

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

Ticker: 4566

**GLOBAL TEK FABRICATION CO., LTD.
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2024 AND 2023
AND FOR THE YEARS THEN ENDED**

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The reader is advised that these parent-company-only 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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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent-company-only balance sheets of Global Tek Fabrication Co., Ltd. (the “Company”) as of December 31, 2024 and 2023, the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as “the parent-company-only financial statements”).

In our opinion, based on the results of our audits and the reports of other auditors (please refer to the Other Matter—Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2024 and 2023, and its parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounted to NT\$1,606,209 thousand for the year ended December 31, 2024, which was a significant account to the Company's financial statements. The Company set up shipping warehouse at the customer's place. The inventory transfer involves the timing of fulfilling performance obligation and needs to be determined based on conditions enacted in the main sales contracts or sales orders. We therefore concluded that there are significant risks with respect to revenue recognition. Our audit procedures therefore include, but not limit to, evaluating the appropriateness of accounting policy regarding revenue recognition, assessing and testing the effectiveness of relevant internal controls related to the determination of revenue amount in the sales cycle, selecting samples from sales breakdown to perform test of details, including checking the consistency of the timing of revenue recognition and performance obligation satisfaction stated in the sale orders or agreements, selecting samples to execute sale cut-off tests for a period before and after the balance sheet date and verify the related certificates to confirm the reasonableness of the timing of transaction. We have also evaluated the appropriateness of the related operating revenue disclosures in Notes 4 and 6 to the parent-company-only financial statements.

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

We did not audit the financial statements of certain investees of the Company, which were audited by other independent auditors. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the reports of other auditors. The investment in those investees accounted for using the equity method amounting to NT\$160,851 thousand and NT\$98,204 thousand as of December 31, 2024 and 2023, respectively, representing 2.25% and 1.43% of the Company's total assets, respectively, the related shares of income before tax from the investees using the equity method for the years then ended amounting to NT\$19,014 thousand and NT\$3,033 thousand, respectively, representing 6.65% and 1.10% of the Company's income before tax, respectively, and the related shares of other comprehensive income from the investees using the equity method for the years then ended both amounting to NT\$0, representing 0% of the other comprehensive income, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such Internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Cheng, Ching-Piao

/s/Fu, Wen-Fang

Ernst & Young
March 13, 2025
Taipei, Taiwan,
Republic of China

Notices to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Balance Sheets

As of December 31, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Assets		2024		2023	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$1,215,517	17	\$1,258,028	19
1110	Financial assets at fair value through profit or loss	4, 6(2)	-	-	49	-
1150	Notes receivables, net	4, 6(5)	7,169	-	9,966	-
1170	Accounts receivables, net	4, 6(6)	329,954	5	304,475	5
1197	Financing lease payments receivable, net	4, 6(7)	3,043	-	7,266	-
1200	Other receivables		22,865	-	15,315	-
1210	Other receivables - related parties	7	19,721	-	22,490	-
1310	Inventories, net	4, 6(8)	456,667	7	522,638	8
1410	Prepayments	7	21,354	-	23,948	-
1470	Other current assets	7	6,508	-	6,322	-
11xx	Total current assets		<u>2,082,798</u>	<u>29</u>	<u>2,170,497</u>	<u>32</u>
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	203	-	1,025	-
1517	Financial assets at fair value through other comprehensive income	4, 6(3)	48,666	1	62,935	1
1535	Financial assets measured at amortized cost	4, 6(4), 8	3,700	-	1,700	-
1550	Investment accounted for under equity method	4, 6(9)	3,023,297	42	2,608,230	38
1600	Property, plant and equipment	4, 6(10), 8, 9	1,766,613	25	1,776,289	26
1755	Right-of-use assets	4, 6(22)	103,929	1	114,400	2
1780	Intangible assets	4, 6(11)	17,614	-	10,873	-
1840	Deferred tax assets	4, 6(26)	50,732	1	68,522	1
1915	Prepayment for equipment		43,280	1	31,003	-
194D	Long-term financing lease payments receivable	4, 6(7)	3,551	-	7,439	-
1990	Other non-current assets	6(12)	3,579	-	7,879	-
15xx	Total non-current assets		<u>5,065,164</u>	<u>71</u>	<u>4,690,295</u>	<u>68</u>
1xxx	Total Assets		<u>\$7,147,962</u>	<u>100</u>	<u>\$6,860,792</u>	<u>100</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Balance Sheets-(Continued)

