrying amount as of:			
30 Jun. 2024	<u>\$9,241</u>	<u>\$2,002</u>	<u>\$11,243</u>
31 Dec. 2023	<u>\$9,288</u>	<u>\$1,985</u>	<u>\$11,273</u>
30 Jun. 2023	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Rental income from investment property	\$2,011	\$-	\$3,198	\$-
Less:				
Direct operating expenses from investment property generating rental income	(169)	-	(335)	-
Total	<u>\$1,842</u>	<u>\$-</u>	<u>\$2,863</u>	<u>\$-</u>

(a) No investment property was pledged.

(b) Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3.

(c) The fair value of investment properties was NT\$78,387 thousand as of June 30, 2024 and December 31, 2023. The fair value has been determined based on valuations performed by an independent valuer. The valuation method used is the cost method.

(12) Intangible assets

	Computer software	Other	Goodwill	Total
<u>Cost:</u>				
As of Jan. 1, 2024	\$50,138	\$-	\$-	\$50,138
Additions – acquired separately	4,855	-	-	4,855
Acquisitions through business combinations	9,451	8,494	151,325	169,270
Deduction	(560)	-	-	(560)
Other change	(164)	-	-	(164)
Exchange differences	(16)	-	(215)	(231)
As of Jun. 30, 2024	<u>\$63,704</u>	<u>\$8,494</u>	<u>\$151,110</u>	<u>\$223,308</u>

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Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Computer software	Other	Goodwill	Total
As of Jan. 1, 2023	\$44,361	\$-	\$-	\$44,361
Additions – acquired separately	-	-	-	-
Deduction	-	-	-	-
Exchange differences	(34)	-	-	(34)
As of Jun. 30, 2023	\$44,327	\$-	\$-	\$44,327
Amortization and Impairment:				
As of Jan. 1, 2024	\$39,265	\$-	\$-	\$39,265
Amortization	2,512	712	-	3,224
Deduction	(560)	-	-	(560)
Other change	(164)	-	-	(164)
Exchange differences	32	-	-	32
As of Jun. 30, 2024	\$41,085	\$712	\$-	\$41,797
As of Jan. 1, 2023	\$36,491	\$-	\$-	\$36,491
Amortization	1,439	-	-	1,439
Deduction	-	-	-	-
Exchange differences	(34)	-	-	(34)
As of Jun. 30, 2023	\$37,896	\$-	\$-	\$37,896
Carrying amount, net:				
As of Jun. 30, 2024	\$22,619	\$7,782	\$151,110	\$181,511
As of Dec. 31, 2023	\$10,873	\$-	\$-	\$10,873
As of Jun. 30, 2023	\$6,431	\$-	\$-	\$6,431

- (a) The other intangible assets refer to the expenditures incurred during the development phase by the Group's subsidiaries, where discoveries or knowledge from research are applied to a project or design before the mass production or use of the product. These expenditures are recognized as intangible assets because the technological feasibility of the intangible asset has been achieved, and other criteria for recognizing an intangible asset have also been met.

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Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Amortization of intangible assets is as follows:

Item	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Operating costs	\$1,050	\$44	\$1,110	\$88
Sales and marketing	148	95	243	189
General and administrative	961	556	1,790	1,162
Research and development	81	-	81	-
Total	\$2,240	\$695	\$3,224	\$1,439

(13) Other non-current assets

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Refundable deposits	\$14,423	\$11,313	\$12,261
Net defined benefit assets	-	-	3,793
Other	300	-	-
Total	\$14,723	\$11,313	\$16,054

(14) Short-term loans

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Secured financial structure loans	\$162,369	\$306,839	\$75,692
Unsecured financial structure loans	292,513	25,956	756,856
Total	\$454,882	\$332,795	\$832,548
Interest Rates (%)	1.64% ~ 5.10%	1.70% ~ 4.43%	1.7% ~ 5.19%

The Group's unused short-term lines of credits amounted to NT\$1,981,843 thousand, NT\$1,758,799 thousand and NT\$1,214,613 thousand as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively.

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Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

(15) Other payables

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Payable of salary and bonuses	\$130,414	\$112,796	\$97,675
Accrued interest	855	773	622
Accrued compensation to employees and directors	15,709	11,441	22,447
Payable on equipment	11,186	15,216	58,130
Payable of processing fees	175,652	171,311	151,597
Other	255,107	153,272	158,327
Total	<u>\$588,923</u>	<u>\$464,809</u>	<u>\$488,798</u>

(16) Bonds payable

A. The details of the bonds payable as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, is as follows:

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Liability component:			
Unsecured domestic convertible bonds	\$400,500	\$962,300	\$542,700
Less: discounts on bonds payable	(14,944)	(43,670)	(8,109)
Subtotal	385,556	918,630	534,591
Less: current portion	(65,316)	(81,088)	(270,602)
Net	<u>\$320,240</u>	<u>\$837,542</u>	<u>\$263,989</u>
Embedded derivative - redemption, put options	<u>\$1,105</u>	<u>\$1,073</u>	<u>\$1,166</u>
Equity component - conversion right	<u>\$91,968</u>	<u>\$104,041</u>	<u>\$52,465</u>

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(25)(C) and (D).

B. On August 27, 2019, the Group issued the 1st unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A) Issue amount: NT\$600,000 thousand

(B) Issue date: August 27, 2019

(C) Issue price: Issued at 101% of the par value

(D) Coupon rate: 0%

(E) Period: August 27, 2019 to August 27, 2024

(F) Settlement or Conversion period: (a) From the day following the issuance of corporate bonds for three months (November 28, 2019) to 40 days before the expiration of the issuance period (July 18, 2024), when the agreed conditions are met, Request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

(b) For the holders of corporate bonds, from the day following the 3 months after the issuance date of the corporate bonds (November 28, 2019) to the maturity date (August 27, 2024), except for the period stipulated in the conversion method. In addition, the company may at any time request to be converted into the company's common stock at the conversion price at that time. If it is not converted at that time, it will be redeemed at the par amount plus interest compensation when it expires.

(c) Corporate bond holders may request the company to redeem the principal in cash at an interest rate of 101.5075% of the par value of the bond (0.5% annual return yield) within 40 days before the issuance of the corporate bond meets the agreed conditions.

(d) Holders of corporate bonds may request the company to redeem the principal in cash at 102.015% of the par value of the bonds (0.5% annual return rate) within 40 days before the issuance of the corporate bonds meets the agreed conditions.

(e) The price of the conversion corporate bonds is determined based on August 19, 2019 as the conversion price determination base date, and the simple arithmetic average of the company's common stock closing prices on the five business days prior to the base date (excluding), the base price is NT\$46.55, and then the base price is multiplied by the conversion premium rate of 107.42%, which is the conversion price of the converted corporate bonds (calculated to NT dollars, rounded up to the following points). According to the above method, the conversion price is NT\$50 per share.

The conversion price of the Group's first domestic unsecured conversion corporate bonds is adjusted according to the relevant anti-dilution provisions of the conversion method. The company has adjusted the conversion price from NT\$47.90 to NT\$46.80 since August 5, 2021 (the ex-dividend base date). Since August 5, 2022 (the ex-dividend base date), the conversion price has been adjusted from NT\$46.80 to NT\$45.60. Since May 6, 2023 (the ex-dividend base date), the conversion price has been adjusted from NT\$45.60 to NT\$43.90. Since May 3, 2024 (the ex-dividend base date), the conversion price has been adjusted from NT\$43.90 to NT\$42.70.

C. On January 3, 2022, the Group issued the 2nd unsecured domestic convertible bonds. The terms of the bonds are as follows:

(A) Issue amount: NT\$630,000 thousand

(B) Issue date: January 3, 2022

(C) Issue price: Issued at 111.8% of the par value

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (D) Coupon rate: 0%
- (E) Period: January 3, 2022 to January 3, 2025
- (F) Settlement or Conversion period:
- (a) The company may, from the day following the issuance of corporate bonds for three months (April 4, 2022) to 40 days before the expiration of the issuance period (November 24, 2024), when the agreed conditions are met, request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.
- (b) For corporate bond holders, from the day following the first three months of the corporate bond issuance date (April 4, 2022) to the maturity date (January 3, 2025), except for the period stipulated in the conversion method. In addition, the company may request to be converted into the company's ordinary shares at any time at the conversion price at that time. If it is not converted at that time, it shall be repaid in cash according to the par value of the bond within five business days after the maturity date.
- (c) The price of the conversion corporate bond is determined based on December 13, 2021 as the base date for the determination of the conversion price, which is calculated on the basis of one, three, or five business days before the base date (excluding). The simple arithmetic average of the closing prices of the company's common shares is used as the benchmark price, and then the benchmark price is multiplied by the conversion premium rate of 104.31%, which is the conversion price of the converted corporate bonds (calculated to NT\$, rounded up below). According to the above method, the conversion price is set at NT\$47 per share.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The conversion price of the second domestic unsecured conversion corporate bond of the company is adjusted according to the relevant anti-dilution provisions of the conversion method. The company adjusted the conversion price from NT\$47.00 to NT\$45.80 starting from August 5, 2022 (the ex-dividend base date). The company adjusted the conversion price from NT\$45.80 to NT\$44.10 starting from May 6, 2023 (the ex-dividend base date). The company adjusted the conversion price from NT\$44.10 to NT\$42.90 starting from May 3, 2024 (the ex-dividend base date).

D. On November 27, 2023, the Group issued the 3rd unsecured domestic convertible bonds. The terms of the bonds are as follows:

- | | |
|--------------------------------------|--|
| (A) Issue amount: | NT\$800,000 thousand |
| (B) Issue date: | November 27, 2023 |
| (C) Issue price: | Issued at 106.15% of the par value |
| (D) Coupon rate: | 0% |
| (E) Period: | November 27, 2023 to November 27, 2026 |
| (F) Settlement or Conversion period: | (a) From the day following the issuance of corporate bonds for three months (February 28, 2024) to 40 days before the expiration of the issuance period (October 18, 2025), when the agreed conditions are met, Request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds. |

(b) For corporate bond holders, from the day following the first three months of the corporate bond issuance date (February 28, 2024) to the maturity date (November 27, 2026), except for the period stipulated in the conversion method. In addition, the company may request to be converted into the company's ordinary shares at any time at the conversion price at that time. If it is not converted at that time, it shall be repaid in cash according to the par value of the bond within five business days after the maturity date.