As of December 31, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity		2024		2023	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(13)	\$30,000	-	\$-	-
2130	Contract liabilities	4, 6(20)	18,210	-	7,732	-
2150	Notes payables		520	-	441	-
2170	Accounts payables		232,009	4	148,558	3
2180	Accounts payables - related parties	7	73,516	1	69,707	1
2200	Other payables	6(14)	208,381	3	168,562	3
2220	Other payables - related parties	7	3,782	-	6,036	-
2230	Current income tax liabilities	4	6,073	-	31,113	-
2280	Lease liabilities	4, 6(22)	17,691	-	15,700	-
2321	Current portion of bonds payable	4, 6(15)	100	-	81,088	1
2322	Current portion of long-term loans	4, 6(16), 8	203,000	3	86,883	1
2399	Other current liabilities		1,861	-	2,135	-
21xx	Total current liabilities		<u>795,143</u>	<u>11</u>	<u>617,955</u>	<u>9</u>
	Non-current liabilities					
2530	Corporate bonds payable	4, 6(15)	44,587	1	837,542	12
2540	Long-term loans	4, 6(16), 8	1,196,834	17	1,320,667	19
2570	Deferred income tax liabilities	4, 6(26)	60,332	1	51,476	1
2580	Lease liabilities	4, 6(22)	89,865	1	100,516	2
2600	Other non-current liabilities	4, 6(17), 6(18)	1,596	-	2,218	-
25xx	Total non-current liabilities		<u>1,393,214</u>	<u>20</u>	<u>2,312,419</u>	<u>34</u>
2xxx	Total liabilities		<u>2,188,357</u>	<u>31</u>	<u>2,930,374</u>	<u>43</u>
31xx	Equity	6(19)				
3100	Capital					
3110	Common stock		1,097,208	15	910,414	13
3200	Capital surplus	6(19)	2,805,479	39	2,109,225	31
3300	Retained earnings	6(19)				
3310	Legal reserve		181,468	3	155,987	2
3320	Special reserve		96,677	1	72,027	1
3350	Unappropriated earnings		805,198	11	779,442	11
3400	Other components of equity		(26,425)	-	(96,677)	(1)
3xxx	Total equity		<u>4,959,605</u>	<u>69</u>	<u>3,930,418</u>	<u>57</u>
3x2x	Total liabilities and equity		<u>\$7,147,962</u>	<u>100</u>	<u>\$6,860,792</u>	<u>100</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

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

Code	Accounts	Notes	2024		2023	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(20), 7	\$1,606,209	100	\$1,663,062	100
5000	Operating costs	7	<u>(1,308,111)</u>	<u>(81)</u>	<u>(1,381,072)</u>	<u>(83)</u>
5900	Gross profit		<u>298,098</u>	<u>19</u>	<u>281,990</u>	<u>17</u>
	Operating expenses	7				
6100	Sales and marketing		(163,666)	(11)	(167,615)	(10)
6200	General and administrative		(128,807)	(8)	(123,526)	(8)
6300	Research and development		(32,908)	(2)	(23,416)	(1)
6450	Expected credit gains (losses)	6(21)	<u>51</u>	<u>-</u>	<u>2,078</u>	<u>-</u>
6000	Total operating expenses		<u>(325,330)</u>	<u>(21)</u>	<u>(312,479)</u>	<u>(19)</u>
6900	Operating income (loss)		<u>(27,232)</u>	<u>(2)</u>	<u>(30,489)</u>	<u>(2)</u>
	Non-operating incomes and expenses	6(24), 7				
7100	Interest incomes		51,288	3	39,188	2
7010	Other incomes		56,189	4	58,629	4
7020	Other gains and losses		85,736	6	(12,665)	(1)
7050	Finance costs		(41,849)	(3)	(40,793)	(2)
7060	Share of profit or loss of subsidiaries, associates and joint ventures		161,991	10	262,083	16
	accounted for under the equity method					
7000	Total non-operating income and expenses		<u>313,355</u>	<u>20</u>	<u>306,442</u>	<u>19</u>
7900	Income before income tax		286,123	18	275,953	17
7950	Income tax expense	4, 6(26)	<u>(29,766)</u>	<u>(2)</u>	<u>(13,700)</u>	<u>(1)</u>
8200	Net income		<u>256,357</u>	<u>16</u>	<u>262,253</u>	<u>16</u>
8300	Other comprehensive income (loss)	6(25)				
8310	Items that not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans		71	-	48	-
8316	Unrealized gain (loss) on equity instrument investment measured		(19,195)	(1)	4,069	-
	at fair value through other comprehensive income					
8320	Share of other comprehensive income of associates and joint ventures		2,242	-	(3,361)	-
	accounted for under the equity method					
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		<u>69,432</u>	<u>4</u>	<u>(32,845)</u>	<u>(2)</u>
8300	Total other comprehensive income (loss), net of tax		<u>52,550</u>	<u>3</u>	<u>(32,089)</u>	<u>(2)</u>
8500	Total comprehensive income		<u>\$308,907</u>	<u>19</u>	<u>\$230,164</u>	<u>14</u>
9750	Earnings per share - basic (in NT\$)	6(27)	<u>\$2.56</u>		<u>\$3.04</u>	
9850	Earnings per share - diluted (in NT\$)	6(27)	<u>\$2.39</u>		<u>\$2.77</u>	