(c) The price of the conversion corporate bonds is determined based on November 7, 2023 as the conversion price determination base date, and the simple arithmetic average of the company's common stock closing prices on the three business days prior to the base date (excluding). The base price is NT\$50,032, and then the base price is multiplied by the conversion premium rate of 102.71%, which is the conversion price of the converted corporate bonds (calculated to NT dollars, rounded up to the following points). According to the above method, the conversion price is NT\$52 per share. The conversion price of the third domestic unsecured conversion corporate bond of the company is adjusted according to the relevant anti-dilution provisions of the conversion method. The company adjusted the conversion price from NT\$52.00 to NT\$50.60 starting from May 3, 2024 (the ex-dividend base date).

E. The 1st unsecured convertible bonds in the amount of NT\$51,300 thousand have been converted to 1,195 thousand common shares for the six month period ended June 30, 2024. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$39,245 thousand; The unsecured convertible bonds in the amount of NT\$10,200 thousand have been converted to 224 thousand common shares for the six month period ended June 30, 2024. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$7,825 thousand.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The 2nd unsecured convertible bonds in the amount of NT\$45,400 thousand have been converted to 1,057 thousand common shares for the six month period ended June 30, 2024. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$34,478 thousand; The unsecured convertible bonds in the amount of NT\$53,400 thousand have been converted to 1,166 thousand common shares for the six month period ended June 30, 2023. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$40,527 thousand.

The 3rd unsecured convertible bonds in the amount of NT\$465,100 thousand have been converted to 9,192 thousand common shares for the six month period ended June 30, 2024. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$352,807 thousand.

(17) Long-term loans

The details of long-term loan as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, are as follows:

Debtor	Type of Loan	Loan period	As of Jun. 30, 2024	Repayment
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	\$260,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28- 2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank of Taiwan	Secured loan	2023.02.15- 2027.02.15	234,667	The principal and interest will be amortized monthly.
Yuanta Commercial Bank Co., Ltd	Credit loan	2024.03.27- 2024.09.26	50,000	Interest is paid monthly, and the principal is paid at maturity.
Bank of Taiwan	Secured loan	2024.02.15- 2028.02.15	91,667	The principal and interest will be amortized monthly.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Debtor	Type of Loan	Loan period	As of Jun.	Repayment
			30, 2024	
Land Bank of Taiwan- Joint credit loan	Secured loan (Note 1)	2018.11.28- 2026.11.28	526,500	Interest is paid monthly, and the principal is repaid in 36 installments, with each installment covering a three-month period.
Business Bank of Taiwan	Secured loan (Note 2)	2023.03.20- 2028.03.20	11,250	The principal and interest will be amortized monthly.
Business Bank of Taiwan	Secured loan (Note 2)	2021.04.07- 2026.04.07	7,906	The principal and interest will be amortized monthly.
Hua Nan Bank	Credit loan	2020.07.08- 2025.06.15	40,490	Interest is paid monthly, and the principal is paid at maturity.
China Zheshang Bank Co., Ltd	Secured loan	2022.08.24- 2025.08.23	125,213	Interest is paid monthly, and the principal is repaid every six months.
China Zheshang Bank Co., Ltd	Secured loan	2022.08.26- 2025.08.26	71,770	Interest is paid monthly, and the principal is repaid every six months.
Total			2,289,463	
Less: current portion			(334,576)	
Non-current portion			<u>\$1,954,887</u>	
			As of Dec.	
			31, 2023	
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$9,550	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	272,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28- 2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.

Global Tek Fabrication Co., Ltd. and subsidiaries

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			As of Dec.	
Debtor	Type of Loan	Loan period	31, 2023	Repayment
Bank of Taiwan	Secured loan	2023.02.15- 2028.02.15	256,000	The principal and interest will be amortized monthly.
Total			1,407,550	
Less: current portion			(86,883)	
Non-current portion			<u>\$1,320,667</u>	
			As of Jun.	
Debtor	Type of Loan	Loan period	30, 2023	Repayment
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$19,100	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	284,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28- 2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank of Taiwan	Secured loan	2023.02.15- 2028.02.15	256,000	The principal and interest will be amortized monthly.
Yuanta Commercial Bank Co., Ltd	Credit loan	2023.06.30- 2023.09.28	200,000	Interest is paid monthly, and the principal is paid at maturity.
Total			1,629,100	
Less: current portion			(264,433)	
Non-current portion			<u>\$1,364,667</u>	

Note 1: The collateral for the aforementioned syndicated loan includes real estate, plant, and equipment, and it is jointly guaranteed by the Small and Medium Enterprise Credit Guarantee Fund and the responsible person of AvioCast Inc.

Note 2 : The aforementioned secured loan is guaranteed by a reserve account and the Small and Medium Enterprise Credit Guarantee Fund, with a joint guarantee provided by the responsible person of AvioCast Inc.

- (a) In August 2012, the Group's subsidiary, AvioCast Inc., signed a syndicated loan agreement with Taiwan Land Bank and seven other financial institutions to secure a loan of NT\$572,000 thousand. The loan was intended to bolster working capital and support capital expenditures, with a credit period of 5 to 7 years and a floating interest rate. In March 2014, the subsidiary AvioCast Inc. repaid the aforementioned syndicated loan early and signed a new syndicated loan agreement with Taiwan Land Bank and nine other financial institutions for a loan amount of NT\$850,000 thousand. The credit period was set at 5 to 7 years, with a floating interest rate. In November 2017, the subsidiary AvioCast Inc. repaid the aforementioned syndicated loan early and signed a new syndicated loan agreement with Taiwan Land Bank and eight other financial institutions for a loan amount of NT\$1,000,000 thousand. The credit period was set at 5 to 7 years, with a floating interest rate.

According to the terms of the syndicated loan agreement, during the contract's validity period, the subsidiary AvioCast Inc. is committed to adhering to the following specific financial ratios at the end of each fiscal year:

1. The current ratio must be at 100% or above.
2. Debt ratio: For 2017, it must not exceed 450%; For 2018 to 2019, it must not exceed 400%; For 2020, it must not exceed 350%.
3. Interest coverage ratio: For 2017, it must be at 2.5 times or above; For 2018, it must be at 3 times or above.
4. Total shareholders' equity must not be less than NT\$120,000 thousand.

In December 2021, the subsidiary AvioCast Inc. signed a second supplementary agreement. Under this agreement, the repayment of the principal was extended by one year, from November 28, 2021, to November 27, 2022. The extended principal will be repaid in a lump sum along with the principal due in the twenty-fifth installment. Additionally, as part of the specific commitments and agreements, the syndicate of lending banks has resolved to waive the review of the financial commitments for the year 2021 as stipulated in the aforementioned commitments.

In November 2022, the subsidiary AvioCast Inc. signed a third supplementary agreement, as part of the specific commitments and agreements, the syndicate of lending banks has resolved to waive the review of the financial commitments for the year 2022 as stipulated in the aforementioned commitments.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In May 2024, the subsidiary AvioCast Inc. signed a fourth supplementary agreement, as part of the specific commitments and agreements, the syndicate of lending banks has resolved to waive the review of the financial commitments for the year 2023 as stipulated in the aforementioned commitments, Additionally, the syndicate of lending banks agreed to extend the original credit period from 7 years to 9 years.

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

(c) As of June 30, 2024, December 31, 2023 and June 30, 2023, the interest rate intervals for long-term loans were 1.48% ~ 4.90%, 1.35% ~ 2.06% and 1.35% ~ 2.01%, respectively.

(18) Other non-current liabilities

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

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Net defined benefit liability	\$507	\$774	\$743
Guarantee deposits	7,554	5,635	5,629
Deferred revenue	5,324	5,776	4,717
Other (Note)	-	-	20,279
Total	\$13,385	\$12,185	\$31,368

Note : The Group's Wuxi Shishuo Metal Company (which has been merged by Global Tek (Wuxi) Co., Ltd.) signed an investment agreement with the People's Government of Xishan District, Wuxi City on January 17, 2018. The government will provide land for the necessary infrastructure construction and there is a commitment item of "increasing the registered capital to US\$20 million", for which the capital increase will reach US\$8 million before the listing of the land, and the rest of the funding will gradually be in place after the listing. Therefore, on March 16, 2018, when the Group obtained the land use right of Anzhen Street in Wuxi City, it was temporarily exempted from the payment of RMB 100,000 per mu for infrastructure supporting construction costs totaling NT\$ 20,279 thousand (RMB 4,361 thousand). It is estimated that the government subsidy will be recognized after the output reaches the standard in the fifth year, and it will be amortized according to the remaining

useful life of the new land use right. However, if the Group fails to meet the output standard in the fifth year after obtaining the new land use right, it will have to pay a total of NT\$20,279 thousand (RMB 4,361 thousand) for supporting infrastructure construction.

The Group applied for the planning permission after obtaining the land use rights in March 2018. The local government required that the project undergo an environmental impact assessment by a qualifying body. After the Group complied with this requirement, it was not able to continue with the subsequent construction project approval process until it received approval from the Department of Safety and Environmental Protection of Xishan District in May 2019, resulting in a delay in project progress. During the process of obtaining construction planning permission, the Group was required to adhere to hygienic buffer zone standards, which necessitated a redesign of the project plans. Subsequently, the COVID-19 pandemic further delayed the commencement of the construction, with the Group receiving the construction planning permission in June 2020. Due to the impact of the pandemic, the construction was not completed and accepted until the end of May 2022. Later, the construction and installation of production facilities inside the factory were carried out. In late October of the same year, the Xinwu District government approved the change of the business license and tax registration to Xishan District. On December 3 of the same year, the Group submitted an explanation of the delayed production to the People's Government of Xishan District, Wuxi City. As of June 30, 2024, the Group has estimated a total of NT\$ 20,279 thousand (RMB4,361 thousand) for infrastructure and supporting construction costs, which was booked as other payables, if production standards are not met.

(b) The details of the deferred government grants income for the six-month periods ended June 30, 2024 and 2023 are as follows:

	For the six-month periods ended June 30,	
	2024	2023
Beginning balance	\$5,776	\$26,358
Received during the period	-	-
Released to the statement of comprehensive income	(606)	(623)
Exchange differences	154	(739)
Ending balance	<u>\$5,324</u>	<u>\$24,996</u>

The Group received government grants for the purchase of property, plant and equipment for specific projects. The recognized government grants have no unfulfilled conditions and other contingencies.

(19) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2024 and 2023 were NT\$8,333 thousand and NT\$7,709 thousand, respectively, while for the six-month periods ended June 30, 2024 and 2023 were NT\$16,487 thousand and NT\$15,638 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended June 30, 2024 and 2023 were both NT\$8 thousand, while for the six-month periods ended June 30, 2024 and 2023 were both NT\$16 thousand.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Equities

(a) Common stock

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Company's authorized capital were NT\$1,500,000 thousand, each share at par value of NT\$10. The Company's paid-in capital were NT\$1,024,853 thousand, NT\$910,414 thousand, and NT\$823,959 thousand, respectively, divided into 102,485 thousand shares, 91,041 thousand shares and 82,396 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

For the six month periods ended June 30, 2024 and 2023, the 1st unsecured convertible bonds in amount of NT\$51,300 thousand and NT\$10,200 thousand, respectively were converted into 1,195 thousand shares and 224 thousand shares.