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2024 and 2023

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	Common Stock	Capital Surplus	Retained Earnings			Other Components of equity		3XXX
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
		3100	3200	3310	3320	3350	3410	3420	
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
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve			42,056		(42,056)			-
B3	Special reserve				(17,259)	17,259			-
B5	Cash dividends - common shares					(173,000)			(173,000)
C5	Equity component of convertible bonds issued by the Company		88,605						88,605
D1	Net income for 2023					262,253			262,253
D3	Other comprehensive income (loss) for 2023					(3,313)	(32,845)	4,069	(32,089)
D5	Total comprehensive income (loss)	-	-	-	-	258,940	(32,845)	4,069	230,164
I1	Conversion of convertible bonds	100,351	337,008						437,359
Q1	Proceeds from disposal of equity instruments measured at fair value through other comprehensive income					(4,126)		4,126	-
Z1	Balance as of December 31, 2023	910,414	2,109,225	155,987	72,027	779,442	(109,329)	12,652	3,930,418
	Appropriation and distribution of 2023 earnings								
B1	Legal reserve			25,481		(25,481)			-
B3	Special reserve				24,650	(24,650)			-
B5	Cash dividends - common shares					(131,000)			(131,000)
D1	Net income for 2024					256,357			256,357
D3	Other comprehensive income (loss) for 2024					2,313	69,432	(19,195)	52,550
D5	Total comprehensive income (loss)	-	-	-	-	258,670	69,432	(19,195)	308,907
I1	Conversion of convertible bonds	186,794	696,254						883,048
M7	Changes in ownership interests in subsidiaries					(31,768)			(31,768)
Q1	Proceeds from disposal of equity instruments measured at fair value through other comprehensive income					(20,015)		20,015	-
Z1	Balance as of December 31, 2024	<u>\$1,097,208</u>	<u>\$2,805,479</u>	<u>\$181,468</u>	<u>\$96,677</u>	<u>\$805,198</u>	<u>\$(39,897)</u>	<u>\$13,472</u>	<u>\$4,959,605</u>

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.
Parent-Company-Only Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2024	2023	Code	Item	2024	2023
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$286,123	\$275,953	B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(5,193)
A20000	Adjustments:			B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	13,382	19,332
A20010	Income and expense adjustments:			B00040	Acquisition of financial assets measured at amortized cost	(2,000)	-
A20100	Depreciation (including right-of-use assets)	71,811	77,588	B00050	Proceeds from disposal of financial assets measured at amortized cost	-	830
A20200	Amortization	4,143	2,797	B01800	Acquisition of investment accounted for under equity method	(271,134)	(189,599)
A20300	Expected credit losses (gain)	(51)	(2,078)	B02700	Acquisition of property, plant and equipment	(12,364)	(15,235)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	871	539	B02800	Proceeds from disposal of property, plant and equipment	7,157	243
A20900	Interest expense	41,849	40,793	B03700	Decrease (increase) in refundable deposits	4,300	1,123
A21200	Interest income	(51,288)	(39,188)	B04500	Acquisition of intangible assets	(4,378)	(5,800)
A21300	Dividend income	(1,267)	(1,206)	B06000	Decrease (increase) in financing lease payments receivable	8,350	30,353
A22300	Share of profit or loss of subsidiaries associates and joint ventures accounted for under the equity method	(161,991)	(262,083)	B07100	Increase in prepayments for equipment	(51,700)	(28,029)
A22500	Loss (gain) on disposal of property, plant and equipment	527	1,637	BBBB	Net cash provided by (used in) investing activities	(308,387)	(191,975)
A23100	Loss (gain) on disposal of investment	(2,461)	-				
A29900	Loss (gain) on inventory valuation	11,700	13,436	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on lease modification	-	2,024	C00100	Increase in (repayment of) short-term loans	30,000	(200,000)
A30000	Changes in operating assets and liabilities:			C01200	Issuance of corporate bonds	-	849,209
A31130	Notes receivables	2,797	(1,629)	C01600	Increase in long-term loans	100,000	456,000
A31150	Accounts receivables	(24,854)	280,348	C01700	Repayment of long-term loans	(107,716)	(343,100)
A31180	Other receivables	(8,445)	17,043	C03000	Increase (decrease) in guarantee deposits	(268)	(233)
A31190	Other receivables - related parties	2,195	79,595	C04020	Cash payments for the principal portion of the lease liabilities	(18,668)	(25,257)
A31200	Inventories	54,271	133,074	C04500	Cash dividends paid	(131,000)	(173,000)
A31230	Prepayments	2,594	(4,723)	CCCC	Net cash provided by (used in) financing activities	(127,652)	563,619
A31240	Other current assets	(186)	(6,161)				
A32125	Contract liabilities	10,478	(2,065)	EEEE	Increase (decrease) in cash and cash equivalents	(42,511)	625,081
A32130	Notes payables	79	441	E00100	Cash and cash equivalents at beginning of period	1,258,028	632,947
A32150	Accounts payables	83,451	(273,351)	E00200	Cash and cash equivalents at end of period	\$1,215,517	\$1,258,028
A32160	Accounts payables - related parties	3,809	11,129				
A32180	Other payables	34,292	(141,917)				
A32190	Other payables - related parties	(2,254)	258				
A32230	Other current liabilities	(274)	248				
A32240	Net defined benefit liabilities	(265)	(241)				
A33000	Cash generated from (used in) operations	357,654	202,261				
A33100	Interest received	51,944	33,928				
A33200	Dividend received	61,347	91,938				
A33300	Interest paid	(31,276)	(33,984)				
A33500	Income tax paid	(46,141)	(40,706)				
AAAA	Net cash provided by (used in) operating activities	393,528	253,437				

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

Global Tek Fabrication Co., Ltd.

Notes to the Parent-Company-Only Financial Statements

As of December 31, 2024 and 2023 and For the years 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 PROCEDURES OF AUTHORIZATION FOR FINANCIAL STATEMENTS FOR ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on March 13, 2025.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

(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 Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	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
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

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

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

- (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.

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

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

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

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

IFRS 18 replaces IAS 1 Presentation of Financial Statements. 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) Amendments 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) Amendments to IFRS 7

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

(3) Amendments 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) Amendments 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) Amendments to IFRS 10

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

(6) Amendments to IAS 7

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

(g) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company 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 Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

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

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

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

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

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

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

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

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

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

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

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

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

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

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

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

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease payments receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

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

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

Compound instruments

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

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

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

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

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

Financial liabilities

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

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Fair value measurement

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

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

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

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

(9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows.

Raw materials - At actual purchase cost, using weighted average method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rending of service is accounted in accordance with IFRS 15 but not within the scope of inventories.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

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

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

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

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

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

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3~51 years
Machinery and equipment	1~10 years
Transportation equipment	3~5 years
Office equipment	2~5 years
Other equipment	1~10 years
Leasehold improvements	3~15 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

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

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

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

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

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

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

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

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

(13) Intangible assets

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

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

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

A summary of the policies information applied to the Company's accounting policies for intangible assets is as follows:

	Computer Software
Useful life	3~5 years
Amortization method used	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (company of units), then to the other assets of the unit (company of units) pro rata on the basis of the carrying amount of each asset in the unit (company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

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

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

(15) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is cars, industry and aviation parts and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Company's sale of goods is from 60 to 120 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

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

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

(16) Post-employment benefits

All regular employees of the Company are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Income tax

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

Current income tax

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

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

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; 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.

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

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

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

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to 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 liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

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.

5.SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(a)Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b)Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

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

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

(c) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. The assumptions and models used for measuring pension cost and defined benefit obligation are disclosed in Note 6(18).

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2024	2023
Cash and petty cash	\$727	\$508
Checking and savings	509,719	317,481
Time deposit (Note)	705,071	940,039
Total	<u>\$1,215,517</u>	<u>\$1,258,028</u>

Note: The contract will expire within three months and it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

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

	As of December 31,	
	2024	2023
Mandatorily measured at fair value through profit or loss:		
Convertible corporate bond redemption rights	<u>\$203</u>	<u>\$1,074</u>
Current	<u>\$-</u>	<u>\$49</u>
Non-current	<u>\$203</u>	<u>\$1,025</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 December 31,	
	2024	2023
Equity instruments investments measured at fair value through other comprehensive income—		
Non-current:		
Unlisted companies stocks		
Techplasma Technology Co., Ltd.	\$48,666	\$50,047
Allied Advantage Sdn Bhd	-	12,888
Total	<u>\$48,666</u>	<u>\$62,935</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.