For the six month periods ended June 30, 2024 and 2023, the 2nd unsecured convertible bonds in amount of NT\$45,400 thousand and NT\$53,400 thousand, respectively were converted into 1,057 thousand shares and 1,166 thousand shares.

For the six month periods ended June 30, 2024, the 3rd unsecured convertible bonds in amount of NT\$465,100 thousand were converted into 9,192 thousand shares.

(b) Capital surplus

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Additional paid-in capital	\$2,442,465	\$2,003,862	\$1,678,177
Employee stock option	1,322	1,322	1,322
Components of convertible corporate bonds	91,968	104,041	52,465
Total	<u>\$2,535,755</u>	<u>\$2,109,225</u>	<u>\$1,731,964</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

(c) Retained earnings and dividend policies

(1) Retained earnings

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- i. Payment of all taxes and dues;
- ii. Offset prior years' operation losses;
- iii. Set aside 10% of the remaining amount as legal reserve. There is no requirement to further make such reserve when legal reserve reaches the capital amount.
- iv. Set aside or reverse special reserve in accordance with law and regulations; and
- v. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the Company's dividends are distributed to shareholders, surplus reserve and capital reserve paid in cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(2) Dividend policies

The Company's life cycle is currently at the growing stage. The Company's dividend policy shall be determined pursuant to the factors, such as financial structure, operating conditions, and capital budgets. The distribution of shareholders' dividend shall be not lower than 10% of the distributable current-year earnings. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 1% of the paid-in capital. The dividend can be distributed by cash not be less than 10% of total dividends and be adjusted by the actual situation of the company.

(3) Legal reserve

According to Taiwan's Company Act, the Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total paid-in capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash held by each of the shareholders.

(4) Special reserve

The FSC issued Order No. Jin-Guan-Cheng-Fa-Zi-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion of the special reserve first appropriated and distribute it.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

Global Tek Fabrication Co., Ltd. and subsidiaries

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(5) The appropriations of earnings for 2023 and 2022 were approved through the shareholders' meetings held on June 27, 2024 and June 30, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2023	2022	2023	2022
Legal reserve	\$25,481	\$42,056		
Special reserve	24,650	(17,259)		
Common Stock-Cash dividend (Note 1)	131,000	173,000	\$1.44	\$2.11
Total	<u>\$181,131</u>	<u>\$197,797</u>		

Note 1 : The number of shares calculated for shareholder dividends amounted to 91,137 thousand shares and 82,022 thousand shares as of March 8, 2024 and March 23, 2023, respectively (after deducting treasury shares).

Please refer to Note 6(25) for details on employees' compensation and remuneration to directors.

(d) Non-controlling interests

	For the six-month periods ended June 30,	
	2024	2023
Beginning balance	\$-	\$-
Profit (loss) attributable to non-controlling interests	(8,547)	-
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences arising on translating of a foreign operation	(871)	-
Cash capital increase	605	-
Others — changes in consolidated entities	150,924	-
Total	<u>\$142,111</u>	<u>\$-</u>

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Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Operating revenue

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Revenue from contracts with customer				
Sale of goods	\$1,255,259	\$1,003,668	\$2,305,289	\$2,137,320
Other operating revenue	4,725	15,756	9,383	23,919
Total	<u>\$1,259,984</u>	<u>\$1,019,424</u>	<u>\$2,314,672</u>	<u>\$2,161,239</u>

Analysis of revenue from contracts with customers for the six-month periods ended June 30, 2024 and 2023 are as follows:

(a) Disaggregation of revenue

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Sale of goods	\$1,255,259	\$1,003,668	\$2,305,289	\$2,137,320
Other	4,725	15,756	9,383	23,919
Total	<u>\$1,259,984</u>	<u>\$1,019,424</u>	<u>\$2,314,672</u>	<u>\$2,161,239</u>

The timing for revenue recognition:

At a point in time	<u>\$1,259,984</u>	<u>\$1,019,424</u>	<u>\$2,314,672</u>	<u>\$2,161,239</u>
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For the analysis of each major product, please refer to Note 14 "Segment Information".

(b) Contract balances

A. Contract liabilities

	As of			
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023	Dec. 31, 2022
Sales of goods	<u>\$42,251</u>	<u>\$14,022</u>	<u>\$16,326</u>	<u>\$11,597</u>

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Analysis of contract liabilities for the six-month periods ended June 30, 2024 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(5,680)
Business combinations	15,601
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	18,308

Analysis of contract liabilities for the six-month periods ended June 30, 2023 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(4,519)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	9,248

(22) Expected credit (losses) gains

	<u>For the three-month period</u>		<u>For the six-month period</u>	
	ended June 30,		ended June 30,	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating expenses – Expected credit (losses) gains				
Account receivables	<u>\$(2,565)</u>	<u>\$(2,607)</u>	<u>\$(4,191)</u>	<u>\$(1,126)</u>

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, are as follow:

(a)The Group considers the grouping of account receivables by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

As of Jun. 30, 2024

	Not due (Note)	Overdue			Total	
		Less than 60 days	61-120 days	121-180 days		More than 181 days
Gross carrying amount	\$1,634,215	\$90,693	\$1,193	\$710	\$129,372	\$1,856,183
Loss ratio	0.01%~0.40%	0.55%~2.75%	3.29%~18.28%	35.89%~39.54%	56.55%~100%	
Lifetime expected credit losses	(6,756)	(5,784)	(176)	(230)	(123,067)	(136,013)
Carrying amount of accounts receivables	\$1,627,459	\$84,909	\$1,017	\$480	\$6,305	\$1,720,170

As of Dec. 31, 2023

	Not due (Note)	Overdue			Total	
		Less than 60 days	61-120 days	121-180 days		More than 181 days
Gross carrying amount	\$1,257,067	\$73,179	\$14,707	\$3,784	\$4,675	\$1,353,412
Loss ratio	0.00%~0.19%	1.93%~2.17%	9.27%~19.38%	20.90%~68.11%	55.96%~100%	
Lifetime expected credit losses	(852)	(1,464)	(1,509)	(1,204)	(2,802)	(7,831)
Carrying amount of accounts receivables	\$1,256,215	\$71,715	\$13,198	\$2,580	\$1,873	\$1,345,581

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of Jun. 30, 2023

	Overdue					Total
	Not due (Note)	Less than 60 days	61-120 days	121-180 days	More than 181 days	
Gross carrying amount	\$1,291,004	\$85,197	\$14,625	\$10,972	\$41	\$1,401,839
Loss ratio	0.07%~0.72%	1.14%~11.46%	13.27%~22.95%	28.06%~66.13%	45.83%~100%	
Lifetime expected credit losses	(2,130)	(1,382)	(2,414)	(6,852)	(35)	(12,813)
Carrying amount of accounts receivables	<u>\$1,288,874</u>	<u>\$83,815</u>	<u>\$12,211</u>	<u>\$4,120</u>	<u>\$6</u>	<u>\$1,389,026</u>

Note: The Group's note receivables were not overdue.

(b)The movement in the provision for impairment of notes receivables and accounts receivables for the six-month periods ended June 30, 2024 and 2023 are as follows:

	Notes receivables	Accounts receivables
As of Jan. 1, 2024	\$-	\$7,831
Addition (reversal) for the current period	-	4,191
Acquisitions through business combinations	-	125,090
Exchange differences	-	(1,099)
As of Jun. 30, 2024	<u>\$-</u>	<u>\$136,013</u>
As of Jan. 1, 2023	\$-	\$11,785
Addition (reversal) for the current period	-	1,126
Exchange differences	-	(98)
As of Jun. 30, 2023	<u>\$-</u>	<u>\$12,813</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 39 years. The Group is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Land	\$152,644	\$68,211	\$71,126
Buildings	96,064	102,395	111,802
Machinery equipment	502	-	-
Transportation equipment	10,849	7,359	7,859
Office equipment	202	53	139
Other equipment	-	120	839
Total	<u>\$260,261</u>	<u>\$178,138</u>	<u>\$191,765</u>

The Group's right-of-use assets increased by NT\$7 thousand and NT\$701 thousand for the six-month period ended June 30, 2024 and 2023, respectively.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(ii) Lease liabilities

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Lease liabilities	\$168,791	\$118,154	\$128,915
Current	\$39,017	\$17,240	\$21,830
Non-current	129,774	100,914	107,085
Total	\$168,791	\$118,154	\$128,915

Please refer to Note 6(25)(d) for the interest on lease liabilities recognized for the three-month and six-month periods ended June 30, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at June 30, 2024, December 31, 2023, and June 30, 2023.

B. Amounts recognized in the income statement

(i) Depreciation of right-of-use assets

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Land	\$11,093	\$758	\$11,832	\$1,522
Buildings	3,165	4,302	6,331	10,886
Machinery equipment	56	-	56	-
Transportation equipment	1,625	1,742	3,264	3,457
Office equipment	33	52	76	95
Other equipment	-	360	120	719
Total	\$15,972	\$7,214	\$21,679	\$16,679

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	\$(1,103)	\$(1,152)	\$(2,023)	\$(2,281)
Income from subleasing right-of-use assets	-	(3)	-	376

As of June 30, 2024, December 31, 2023 and June 30, 2023, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

D. Cash outflow relating to leasing activities

During the six-month period ended June 30, 2024 and 2023, the Group's total cash outflow for leases amounted to NT\$23,171 thousand and NT\$16,995 thousand, respectively.