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

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

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

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

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2024 and 2023 are as follow:

	For the ended of December 31,	
	2024	2023
The fair value of the investments at the date of derecognition	\$13,382	\$19,322
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	(2,257)	(4,126)

(d)The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income amount to NT\$1,267 thousand and NT\$1,206 thousand for the years ended December 31, 2024 and 2023, respectively.

(4)Financial assets measured at amortized cost

	As of December 31,	
	2024	2023
Restricted of deposits	\$3,700	\$1,700
Time deposits of more than three months	-	-
Total	<u>\$3,700</u>	<u>\$1,700</u>
Current	<u>\$-</u>	<u>\$-</u>
Non-current	<u>\$3,700</u>	<u>\$1,700</u>

The Company transacts with financial institution with good credit rating. Consequently, there is no significant credit risk.

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

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

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

(5)Notes receivable

	As of December 31,	
	2024	2023
Notes receivable arising from operating activities	\$7,169	\$9,966
Less: loss allowance	-	-
Total	\$7,169	\$9,966

Notes receivable were not pledge.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(21) for more details on loss allowance and Note 12 for more details on credit risk.

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

(a)Accounts receivable, net

	As of December 31,	
	2024	2023
Accounts receivable, gross	\$331,314	\$306,460
Less: loss allowance	(1,360)	(1,985)
Total	\$329,954	\$304,475

(b)Accounts receivables were not pledged.

(c)Accounts receivable are generally on 60-120 day terms. The total carrying amount for the years ended December 31, 2024 and 2023, were NT\$331,314 thousand and NT\$306,460 thousand, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the years ended December 31, 2024 and 2023, respectively. Please refer to Note 12 for more details on credit risk management.

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

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

(7) Financial lease payments receivable

	As of December 31,			
	2024		2023	
	Net investment in leases	Present value of receivables on minimum lease payments	Net investment in leases	Present value of receivables on minimum lease payments
Not more than one year	\$3,155	\$3,043	\$7,508	\$7,266
More than one year but less than five years	3,613	3,551	7,611	7,439
Total non-discounted lease payments	6,768	\$6,594	15,119	\$14,705
Less: Unearned finance income	(174)		(414)	
Gross investment in the lease (Financing lease payments receivable)	\$6,594		\$14,705	
Current	\$3,043		\$7,266	
Non-current	3,551		7,439	
Total	\$6,594		\$14,705	

(a) Financial lease payments receivable were not pledged.

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

The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of December 31, 2024 and 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 Company shall not sell or re-pledge the collateral unless the lessee defaults.

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

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

(c)The Company adopts the simplified approach of IFRS 9 to measure the allowance loss of lease receivables based on expected credit losses during the duration. Lease receivables are secured by leased equipment. As of December 31, 2024 and 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 Company believes that the above-mentioned lease receivables have no impairment.

(8)Inventory

(a)Details of inventory are listed below

	As of December 31,	
	2024	2023
Raw material	\$70,995	\$93,972
Work in process	127,437	123,921
Finished goods	205,128	239,707
Merchandises	53,107	65,038
Total	<u>\$456,667</u>	<u>\$522,638</u>

(b)The cost of inventories recognized in expenses amounted to NT\$1,308,111 thousand and NT\$1,381,072 thousand for the years ended December 31, 2024 and 2023, respectively. The following losses were included in cost of sales :

Item	For the year ended December 31,	
	2024	2023
Loss from inventory market decline	\$11,700	\$13,436
Unallocated manufacturing overhead	30,599	31,439
Loss from inventory write-off obsolescence	2,977	18,409
Loss (Gain) from inventory physical count	-	(685)
Total	<u>\$45,276</u>	<u>\$62,599</u>

(c)The inventories were not pledged.

Global Tek Fabrication Co., Ltd.

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

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

(9) Investments accounted for under the equity method

Investee companies	As of December 31,				Note
	2024		2023		
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	
Investments in subsidiaries:					
Global Tek Co., Ltd.	\$300,731	100.00%	\$296,886	100.00%	
Global Tek Fabrication Co., Ltd. (Samoa)	2,362,223	100.00%	2,190,911	100.00%	
Global Tek GmbH	2,726	100.00%	22,229	100.00%	
GLOBAL TEK GROUP (THAI) CO., LTD.	142,377	100.00%	-	-%	Note
GLOBAL TEK AVIATION (THAI) CO., LTD.	57,434	100.00%	-	-%	Note1
AvioCast Inc.	160,851	59.56%	-	-%	
GLOBAL TEK 株式会社	(3,045)	90.00%	-	-%	Note2
Subtotal	3,023,297		2,510,026		
Investment in associates:					
AvioCast Inc.	-	-%	98,204	36.72%	
Total	\$3,023,297		\$2,608,230		

Note : 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 1: 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 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.

(a) Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

(b) The Company's investments accounted for under the equity method were not pledged.

(c) On August 8, 2019, the Company acquired partial equity of Top Yes (Suzhou) Precision Industry Co., Ltd. for RMB 3,000 thousand upon board resolution, considering the scale of operation, long-term development and enhancing competitiveness. The Company obtained two of the five directorship seats which has a significant impact on the company.

On March 25, 2022, considering the operational development plan and to strengthen the strategic partnership, the Company's board of directors resolved to invest RMB 30,000 thousand (approximately US\$4,725 thousand) through Global Tek Fabrication Co., Ltd. (Samoa) to acquire partial ownership of Top Yes (Suzhou) Precision Industry Co., Ltd., which has been approved by the Investment Committee of the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No. 11100053870. As of December 31, 2023, the investment amount of RMB 30,000 thousand (approximately US\$4,725 thousand) had been remitted.

On December 27, 2022, the Company's board of directors resolved to increase its investment in Top Yes (Suzhou) Precision Industry Co., Ltd. through sub-subsidiary Global Tek (Wexi) Co., Ltd. As of December 31, 2022, Global Tek (Wexi) Co., Ltd. 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%, gaining control of the company and it was included as a part of the Group's consolidated financial statements in May 2024.

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

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

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

On December 28, 2023, the Company'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 Company'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 Company's board of directors resolved on March 14 and October 9 2024, to purchase 319 thousand shares and 2,500 thousand from AvioCast Inc.'s shareholders, increasing its share interest from 49.03% to 59.56%.

(e)Investments in associates

As of December 31, 2024 and 2023, the aggregate carrying amount of the Company's interests in AvioCast Inc. were NT\$0 and NT\$98,204 thousand. The aggregate financial information based on Company's share as follows:

	For the year ended December 31,	
	2024	2023
Gain from continuing operations	\$6,942	\$3,033
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$6,942</u>	<u>\$3,033</u>

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

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

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

(f) The Company's investment accounted for under equity method as of December 31, 2024 and 2023 were NT\$0 and NT\$98,204 thousand, respectively. For the years ended December 31, 2024 and 2023 share of investment loss from these associates and joint venture amount to NT\$6,942 thousand and NT\$3,033 thousand, respectively. They were measured based on the audited financial statements of the investee for the same correspondent periods.

(10) Property, plant and equipment

	As of December 31,	
	2024	2023
Owner occupied property, plant and equipment	\$1,766,613	\$1,776,289

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
Cost:									
As of January 1, 2024	\$1,423,160	\$177,251	\$359,890	\$8,250	\$9,673	\$125,504	\$57,511	\$1,846	\$2,163,085
Additions	-	681	12,777	-	-	2,967	1,378	-	17,803
Disposals	-	-	(12,297)	-	-	(1,780)	-	-	(14,077)
Reclassification	11,238	-	19,051	637	-	1,991	-	-	32,917
As of December 31, 2024	\$1,434,398	\$177,932	\$379,421	\$8,887	\$9,673	\$128,682	\$58,889	\$1,846	\$2,199,728
As of January 1, 2023	\$1,419,755	\$177,251	\$306,952	\$8,250	\$9,863	\$121,698	\$64,670	\$1,846	\$2,110,285
Additions	1,702	-	9,693	-	-	2,025	961	-	14,381
Disposals	-	-	(2,211)	-	(190)	(1,069)	(9,712)	-	(13,182)
Reclassification	1,703	-	45,456	-	-	2,850	1,592	-	51,601
As of December 31, 2023	\$1,423,160	\$177,251	\$359,890	\$8,250	\$9,673	\$125,504	\$57,511	\$1,846	\$2,163,085