(b) Group as a lessor

The Group has entered leases on plants. These leases have terms of between one and two years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month		For the six-month	
	period ended June 30,		period ended June 30,	
	2024	2023	2024	2023
Lease income for operating leases				
Income relating to fixed lease payments	\$13,234	\$5,829	\$18,924	\$11,169
Finance lease income recognized				
Finance income on the net investment in the lease	738	1,521	1,595	3,178
Total	\$13,972	\$7,350	\$20,519	\$14,347

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Less than one year	\$25,712	\$21,485	\$25,199
More than one year but less than five years	127,940	138,495	151,192
Total	\$153,652	\$159,980	\$176,391

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group enters into a financial lease agreement, and the undiscounted lease payment and the total amount for the remaining years will be received as of June 30, 2024, December 31, 2023 and June 30, 2023 are as follows:

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Undiscounted lease payments			
Year 1	\$32,442	\$35,944	\$50,997
Year 2	27,064	30,993	42,992
Year 3	5,050	14,375	27,291
Year 4	316	967	14,101
Year 5	-	-	4,407
Total undiscounted lease payments	64,872	82,279	139,788
Less: lease payment unearned revenue	(2,072)	(3,618)	(7,992)
Net investment in the lease (Finance lease receivables)	\$62,800	\$78,661	\$131,796
Current	\$30,746	\$33,304	\$46,407
Non-current	32,054	45,357	85,389
Total	\$62,800	\$78,661	\$131,796

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

Function Nature	For the three-month period ended June 30,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	\$76,476	\$97,842	\$174,318	\$58,167	\$88,789	\$146,956
Labor and health insurance	6,974	8,515	15,489	6,410	7,827	14,237
Pension	4,034	4,307	8,341	3,688	4,029	7,717
Other employee benefits expense	4,176	4,129	8,305	3,231	3,072	6,303
Depreciation	58,644	13,448	72,092	34,497	13,340	47,837
Amortization	1,050	1,190	2,240	44	651	695

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Function Nature	For the six-month period ended June 30,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	\$139,886	\$183,383	\$323,269	\$118,531	\$178,868	\$297,399
Labor and health insurance	13,559	16,627	30,186	13,157	15,979	29,136
Pension	7,861	8,642	16,503	7,535	8,119	15,654
Other employee benefits expense	7,848	10,971	18,819	6,855	9,045	15,900
Depreciation	95,018	27,360	122,378	69,671	28,297	97,968
Amortization	1,110	2,114	3,224	88	1,351	1,439

According to the Company's Articles of Incorporation, between 1% to 10% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the three-month period ended June 30, 2024 amounted to NT\$2,316 thousand and NT\$1,158 thousand, respectively. The employees' compensation and remuneration to directors for the three-month period ended June 30, 2023 amounted to NT\$2,019 thousand and NT\$1,010 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salary expenses. The Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the six-month period ended June 30, 2024 amounted to NT\$5,343 thousand and NT\$2,672 thousand, respectively. The employees' compensation and remuneration to directors for the six-month periods ended June 30, 2023 amounted to NT\$3,426 thousand and NT\$1,713 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salary expenses.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$5,690 thousand and NT\$2,845 thousand, respectively for the year ended December 31, 2023 in a meeting held on March 14, 2024. No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$9,764 thousand and NT\$4,882 thousand, respectively for the year ended December 31, 2022, in a meeting held on March 23, 2023. No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(25) Non-operating incomes and expenses

(a) Interest income

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Interest income				
Financial assets measured at amortized cost	\$19,603	\$10,350	\$37,428	\$15,421
Related party lending	50	188	233	380
Other	667	1,567	1,553	3,529
Total	<u>\$20,320</u>	<u>\$12,105</u>	<u>\$39,214</u>	<u>\$19,330</u>

(b) Other income

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Rental income	\$13,234	\$5,829	\$18,924	\$11,169
Others	13,368	12,948	27,602	27,230
Total	<u>\$26,602</u>	<u>\$18,777</u>	<u>\$46,526</u>	<u>\$38,399</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Other gains and losses

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$(372)	\$(801)	\$(475)	\$(635)
Gains on disposal of investments	10,674	-	10,674	-
Foreign exchange gains (losses), net	33,524	35,516	113,595	23,594
Gains (losses) on financial assets at fair value through profit or loss	276	379	30	663
Gains on lease modification	-	142	-	4,218
Reversal of impairment loss	-	10,061	-	10,061
Others	(3,628)	(101)	(6,787)	(947)
Total	<u>\$40,474</u>	<u>\$45,196</u>	<u>\$117,037</u>	<u>\$36,954</u>

(d) Finance costs

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Interest on borrowings from bank	\$16,166	\$10,927	\$25,979	\$20,895
Interests on convertible bonds	3,944	1,437	7,895	3,007
Interests on lease liabilities	926	389	1,272	820
Total	<u>\$21,036</u>	<u>\$12,753</u>	<u>\$35,146</u>	<u>\$24,722</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(26) Components of other comprehensive income

For the three-month period ended June 30, 2024:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$199	\$-	\$199	\$(40)	\$159
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operation	14,179	-	14,179	(3,003)	11,176
Total of other comprehensive income	\$14,378	\$-	\$14,378	\$(3,043)	\$11,335

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Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month period ended June 30, 2023:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(1,069)	\$-	\$(1,069)	\$213	\$(856)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	(71,050)	-	(71,050)	14,206	(56,844)
Total of other comprehensive income	<u>\$(72,119)</u>	<u>\$-</u>	<u>\$(72,119)</u>	<u>\$14,419</u>	<u>\$(57,700)</u>

For the six-month period ended June 30, 2024:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(51)	\$-	\$(51)	\$10	\$(41)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operation	57,450	-	57,450	(11,638)	45,812
Total of other comprehensive income	<u>\$57,399</u>	<u>\$-</u>	<u>\$57,399</u>	<u>\$(11,628)</u>	<u>\$45,771</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the six-month period ended June 30, 2023:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(1,440)	\$-	\$(1,440)	\$288	\$(1,152)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operation	(60,765)	-	(60,765)	12,149	(48,616)
Total of other comprehensive income	\$(62,205)	\$-	\$(62,205)	\$12,437	\$(49,768)

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(27) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	<u>For the three-month period ended June 30,</u>		<u>For the six-month period ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current income tax expense (income):				
Current income tax charge	\$19,040	\$19,788	\$38,735	\$46,973
Adjustments in respect of current income tax of prior periods	(568)	(12,471)	(549)	(10,551)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	6,439	6,143	16,995	(7,332)
Total income tax expense	<u>\$24,911</u>	<u>\$13,460</u>	<u>\$55,181</u>	<u>\$29,090</u>

Income tax relating to components of other comprehensive income

	<u>For the three-month period ended June 30,</u>		<u>For the six-month period ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Deferred tax expense (income):				
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$40	\$(213)	\$(10)	\$(288)
Exchange differences arising on translation of foreign operations	3,003	(14,206)	11,638	(12,149)
Total	<u>\$3,043</u>	<u>\$(14,419)</u>	<u>\$11,628</u>	<u>\$(12,437)</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) The assessment of income tax return

As of June 30, 2024, the status of tax authority's assessment of the income tax returns of the Company and its subsidiaries were as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2022
Subsidiary- Global Tek Co., Ltd.	Assessed and approved up to 2022
Subsidiary- AvioCast Inc.	Assessed and approved up to 2022

(28) Earnings per share

Basic earnings per share are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(a) Basic earnings per share

	<u>For the three-month period ended June 30,</u>		<u>For the six-month period ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$105,534</u>	<u>\$82,805</u>	<u>\$239,853</u>	<u>\$145,085</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>91,676</u>	<u>82,395</u>	<u>91,393</u>	<u>81,996</u>
Basic earnings per share (NT\$)	<u>\$1.15</u>	<u>\$1.00</u>	<u>\$2.62</u>	<u>\$1.77</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Diluted earnings per shares

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$105,534	\$82,805	\$239,853	\$145,085
Gain or loss on valuation of redemption from convertible bonds	(213)	303	(25)	539
Interest expense from convertible bonds	3,154	1,149	6,315	2,405
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$108,475</u>	<u>\$84,257</u>	<u>\$246,143</u>	<u>\$148,029</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	91,676	82,395	91,393	81,996
Effect of dilution:				
Employee bonus — stock (in thousand shares)	24	5	99	110
Convertible bonds (in thousand shares)	<u>18,960</u>	<u>12,335</u>	<u>19,342</u>	<u>12,734</u>
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	<u>110,660</u>	<u>94,735</u>	<u>110,834</u>	<u>94,840</u>
Diluted earnings per share (in NT\$)	<u>\$0.98</u>	<u>\$0.89</u>	<u>\$2.22</u>	<u>\$1.56</u>

No other transactions that would significantly change the outstanding common stocks or potential common stocks incurred during the period subsequent to reporting date and up to the approval date of financial statements.

(29) Business combination

Acquisition of AvioCast Inc.

To continue the vertical integration of its production supply chain and deepen its aerospace product line, the Group's Board of Directors resolved on March 14, 2024, to purchase 319 thousand shares from AvioCast Inc.'s shareholders, increasing its share interest from 49.03% to 50.23%. The Group gained control and included AvioCast Inc. as part of its consolidated financial statements in April 2024.

The Group has elected to measure the non-controlling interests in AvioCast Inc. based on the proportionate share of the acqutree's identifiable net assets.

The assets and liabilities of AvioCast Inc. as of the acquisition date are as follows:

	<u>Provisional fair value</u>
Assets	
Cash and cash equivalents	\$66,513
Financial assets measured at amortized cost	997
Account receivables	118,679
Other receivables	1,505
Inventories	138,202
Prepayments	37,944
Other current assets	146
Property, plant and equipment	429,091
Right-of-use asset	61,812
Intangible assets	13,201
Deferred tax assets	43,639
Prepayment for equipment	913
Other non-current assets	4,823
Total	<u>917,465</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Provisional fair value</u>
Liabilities	
Short-term loans	\$35,000
Contract liabilities	11,191
Note payables	16,348
Accounts payables	32,375
Other payables	22,691
Lease liabilities	63,535
Other current liabilities	1,394
Long-term loans	<u>608,860</u>
Total	<u>791,394</u>
Total net assets	<u><u>\$126,071</u></u>

AvioCast Inc. contributed NT\$6,783 thousand from the date of acquisition (May 1, 2024) to June 30, 2024 to the profit for the year from continuing operations of the Group. If the combination had taken place at the beginning of that year, revenue from continuing operations would have been NT\$275,978 thousand and the profit for the year from continuing operations for the Group for 2024 would have been NT\$23,681 thousand.

The provisional amount of goodwill for AvioCast Inc. is as follows:

Purchase consideration – cash	\$3,190
Add: Fair value of equity held prior to acquisition date	130,963
Add: Non-controlling interests	62,745
Less: Provisional fair value of identifiable net assets	<u>(126,071)</u>
Provisional goodwill	<u><u>\$70,827</u></u>

Cash consideration

Cash flow on acquisition	
Net cash acquired with the subsidiary	\$66,513
Cash paid	<u>(3,190)</u>
Net cash inflow	<u><u>\$63,323</u></u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The net assets recognized in the financial statements ended June 30, 2024, was based on a provisional assessment of fair value as the Group had sought an independent valuation for the assets held and liabilities assumed by AvioCast Inc. The results of this valuation had not been received at the date the financial statements as of the six-month period ended 30 June 2024, were approved for issue by management.

Acquisition of Top Yes (Suzhou) Precision Industry Co., Ltd

Considering the Group's operational development plans and to strengthen strategic partnerships, the Group participated in the cash capital increase of Top Yes (Suzhou) Precision Industry Co., Ltd. The company completed its cash capital increase in May 2024. As a result, the Group, through its subsidiary Global Tek (Wuxi) Co., Ltd., increased its ownership percentage from 4.11% to 31.21%, and its subsidiary Global Tek Fabrication Co., Ltd. (Samoa) holds 22.10% stake. In May 2024, the Group obtained control and included Top Yes (Suzhou) Precision Industry Co., Ltd. as part of its consolidated financial statements.

The Group has elected to measure the non-controlling interests in Top Yes (Suzhou) Precision Industry Co., Ltd. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The assets and liabilities of Top Yes (Suzhou) Precision Industry Co., Ltd. as of the acquisition date are as follows:

	<u>Provisional fair value</u>
Assets	
Cash and cash equivalents	\$48,676
Note receivables	17,255
Account receivables	44,602
Other receivables	2,574
Inventories	72,283
Prepayments	25,754
Property, plant and equipment	344,623
Right-of-use asset	33,885
Intangible assets	4,744
Other non-current assets	64
Total	<u>594,460</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Provisional fair value</u>
Liabilities	
Short-term loans	\$45,843
Contract liabilities	9,704
Account payables	53,785
Other payables	96,943
Long-term loans	199,301
Total	<u>405,576</u>
Total net assets	<u><u>\$188,884</u></u>

Top Yes (Suzhou) Precision Industry Co., Ltd. contributed NT\$(24,289) thousand from the date of acquisition (May 1, 2024) to June 30, 2024 to the loss for the year from continuing operations of the Group. If the combination had taken place at the beginning of that year, revenue from continuing operations would have been NT\$91,903 thousand and the loss for the year from continuing operations for the Group for 2024 would have been NT\$(46,269) thousand.

The Provisional amount of goodwill for Top Yes (Suzhou) Precision Industry Co., Ltd. is as follows:

Purchase consideration – cash	\$165,215
Add: Fair value of equity held prior to acquisition date	7,762
Add: Non-controlling interests	96,190
Less: Provisional fair value of identifiable net assets	(188,884)
Provisional goodwill	<u><u>\$80,283</u></u>

Cash consideration

Cash flows from acquisition	
Net cash acquired with the subsidiary	\$48,676
Cash paid(Note)	-
Net cash inflow	<u><u>\$48,676</u></u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: The Group invested RMB36,000 thousand (approximately US\$5,669 thousand) in Top Yes (Suzhou) Precision Industry Co., Ltd. during the years 2022 to 2023. Top Yes (Suzhou) Precision Industry Co., Ltd. completed its cash capital increase in May 2024, resulting in the Group's final consolidated ownership ratio of 53.31%. In May 2024, the Group obtained control and included Top Yes (Suzhou) Precision Industry Co., Ltd. in its consolidated financial statements. For further details, please refer to Note 6(9).

The net assets recognized in the financial statements ended June 30, 2024, was based on a provisional assessment of fair value as the Group had sought an independent valuation for the assets held and liabilities assumed by Top Yes (Suzhou) Precision Industry Co., Ltd.. The results of this valuation had not been received at the date the financial statements as of the six-month period ended June 30, 2024, were approved for issue by management.

(30) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and Operation	Jun. 30, 2024
AvioCast Inc.	Taiwan	49.77%
Top Yes (Suzhou) Precision Industry Co., Ltd.	Suzhou	46.69%

Accumulated balances of material non-controlling interest:

	Jun. 30, 2024
AvioCast Inc.	\$66,121
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$75,912

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Profit/(loss) allocated to material non-controlling interest:

	For the three-month period ended June 30,	For the six-month period ended June 30,
	2024	2024
AvioCast Inc.	\$3,376	\$3,376
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$(11,375)	\$(548)

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized AvioCast Inc. and its subsidiary information of profit or loss is as follows:

	For the two-month period ended June 30,
	2024
Operating revenue	\$97,726
Profit/loss from continuing operation	6,783
Total comprehensive income (loss)	6,783

Summarized Top Yes (Suzhou) Precision Industry Co., Ltd. of profit or loss is as follows:

	For the two-month period ended June 30,
	2024
Operating revenue	\$28,354
Profit/loss from continuing operation	(24,289)
Total comprehensive income (loss)	(24,289)

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Summarized AvioCast Inc. and its subsidiary information of financial position is as follows:

	<u>Jun. 30, 2024</u>
Current assets	\$354,824
Non-current assets	537,110
Current liabilities	258,022
Non-current liabilities	501,058

Summarized Top Yes (Suzhou) Precision Industry Co., Ltd. information of financial position is as follows:

	<u>Jun. 30, 2024</u>
Current assets	\$164,046
Non-current assets	378,185
Current liabilities	204,303
Non-current liabilities	175,321

Summarized AvioCast Inc. and its subsidiary cash flows information is as follows:

	<u>For the two -month period ended June 30, 2024</u>
Operating activities	\$80,667
Investing activities	(1,050)
Financing activities	(56,984)
Net increase/(decrease) in cash and cash equivalents	<u><u>\$(22,633)</u></u>

Summarized Top Yes (Suzhou) Precision Industry Co., Ltd. cash flows information is as follows:

	For the two-month period ended June 30, 2024
Operating activities	\$(49,351)
Investing activities	(66,622)
Financing activities	24,838
Net increase/(decrease) in cash and cash equivalents	\$(31,135)

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

<u>Related parties</u>	<u>Relationship</u>
Honda Business Systems Ltd.	Associate
Top Yes Precision Metal Products Co., LTD	Associate
ACTION TOOLING INC.	Associate
BAO LI SHUN CORPORATION	Associate
TONG YEU ENTERPRISE CO., LTD.	Associate
CHANG,KUNG-TIEN	Shareholder of Subsidiary
TSAI,WEN-CHEW	Shareholder of Subsidiary
Top Yes (Suzhou) Precision Industry Co., Ltd.	Associate (Note)
AvioCast Inc.	Associate (Note)

Note: The Group gained control and included AvioCast Inc. and its subsidiaries as part of its consolidated financial statements in April 2024.

The Group gained control and included Top Yes (Suzhou) Precision Industry Co., Ltd. as part of its consolidated financial statements in May 2024.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Significant transactions with related parties

A. Accounts receivable - related parties

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
ACTION TOOLING INC.	\$106,087	\$-	\$-
Less: Loss allowance	(106,087)	-	-
Total	\$-	\$-	\$-

B. Other receivables (excluding financing provided to others)

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$-	\$567	\$561
AvioCast Inc.	-	205	205
Total	\$-	\$772	\$766

C. Loans to related parties

(a) Other accounts receivable - related parties

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$-	\$17,502	\$17,324

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Interest income

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$50	\$188	\$233	\$380

D. Accounts payable - related parties

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
ACTION TOOLING INC.	\$232	\$-	\$-
BAO LI SHUN CORPORATION	4,216	-	-
TONG YEU ENTERPRISE CO., LTD.	1,560	-	-
Total	\$6,008	\$-	\$-

E. Other payables - related parties

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Top Yes Precision Metal Products Co., LTD	\$11,615	\$-	\$-
Honda Business Systems Ltd.	265	-	-
CHANG,KUNG-TIEN	16,443	-	-
TSAI,WEN-CHEW	3,555	-	-
Total	\$31,878	\$-	\$-

F. For the six-month period ended June 30, 2023, the Group entrusted Top Yes (Suzhou) Precision Industry Co., Ltd. to provide labor services and recognized operating cost in the amount of NT\$1,422 thousand.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

G. For the six-month period ended June 30, 2024 and 2023, the Group entrusted AvioCast Inc. to provide labor services and recognized operating revenue in the amount of NT\$780 thousand and NT\$195 thousand, respectively.

H. Salaries and rewards to key management of the Group

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2024	2023	2024	2023
Short-term employee benefit	\$4,684	\$7,748	\$12,680	\$16,811
Post-employment benefit	108	189	216	270
Total	\$4,792	\$7,937	\$12,896	\$17,081

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of			Secured liabilities
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023	
Notes receivables	\$28,155	\$42,858	\$17,128	Collateral for notes receivable account
Financial assets measured at amortized cost-current	57,325	-	-	Collateral for notes receivable account
Financial assets measured at amortized cost-non current	4,687	1,815	1,815	Custom bond and Long-term loans
Land	1,410,612	1,410,612	1,410,612	Long-term loans
Property, plant and equipment-buildings (net)	587,996	95,832	97,357	Short-term and Long-term loans
Property, plant and equipment-machinery (net)	74,583	-	-	Long-term loans
Refundable deposits	5,006	-	-	Long-term plant and land deposits and performance guarantees
Total	\$2,168,364	\$1,551,117	\$1,526,912	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a) As of June 30, 2024, December 31, 2023 and June 30, 2023, the outstanding contracts relating to purchased property, plant and equipment of Global Tek Fabrication Co., Ltd., Global Tek Co., Ltd., Global Tek (Wuxi) Co., Ltd. for business needs were as follows:

Purchased property, plant and equipment	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Global Tek Fabrication Co., Ltd.	\$43,852	\$30,854	\$23,935
Global Tek Co., Ltd.	-	-	2,058
Global Tek (Wuxi) Co., Ltd.	19,949	24,198	51,442
Total	<u>\$63,801</u>	<u>\$55,052</u>	<u>\$77,435</u>

(b) As of June 30, 2024, December 31, 2023 and June 30, 2023, Global Tek Co., Ltd. issued guarantee notes as collateral for the purchase of materials were NT\$88,960 thousand, NT\$88,960 thousand and NT\$92,440 thousand, respectively.

(c) Globaltek (Xi'An) Machinery Manufacturing Co., Ltd. passed the plan to establish an investment casting factory by the board resolution of the Company on November 12, 2021, and the estimated expenditure was RMB 72,000 thousand (including land, plant, supporting facilities machinery and equipment, etc.). However, because the local government of Xi'An could not provide and replace the casting capacity indicators, it is no longer possible to set up a foundry in this area from the perspective of policies and regulations, so the Company's board resolution approved on August 11, 2022 that it intends to invest in the establishment of Global Tek Technology Metal Manufacturing (Shaanxi) Co., LTD. through Global Tek (Xi'An) Co., Ltd. The investment amount was reduced from RMB72,000 thousand to RMB33,000 thousand. As of June 30, 2024, the Group has remitted the investment amount of RMB24,530 thousand.