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

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

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

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:									
As of January 1, 2024	\$3,119	\$67,820	\$215,304	\$3,329	\$8,245	\$75,902	\$13,077	\$-	\$386,796
Depreciation	-	4,073	26,848	981	569	14,619	5,622	-	52,712
Disposals	-	-	(5,266)	-	-	(1,127)	-	-	(6,393)
As of December 31, 2024	<u>\$3,119</u>	<u>\$71,893</u>	<u>\$236,886</u>	<u>\$4,310</u>	<u>\$8,814</u>	<u>\$89,394</u>	<u>\$18,699</u>	<u>\$-</u>	<u>\$433,115</u>
As of January 1, 2023	\$3,119	\$63,667	\$189,832	\$2,329	\$6,708	\$61,674	\$14,104	\$-	\$341,433
Depreciation	-	4,153	23,836	1,000	1,537	15,181	7,130	-	52,837
Disposals	-	-	(2,192)	-	-	(953)	(8,157)	-	(11,302)
Reclassification	-	-	3,828	-	-	-	-	-	3,828
As of December 31, 2023	<u>\$3,119</u>	<u>\$67,820</u>	<u>\$215,304</u>	<u>\$3,329</u>	<u>\$8,245</u>	<u>\$75,902</u>	<u>\$13,077</u>	<u>\$-</u>	<u>\$386,796</u>
Net carrying amount as of:									
December 31, 2024	<u>\$1,431,279</u>	<u>\$106,039</u>	<u>\$142,535</u>	<u>\$4,577</u>	<u>\$859</u>	<u>\$39,288</u>	<u>\$40,190</u>	<u>\$1,846</u>	<u>\$1,766,613</u>
December 31, 2023	<u>\$1,420,041</u>	<u>\$109,431</u>	<u>\$144,586</u>	<u>\$4,921</u>	<u>\$1,428</u>	<u>\$49,602</u>	<u>\$44,434</u>	<u>\$1,846</u>	<u>\$1,776,289</u>

(b) Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 35 to 51 years and 3 to 10 years.

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

(d) The Company's land at No. 631 and No. 635, Xinzhou Section, Xinwu District, Taoyuan City belongs to the general agricultural land that is not an urban planning area. According to Article 33 of the Agricultural Development Regulations "Private legal persons shall not be subject to restrictions on agricultural land", temporarily use Huang Yaxing, general manager of the Company, registered in the name of the Company and handled the setting with the Company as the right holder.

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

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

(11) Intangible assets

	<u>Computer software</u>
<u>Cost:</u>	
As of January 1, 2024	\$48,836
Additions – acquired separately	4,378
Reclassification	6,506
As of December 31, 2024	<u>\$59,720</u>
As of January 1, 2023	\$43,036
Additions – acquired separately	5,800
As of December 31, 2023	<u>\$48,836</u>
<u>Amortization and Impairment:</u>	
As of January 1, 2024	\$37,963
Amortization	4,143
As of December 31, 2024	<u>\$42,106</u>
As of January 1, 2023	\$35,166
Amortization	2,797
As of December 31, 2023	<u>\$37,963</u>
Net carrying amount as of	
December 31, 2024	<u>\$17,614</u>
December 31, 2023	<u>\$10,873</u>

Amortization of intangible assets is as follows:

	<u>For the year ended December 31,</u>	
<u>Item</u>	<u>2024</u>	<u>2023</u>
Operating cost	\$347	\$177
Sales and marketing	936	378
General and administrative	2,860	2,242
Total	<u>\$4,143</u>	<u>\$2,797</u>

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

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

(12) Other non-current assets

	As of December 31,	
	2024	2023
Refundable deposits	\$3,579	\$7,879

(13) Short-term loans

	As of December 31,	
	2024	2023
Unsecured financial structure loans	\$30,000	\$-
Interest Rate (%)	1.80%	-%

The Company's unused short-term lines of credits amounted to NT\$970,000 thousand and NT\$900,000 thousand as of December 31, 2024 and 2023, respectively.

(14) Other payables

	As of December 31,	
	2024	2023
Payable of salary and bonuses	\$58,745	\$59,684
Accrued interest payable	594	506
Accrued compensation to employees and directors	8,849	8,564
Payable on equipment	8,903	3,464
Payable of processing fees	64,115	40,103
Other	67,175	56,241
Total	\$208,381	\$168,562

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

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

(15) Bonds payable

A. The details of the bonds payable as of December 31, 2024 and 2023 are as follows:

	As of December 31,	
	2024	2023
Liability component:		
Unsecured domestic convertible bonds	\$ 46,300	\$962,300
Less: discounts on bonds payable	(1,613)	(43,670)
Subtotal	44,687	918,630
Less: current portion	(100)	(81,088)
Net	\$44,587	\$837,542
Embedded derivative - redemption, put options	\$203	\$1,073
Equity component - conversion right	\$4,910	\$104,041

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(24) (c) and (d).