(d)The Group announced on January 15, 2022 that due to the impact of Covid-19, according to the equity agreement entered into with Malaysia-based Allied Advantage Sdn., the Group has a right to choose not to exercise the second phase share transaction but still retains the 19% equity acquired in the first phase. Since the gain from the original 51% forward contract of the second phase of equity was not realized, the loss of NT\$2,628 thousand from derecognition of the forward purchase contract was recognized. The Group was notified in March 2022 that the seller filed an action with the Taipei District Court in Taiwan, requesting the Group to perform the second phase of share sales and pay a total price of US\$3,968,389. On June 28, 2022, the Taipei District Court in Taiwan delivered Judgment Year 2022 Chong-SU-Zi No., 266 to dismiss the seller's request as its was groundless. After receiving the judgment, Allied Advantage Sdn. Bhd. did not file an appeal within the appeal period.

Additionally, on December 21, 2022, the Group filed a civil action to rescind the contract with the seller, and both parties reached a settlement through mediation at the Taipei District Court on May 15, 2023. The agreement stipulated that Allied Advantage Sdn. Bhd., a Malaysian company, shall pay the Group a sum of MYR4,864 thousand according to the agreed schedule, and the Group shall sell back 1.9 million shares to Allied Advantage Sdn. Bhd. As of June 30, 2024, the Group had received 60% of the payment and transferred 60% of equity to the seller.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Financial asset at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$1,657	\$1,627	\$1,702
Financial assets at fair value through other comprehensive income	80,234	79,925	87,328
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	2,117,816	1,963,288	1,633,388
Financial assets measured at amortized cost	62,012	1,815	1,815
Accounts receivables (including related parties)	1,782,970	1,424,242	1,520,822
Other receivables (including related parties)	65,106	91,509	87,493
Refundable deposits	14,423	11,313	12,261
Total	<u>\$4,124,218</u>	<u>\$3,573,719</u>	<u>\$3,344,809</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of		
	<u>Jun. 30, 2024</u>	<u>Dec. 31, 2023</u>	<u>Jun. 30, 2023</u>
Financial liabilities at amortized cost:			
Short-term loans	\$454,882	\$332,795	\$832,548
Payables	1,537,581	1,306,214	1,322,158
Long-term loans (current portion included)	2,289,463	1,407,550	1,629,100
Bonds payable (current portion included)	385,556	918,630	534,591
Lease liabilities	168,791	118,154	128,915
Guarantee deposits	7,554	5,635	5,629
Total	<u>\$4,843,827</u>	<u>\$4,088,978</u>	<u>\$4,452,941</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. There are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analysis is as follows:

When NTD dollars strengthens/weakens against USD dollars by 1%, the profit for the six-month periods ended June 30, 2024 and 2023 is decreased/increased by NT\$19,351 thousand and NT\$8,093 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments with variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the six-month periods ended June 30, 2024 and 2023 to decrease/increase by NT\$627 thousand and NT\$826 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the unlisted equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the six-month periods ended June 30, 2024 and 2023 by NT\$802 thousand and NT\$873 thousand, respectively.

Please refer Note12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables、notes receivables and lease payment receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The objects of accounts receivable cover a large number of customers, scattered in different industries and geographical regions. The Group evaluates the financial condition of its accounts receivable customers on an ongoing basis.

The Group adopted IFRS 9 to assess the expected credit losses. Except for accounts receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Group makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial instruments

	Less than			Over than	
	1 year	1 to 3years	3 to 5 years	5 years	Total
As of Jun. 30, 2024					
Short-term loans	\$457,723	\$-	\$-	\$-	\$457,723
Long-term loans	383,489	1,944,880	61,964	-	2,390,333
Payables	1,537,581	-	-	-	1,537,581
Convertible bonds	65,600	334,900	-	-	400,500
Lease liabilities (Note)	41,130	55,848	40,139	37,910	175,027
As of Dec. 31, 2023					
Short-term loans	\$335,637	\$-	\$-	\$-	\$335,637
Long-term loans	313,129	629,446	738,205	-	1,680,780
Payables	1,306,214	-	-	-	1,306,214
Convertible bonds	81,600	80,700	800,000	-	962,300
Lease liabilities (Note)	18,534	31,995	28,549	44,420	123,498
As of Jun. 30, 2023					
Short-term loans	\$837,225	\$-	\$-	\$-	\$837,225
Long-term loans	293,886	373,139	1,051,230	-	1,718,255
Payables	1,322,158	-	-	-	1,322,158
Convertible bonds	273,600	269,100	-	-	542,700
Lease liabilities (Note)	23,190	31,305	29,074	51,320	134,889

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

	Due period			
	Less than 1 year	1 to 5 years	6 to 10 years	Total
As of Jun. 30, 2024	\$41,130	\$95,987	\$37,910	\$175,027
As of Dec. 31, 2023	\$18,534	\$60,544	\$44,420	\$123,498
As of Jun. 30, 2023	\$23,190	\$60,379	\$51,320	\$134,889

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation schedule of liabilities arising from financing activities

Reconciliation schedule of liabilities for the six-month period ended June 30, 2024:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of Jan. 1, 2024	\$332,795	\$1,407,550	\$5,635	\$118,154	\$918,630	\$2,782,764
Cash flows	41,244	75,796	1,919	(21,148)	-	97,811
Non-cash changes						
Consolidated entities changes	80,843	808,161	-	63,535	-	952,539
Lease range changes	-	-	-	6,939	-	6,939
Interest expense	-	-	-	1,272	7,895	9,167
Other	-	-	-	-	(540,969)	(540,969)
Exchange differences	-	(2,044)	-	39	-	(2,005)
As of Jun. 30, 2024	<u>\$454,882</u>	<u>\$2,289,463</u>	<u>\$7,554</u>	<u>\$168,791</u>	<u>\$385,556</u>	<u>\$3,306,246</u>

Reconciliation schedule of liabilities for the six-month period ended June 30, 2023:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of Jan. 1, 2023	\$582,345	\$1,294,650	\$4,921	\$149,098	\$593,832	\$2,624,846
Cash flows	250,203	334,450	708	(14,714)	-	570,647
Non-cash changes						
Lease range changes	-	-	-	(6,220)	-	(6,220)
Interest expense	-	-	-	820	3,007	3,827
Other	-	-	-	-	(62,248)	(62,248)
Exchange differences	-	-	-	(69)	-	(69)
As of Jun. 30, 2023	<u>\$832,548</u>	<u>\$1,629,100</u>	<u>\$5,629</u>	<u>\$128,915</u>	<u>\$534,591</u>	<u>\$3,130,783</u>

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Gre Tai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payables and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of		
	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Financial liabilities			
Bonds payable	\$385,556	\$918,630	\$534,591

	Fair value as of		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Financial liabilities			
Bonds payable	\$385,748	\$925,039	\$540,168

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of June 30, 2024

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$1,105	\$-	\$1,105
Funds beneficiary certificates	552	-	-	552
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	80,234	80,234

Financial liabilities:

None.

As of December 31, 2023

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$1,074	\$-	\$1,074
Funds beneficiary certificates	553	-	-	553
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	79,925	79,925

Financial liabilities:

None.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$1,166	\$-	\$1,166
Funds beneficiary certificates	536	-	-	536
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	87,328	87,328

Financial liabilities:

None.

Transfers between Level 1 and Level 2 during the period

For the six-month periods ended June 30, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation process used for fair value measurements categorized within Level 2 of the fair value hierarchy

The convertible corporate bond redemption right is based on the discounted cash flow method, and the future cash flow is estimated based on the stock price volatility in the last year and the annual bond yield rate.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

As of June 30, 2024

	<u>Assets</u>
	<u>Financial asset at fair value through other comprehensive income</u>
	<u>Stock</u>
As of Jan. 1, 2024	\$79,925
Total gains and losses recognized for the six-month period ended June 30, 2024:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	(51)
Exchange differences	360
As of Jun. 30, 2024	<u>\$80,234</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of June 30, 2023

	<u>Assets</u>
	Financial asset at fair value through other comprehensive income
	<u>Stock</u>
As of Jan. 1, 2023	\$88,224
Total gains and losses recognized for the three-month period ended June 30, 2023:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	(1,441)
Exchange differences	<u>545</u>
As of Jun. 30, 2023	<u><u>\$87,328</u></u>

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

<u>Financial instrument category</u>	<u>Valuation techniques and inputs</u>
Domestic private stock investment	The fair value is estimated using the market method, and the determination is based on the industry category, the evaluation of the same type of company and the operating situation.
Foreign private stock investment	Using the income method, the present value of the income expected to be derived from holding the investment is calculated by discounting cash flows.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of June 30, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
Fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	41.38%	The higher the volatility, the higher the fair value of embedded derivatives	1% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$33 and NT\$(100) thousand

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
Fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	38.83%	The higher the volatility, the higher the fair value of embedded derivatives	1% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$232 and NT\$(8) thousand

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of June 30, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities:					
Fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	39.74%	The higher the volatility, the higher the fair value of embedded derivatives	1% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$134 and NT\$(26) thousand

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

The Group's financial department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(C) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed: Investment properties (please refer to Note 6(11))	<u>\$-</u>	<u>\$-</u>	<u>\$78,387</u>	<u>\$78,387</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed: Bonds payables(please refer to Note 6(16))	<u>\$-</u>	<u>\$-</u>	<u>\$385,748</u>	<u>\$385,748</u>

As of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed: Investment properties (please refer to Note 6(11))	<u>\$-</u>	<u>\$-</u>	<u>\$78,387</u>	<u>\$78,387</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed: Bonds payables(please refer to Note 6(16))	<u>\$-</u>	<u>\$-</u>	<u>\$925,039</u>	<u>\$925,039</u>

As of June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities not measured at fair value but for which the fair value is disclosed: Bonds payables(please refer to Note 6(16))	<u>\$-</u>	<u>\$-</u>	<u>\$540,168</u>	<u>\$540,168</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below:

	As of					
	Jun. 30, 2024			Dec. 31, 2023		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$68,211	32.44	\$2,212,977	\$63,134	30.71	\$1,938,651
EUR	6,466	34.70	224,367	3,167	33.98	107,620
RMB	54,203	4.444	240,879	51,137	4.326	221,217
JPY	551,774	0.202	111,238	665,682	0.217	144,520
THB	126,476	0.88	111,489	-	-	-
<u>Financial liabilities</u>						
Monetary items:						
USD	\$5,803	32.44	\$188,253	\$4,749	30.71	\$145,816
EUR	2,002	34.70	69,467	1,199	33.98	40,750
RMB	24,009	4.444	106,687	15,136	4.326	65,477
JPY	3,347	0.202	675	-	-	-
As of						
Jun. 30, 2023						
	Foreign Currencies	Exchange Rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$50,664	31.14	\$1,576,731			
EUR	3,638	33.81	122,996			
RMB	38,958	4.2820	166,848			
JPY	245,098	0.215	52,696			

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of		
	Jun. 30, 2023		
	Foreign	Exchange	
	Currencies	Rate	NTD
<u>Financial liabilities</u>			
Monetary items:			
USD	\$4,196	31.14	\$130,663
EUR	653	33.21	22,062
RMB	9,899	4.2820	42,395

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

The Group's entities' functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain/(loss) were NT\$19,351 thousand and NT\$23,594 thousand for the six-month periods ended June 30, 2024 and 2023, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions:

- a. Financing provided to others for the six-month period ended June 30, 2024: Please refer to Attachment 1.

- b. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2024:
Please refer to Attachment 2.
 - c. Marketable securities held as of June 30, 2024. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.
 - d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the six-month period ended June 30, 2024: None.
 - e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the six-month period ended June 30, 2024: None.
 - f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the six-month period ended June 30, 2024: None.
 - g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the six-month period ended June 30, 2024: Please refer to Attachment 5.
 - h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of June 30, 2024: Please refer to Attachment 6.
 - i. Financial instruments and derivative transactions: None.
 - j. Other: Significant intercompany transactions between the parent with subsidiaries or among subsidiaries were disclosed in Attachment 7.
- (2) Information on investees:
- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

- B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):
- (a) Financing provided to others for the six-month period ended June 30, 2024: None.
 - (b) Endorsement/Guarantee provided to others for the six-month period ended June 30, 2024: None.
 - (c) Marketable securities held as of June 30, 2024. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the six-month period ended June 30, 2024: None.
 - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the six-month period ended June 30, 2024: None.
 - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the six-month period ended June 30, 2024: None.
 - (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the six-month period ended June 30, 2024: Please refer to Attachment 5.
 - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of June 30, 2024: Please refer to Attachment 6.
 - (i) Financial instruments and derivative transactions: None.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in Mainland China:

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2024 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Jun. 30, 2024	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of Jun. 30, 2024	Accumulated Inward Remittance of Earnings as of Jun. 30, 2024
					Outflow	Inflow						
Global Tek (Xi'An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$159,450 (USD5,100)	(2)A	\$111,166 (USD3,642)	\$-	\$-	\$111,166 (USD3,642)	\$36,321 (RMB8,230) (Note2&4)	100%	\$36,321 (RMB8,230) (Note2,4&6)	\$545,745 (RMB122,805) (Note2,4&6)	\$-

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investee company	Main Business and Product	Total Amount of Pain-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2024 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Jun. 30, 2024	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of Jun. 30, 2024	Accumulated Inward Remittance of Earnings as of Jun. 30, 2024
					Outflow	Inflow						
Global Tek (Wuxi) Co., Ltd.	Precision machining of automotive components	\$701,998 (USD22,000)	(2)B	\$494,073 (USD16,378)	\$-	\$-	\$494,073 (USD 16,378)	\$100,230 (RMB22,711) (Note2&4)	100%	\$100,230 (RMB 22,711) (Note2,4&6)	\$1,832,559 (RMB412,367) (Note2,4&6)	\$-
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Sales of industrial automatic control parts and aerospace equipment parts	\$22,115 (RMB5,000)	(2)C	\$-	\$-	\$-	\$-	\$(459) (RMB(104)) (Note2&4)	100%	\$(459) (RMB (104)) (Note2,4&6)	\$47,386 (RMB10,663) (Note2,4&6)	\$-

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Notes to the Consolidated Financial Statements – (Continued)

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Investee company	Main Business and Product	Total Amount of Pain-in Capital (Note 3)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2024 (Note 5)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Jun. 30, 2024	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of Jun. 30, 2024	Accumulated Inward Remittance of Earnings as of Jun. 30, 2024
					Outflow	Inflow						
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$126,620 (RMB28,530) (Note2)	(2)D	\$-	\$-	\$-	\$-	\$(15,014) (RMB(3,402)) (Note2&4)	100%	\$(15,014) (RMB (3,402)) (Note2,4&6)	\$95,115 (RMB21,403) (Note2,4&6)	\$-
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	\$596,509 (RMB134,228)	(2)E	\$146,270 (USD4,724)	\$-	\$-	\$146,270 (USD4,724)	\$(46,269) (RMB (10,484)) (Note2)	53.31%	\$(13,796) (RMB (3,126)) (Note2)	\$166,978 (Note2)	\$-

Global Tek Fabrication Co., Ltd. and subsidiaries

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated Investment in Mainland China as of Jun. 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$802,770 (USD24,744)	\$1,091,545 (USD33,645)	\$2,776,129

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland for investment.

(2) Reinvest in mainland China through a third-region company.

A. Global Tek (Xi'An) Co., Ltd. is 100% owned by Global Tek Co., Ltd. (Samoa)

B. Global Tek (Wuxi) Co., Ltd. is invested by Global Tek Co., Ltd. (Samoa) and Global Tek Fabrication Co., Ltd. (HK) to hold 52.98% and 47.02% of the shares respectively.

C. Global Tek Xi'An Machinery Manufacturing Co., Ltd. is 100% owned by Global Tek (Xi'An) Co., Ltd.

D. Global Tek Metal Manufacturing (Shaanxi) Co., Ltd. is 100% owned by Global Tek (Xi'An) Co., Ltd.

E. In May 2024, Top Yes (Suzhou) Precision Industry Co., Ltd. completed a cash capital increase. The Group increased its ownership percentage from 4.11% to 31.21% through its subsidiary, Global Tek (Wuxi) Co., Ltd., and to 22.10% through its subsidiary, Global Tek Fabrication Co., LTD. (Samoa). The Group's final consolidated ownership percentage reached 53.31%

(3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: It refers to the original investment amount of the original shareholder before the company acquires the equity of the mainland reinvested enterprise.

Note 4: Gain/loss on investment is recognized based on the financial statements which were reviewed by the independent auditors of the parent company in Taiwan.

Note 5: It refers to the original investment amount of the company's transfer investment enterprise in China.

Note 6: Transactions between consolidated entities are eliminated in the consolidated financial statements.

B. Significant transactions with the investees in Mainland China:

- (a) Purchase and accounts payable with the related parties: Please refer to Attachment 7.
- (b) Sales and receivables with the related parties: Please refer to Attachment 7.
- (c) Property transaction amounts and resulting gain or loss: None.
- (d) Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.
- (e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: Please refer to Attachment 1.
- (f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to Attachment 7.
- (g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to Attachment 7.

(4) Information on major shareholders:

Ownership of shares Name	Number of shares held (shares)	Ownership ratio
Ting, Ling-Chuan	11,523,000	11.24%
Haochi Investment Co., Ltd.	8,128,000	7.93%
HsingYing Investment Co., Ltd.	7,854,000	7.66%
Huang, Ya-Hsing	6,226,695	6.07%

14. SEGMENT INFORMATION

(1) For management purposes, the Group is organized into operating segments based on different products and services and has three reportable operating segments as follows:

Automotive products business: precision processing of auto parts and sales.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Industrial Products business: Industrial automatic control parts and sales.

Aerospace products business: Precision machining aerospace equipment parts and sales.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the three-month period ended Jun. 30, 2024</u>					
Revenue					
External customers	\$638,116	\$461,770	\$160,098	\$-	\$1,259,984
Inter-segment	182,543	128,073	-	(310,616)	-
Total revenue	<u>\$820,659</u>	<u>\$589,843</u>	<u>\$160,098</u>	<u>\$(310,616)</u>	<u>\$1,259,984</u>
Segment profit	<u>\$20,539</u>	<u>\$25,710</u>	<u>\$5,939</u>	<u>\$-</u>	\$52,188
Other unallocated amounts					
Non-operating incomes and expenses					69,710
Income before income tax					<u>\$121,898</u>

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Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the three-month period ended Jun. 30, 2023</u>					
Revenue					
External customers	\$506,355	\$454,904	\$58,165	\$-	\$1,019,424
Inter-segment	87,661	89,374	-	(177,035)	-
Total revenue	<u>\$594,016</u>	<u>\$544,278</u>	<u>\$58,165</u>	<u>\$(177,035)</u>	<u>\$1,019,424</u>
Segment profit	<u>\$(11,651)</u>	<u>\$49,023</u>	<u>\$(2,198)</u>	<u>\$-</u>	\$35,174
Other unallocated amounts					
Non-operating incomes and expenses					61,091
Income before income tax					<u>\$96,265</u>
<u>For the six-month period ended Jun. 30, 2024</u>					
Revenue					
External customers	\$1,205,112	\$877,851	\$231,709	\$-	\$2,314,672
Inter-segment	334,326	221,151	-	(555,477)	-
Total revenue	<u>\$1,539,438</u>	<u>\$1,099,002</u>	<u>\$231,709</u>	<u>\$(555,477)</u>	<u>\$2,314,672</u>
Segment profit	<u>\$40,975</u>	<u>\$61,759</u>	<u>\$10,584</u>	<u>\$-</u>	\$113,318
Other unallocated amounts					
Non-operating incomes and expenses					173,169
Income before income tax					<u>\$286,487</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the six-month period ended Jun. 30, 2023</u>					
Revenue					
External customers	\$1,042,447	\$997,854	\$120,938	\$-	\$2,161,239
Inter-segment	191,668	192,867	-	(384,535)	-
Total revenue	<u>\$1,234,115</u>	<u>\$1,190,721</u>	<u>\$120,938</u>	<u>\$(384,535)</u>	<u>\$2,161,239</u>
Segment profit	<u>\$(21,415)</u>	<u>\$134,201</u>	<u>\$(2,528)</u>	<u>\$-</u>	\$110,258
Other unallocated amounts					
Non-operating incomes and expenses					63,917
Income before income tax					<u>\$174,175</u>

Departmental (profit) loss refers to the profit earned by each department, excluding apportioned interest income, gains and losses from disposal of real estate, plant and equipment, net (profit) losses from foreign currency exchange, financial instrument evaluation gains and losses, financial costs, and income tax expenses. This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

Information on assets and liabilities of the reportable segment.

	Automotive products business	Industrial Products business	Aerospace products business	unallocated assets	Consolidated
As of Jun. 30, 2024					
Segment assets	<u>\$2,930,765</u>	<u>\$3,045,426</u>	<u>\$931,884</u>	<u>\$3,037,693</u>	<u>\$9,945,768</u>
As of Dec. 31, 2023					
Segment assets	<u>\$2,387,426</u>	<u>\$2,987,051</u>	<u>\$176,018</u>	<u>\$2,774,811</u>	<u>\$8,325,306</u>
As of Jun. 30, 2023					
Segment assets	<u>\$2,344,486</u>	<u>\$3,145,587</u>	<u>\$161,387</u>	<u>\$2,458,692</u>	<u>\$8,110,152</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Financing provided to others

For the six-month periods ended June 30, 2024

Attachment 1

(In Thousands of Foreign Currency/New Taiwan Dollars)

NO. (Note 1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd	Global Tek GmbH	Other receivables	YES	\$3,817 (EUR 110)	\$3,817 (EUR 110)	\$3,817	5.00%	2	\$-	Business turnover	\$-	None	\$-	\$925,376	\$1,850,753
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	\$35,552 (CNY 8,000)	\$17,776 (CNY 4,000)	\$17,776	3.45%	2	\$-	Business turnover and factory construction	\$-	None	\$-	\$366,512	\$733,024
2	Global Tek GmbH	Formtechnology GmbH	Other receivables	None	\$3,817 (EUR 110)	\$3,817 (EUR 110)	\$3,817	7.50%	2	\$-	Business turnover	\$-	None	\$-	\$4,712	\$9,424
3	ALTEMIS INC.	AvioCast Inc.	Other receivables	YES	\$6,000	\$-	\$-	2.00%	2	\$-	Business turnover	\$-	None	\$-	\$6,198	\$6,198

Note 1: Global Tek Fabrication Co. Ltd. and subsidiaries are coded as follows:

- 1.Global Tek Fabrication Co. Ltd. is coded "0".
- 2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

- 1.Need for operating is coded "1".
- 2.Need for short term financing is coded "2".

Note 3: The total amount of the Company's funds lent to others shall not exceed 20% of the Company's latest net worth indicated in the financial statements audited or reviewed by a certified accountant. The limit for each borrower is determined according to the reason as follows:

- (1) For those who have business relationship with the Company, the individual loan amount shall not exceed the higher of the purchase or sales amount of the Company as of the time the loan is extended for the most recent year or the current year.
- (2) When there is a need for short-term financing, the amount of financing shall not exceed 40% of the Company's latest net worth indicated in the financial statements audited or reviewed by a certified accountant.

The financing amount mentioned in the preceding paragraph refers to the cumulative balance of the Company's short-term financing funds.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Endorsement/Guarantee provided to others

For the six-month periods ended June 30, 2024

Attachment 2

(In Thousands of Foreign Currency/New Taiwan Dollars)

NO. (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Amount Actually Drawn (Note6)	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note3)	Endorsement provided by parent company to subsidiaries (Note7)	Endorsement provided by subsidiaries to parent company (Note7)	Endorsement provided to entities in China (Note7)
		Name	Nature of Relationship (Note2)										
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Subsidiary	\$925,376	\$311,080	\$222,200	\$133,320	\$-	4.80%	\$2,313,441	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Subsidiary	\$925,376	\$75,548	\$31,108	\$-	\$-	0.67%	\$2,313,441	Y	N	Y

Note1 : Global Tek Fabrication Co., Ltd. and its subsidiaries are coded as follows:

- 1.Global Tek Fabrication Co., Ltd. is coded "0".
- 2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the above table.

Note2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: The company should fill in the endorsement guarantee limit for individual objects and the maximum endorsement guarantee limit set by the company in accordance with the endorsement guarantee operation procedures for others.

According to the company's "endorsement guarantee operation procedures", the company's external endorsement The total amount of certificates shall not exceed 50% of the current net value. The amount of endorsement guarantee for a single enterprise shall not exceed 20% of the current net value.

Note 4: The maximum balance of endorsement guarantee for others in the current year.

Note 5: In the end of the year, when the company signs an endorsement guarantee contract with the bank or the amount of the bill is approved, it will assume the endorsement or guarantee responsibility;
other related endorsement guarantees should be included in the endorsement guarantee balance.

Note 6: The actual expenditure amount of the endorsed guarantee company within the scope of the endorsement guarantee balance should be entered.

Note 7: Y must be filled in only for the endorsement of the parent company of the listed company to the subsidiary, the endorsement of the subsidiary to the parent company of the listed company, and the endorsement certificate of the mainland area.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of June 30, 2024

Attachment 3

(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name	Relationship	Financial Statement Account	As of June 30, 2024				Note
				Shares/Units	Book Value	Percentage of ownership (%)	Fair value	
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Techplasma Technology Co., Ltd.	-	Financial asset at fair value through other comprehensive income, noncurrent	1,266,960	<u>\$50,047</u>	3.81%	<u>\$50,047</u>	Unlisted (counter) company stocks
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Allied Advantage Sdn, Bhd.	-	Financial asset at fair value through other comprehensive income, noncurrent	-	<u>\$12,837</u>	7.60%	<u>\$12,837</u>	Unlisted (counter) company stocks
Global Tek GmbH	<u>Stock</u> Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income, noncurrent	-	<u>\$17,350</u>	10.00%	<u>\$17,350</u>	Unlisted (counter) company stocks
Global Tek Co., Ltd.	Money market funds: Neuberger Investment Fund - NB High Yield Bond Securities Fund T Weekly Dividend Stocks (AUD)	-	Financial assets at fair value through profit or loss	4,749	<u>\$552</u>	-%	<u>\$552</u>	

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Global Tek Fabrication Co., Ltd. and Subsidiaries
Name, locations and related information (Excluding Investees in Mainland China)
As of June 30, 2024

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor Company	Investee Company	Address	Main businesses and products	Original Investment Amount		Investments as of June 30, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value			
Global Tek Fabrication Co., Ltd.	Global Tek Co., Ltd.	Taoyuan County, Taiwan	Auto parts precision processing	\$200,000	\$200,000	20,000,000 shares	100.00%	\$279,744	\$42,809	\$42,809	Note
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 25,795	USD 25,795	-	100.00%	\$2,388,651	\$131,480	\$137,730 (NOTE 1)	Note
Global Tek Fabrication Co., Ltd.	Global Tek GmbH	Bavaria, Germany	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	EUR 525	EUR 525	-	100.00%	\$23,559 EUR 679	\$855 EUR 25	\$855 EUR 25	Note
Global Tek Fabrication Co., Ltd.	AvioCast Inc.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$147,028	\$119,088	13,461,000 shares	50.23%	\$137,560	\$23,681	\$9,853 (NOTE 2)	Note1 & 3
Global Tek Fabrication Co., Ltd.	Global Tek 株式会社	Japan	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	JPY 27,000,000	-	2,700,000 shares	90.00%	\$704	\$(5,480) (JPY 26,118)	\$(4,932) (JPY 23,506)	Note
Global Tek Fabrication Co., Ltd.	Global Tek GROUP(THAI) Co., Ltd.	Thailand	Auto parts precision processing	THB 60,001,000	-	600,000 shares	100.00%	\$52,332 THB 59,366	\$(560) (THB 635)	\$(560) (THB 635)	Note
Global Tek Fabrication Co., Ltd.	Global Tek AVIATION(THAI) Co., Ltd.	Thailand	Aerospace equipment parts precision processing	THB 15,000,000	-	1,500,000 shares	100.00%	\$13,202 THB 14,977	\$(20) (THB 23)	\$(20) (THB 23)	Note
Global Tek Co., Ltd.	GP TECH, INC.	American Little	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	USD 20	USD 20	-	100.00%	\$3,111 USD 96	\$136 USD 4	\$136 USD 4	Note
Global Tek Fabrication Co., Ltd. (Samoa)	GLOBAL TEK CO., LTD. (Samoa)	APIA, SAMOA	Investing activities	USD 13,150	USD 13,150	-	100.00%	\$1,392,594	\$87,410	\$87,410	Note
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	\$864,582	\$53,104	\$49,259	Note
Global Tek Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	\$67,481	\$53,104	\$3,845	Note
AvioCast Inc.	ALTEMIS INC.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$15,086	\$8,232	1,680,000 shares	100.00%	\$15,496	\$(318)	\$(318)	Note3

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

Note1: Including investment gain recognized under equity method amounted to NT\$131,480 thousand and realized profit on transaction between subsidiaries amounted to NT\$30,197 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(24,139) thousand and realized profit on transaction between subsidiaries amounted to NT\$748 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(647) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,438) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,529 thousand.

Note 2: Including investment loss recognized under equity method amounted to NT\$3,407 thousand and premium amortization of NT\$1,394 thousand.

Note 3: The Group acquired 12.31% equity in AvioCast Inc. for NT\$24,750 thousand in March 2024; and subsequently increased its equity by an additional 1.19% for NT\$3,190 thousand in April 2024, which brings the total equity acquired in the company to 50.23%, granting control and including the company as a part of the Group's consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Related party transactions for purchases and sales amount exceeding the lower of NT\$100 million or 20 percent of capital stock

For the six-month periods ended June 30, 2024

Attachment 5

(In Thousands of New Taiwan Dollars)

Purchase (sales) company	Counterparty	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivables (payables)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total receivables (payables)(%)	
Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Associate	Purchases	\$128,531	29%	90 days after monthly dosing	Same as general trading conditions	Same as general trading conditions	Accounts payables \$(88,914)	27%	Note
Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Associate	Purchases	\$334,326	57%	90 days after monthly dosing	Same as general trading conditions	Same as general trading conditions	Accounts payables \$(234,157)	53%	Note

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Receivable from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

As of June 30, 2024

Attachment 6

(In Thousands of Foreign Currency / New Taiwan Dollars)

Company	Counterparty	Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in	Loss Allowance
					Amount	Action Taken	Subsequent Periods	
Global Tek (Wuxi) Co., Ltd.	Global Tek Co., Ltd.	Associate	<u>\$234,157</u> (Note 1&2)	<u>3.50</u>	<u>\$-</u>	-	<u>\$48,945</u>	<u>\$-</u>

Note 1 : Accounts receivables.

Note 2 : Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Global Tek Fabrication Co., Ltd. and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
For the six-month periods ended June 30, 2024

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

No	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
	<u>2024.01.01 ~ 2024.06.30</u>						
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Other revenue	\$(7,595)	Note 5	(0.33)%
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Operating costs	128,531	No difference compared with general manufacturers	5.55%
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Account payables	88,914	No difference compared with general manufacturers	0.89%
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Other receivables	17,702	-	0.18%
1	Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd	3	Account receivables	13,703	No difference compared with general client	0.14%
1	Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd	3	Sales revenue	80,942	No difference compared with general client	3.50%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Other receivables	28,947	-	0.29%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Account payables	234,157	No difference compared with general manufacturers	2.35%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Operating costs	334,326	No difference compared with general manufacturers	14.44%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Other revenue	(40,796)	Note 6	(1.76)%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

- (1) Parent company is coded "0".
- (2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

- (1) From the parent company to a subsidiary.
- (2) From a subsidiary to the parent company.
- (3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4: The foreign currency amount is converted into NT dollars based on the exchange rate on the balance sheet date.

Note 5: Global Tek Fabrication Co., Ltd. purchases some production consumables on behalf of the mainland subsidiary.

Note 6: Global Tek Co., Ltd. purchases some production consumables on behalf of the mainland subsidiary.