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

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

(B) Issue date: August 27, 2019

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

(D) Coupon rate: 0%

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

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

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

- (F)Settlement or Conversion period:
- (a) From the day following the issuance of corporate bonds for three months (November 28, 2019) to 40 days before the expiration of the issuance period (July 18, 2024), when the agreed conditions are met, Request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.
- (b) For the holders of corporate bonds, from the day following the 3 months after the issuance date of the corporate bonds (November 28, 2019) to the maturity date (August 27, 2024), except for the period stipulated in the conversion method. In addition, the company may at any time request to be converted into the Company's common stock at the conversion price at that time. If it is not converted at that time, it will be redeemed at the par amount plus interest compensation when it expires.
- (c) Corporate bond holders may request the company to redeem the principal in cash at an interest rate of 101.5075% of the par value of the bond (0.5% annual return yield) within 40 days before the issuance of the corporate bond meets the agreed conditions.
- (d) Holders of corporate bonds may request the Company to redeem the principal in cash at 102.015% of the par value of the bonds (0.5% annual return rate) within 40 days before the issuance of the corporate bonds meets the agreed conditions.
- (e) The price of the conversion corporate bonds is determined based on August 19, 2019 as the conversion price determination base date, and the simple arithmetic average of the Company's common stock closing prices on the five business days prior to the base date (excluding) is NT\$46.55, and then the base price is multiplied by the conversion premium rate of 107.42%, which is the conversion price of the converted corporate bonds (calculated to NT dollars, rounded up to the following points). According to the above method, the conversion price is NT\$50 per share.

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

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

The conversion price of the Company's first domestic unsecured conversion corporate bonds is adjusted according to the relevant anti-dilution provisions of the conversion method. The Company has adjusted the conversion price from NT\$47.90 to NT\$46.80 since August 5, 2021 (the ex-dividend base date). Since August 5, 2022 (the ex-dividend base date), the conversion price has been adjusted from NT\$46.80 to NT\$45.60. Since May 6, 2023 (the ex-dividend base date), the conversion price has been 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 Company issued the 2nd unsecured domestic convertible bonds. The terms of the bonds are as follows:

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

(B) Issue date: January 3, 2022

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

(D) Coupon rate: 0%

(E) Period: January 3, 2022 to January 3, 2025

(F) Settlement or Conversion period: (a) The Company may, from the day following the issuance of corporate bonds for three months (April 4, 2022) to 40 days before the expiration of the issuance period (November 24, 2024), when the agreed conditions are met, request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

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

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

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

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

D. On November 27, 2023, the Company 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) The Company may, from the day following the issuance of corporate bonds for three months (February 28, 2024) to 40 days before the expiration of the issuance period (October 18, 2026), when the agreed conditions are met, request the redemption of corporate bonds from corporate bond holders according to the par value of the bonds.

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

(c) The price of the conversion corporate bond is determined based on November 7, 2023 as the base date for the determination of the conversion price, which is calculated on the basis of three business days before the base date (excluding). The simple arithmetic average of the closing prices of the Company's common shares is used as the benchmark price amounted to NT\$50.32, and then the benchmark price is multiplied by the conversion premium rate of 102.71%, which is the conversion price of the converted corporate bonds (calculated to NT\$, rounded up below). According to the above method, the conversion price is set at NT\$52 per share. 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\$81,600 thousand have been converted to 1,904 thousand common shares for the year ended December 31, 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\$62,429 thousand; The unsecured convertible bonds in the amount of NT\$202,200 thousand have been converted to 4,597 thousand common shares for the year ended December 31, 2023. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$154,152 thousand.

The 2nd unsecured convertible bonds in the amount of NT\$80,600 thousand have been converted to 1,878 thousand common shares for the the year ended December 31, 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\$61,351 thousand; The unsecured convertible bonds in the amount of NT\$241,800 thousand have been converted to 5,438 thousand common shares for the year ended December 31, 2023. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$182,856 thousand.

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

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

The 3rd unsecured convertible bonds in the amount of NT\$753,800 thousand have been converted to 14,897 thousand common shares for the the year ended December 31, 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\$572,474 thousand.

(16)Long-term loans

Details of long-term loan as of December 31, 2024 and 2023 are as follows:

Debtor	Type of Loan	Maturity	As of Dec. 31, 2024	Repayment
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	\$248,000	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2024.02.15- 2028.02.15	79,167	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	202,667	The principal and interest will be amortized monthly.
Total			1,399,834	
Less: current portion			(203,000)	
Non-current portion			<u>\$1,196,834</u>	

Global Tek Fabrication Co., Ltd.

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

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

Debtor	Type of Loan	Maturity	As of Dec. 31,	Repayment
			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.
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>	

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

(b)As of December 31, 2024 and 2023, the interest rate intervals for long-term loans were 1.48%~2.29% and 1.35%~2.06%, respectively.

(17)Other non-current liabilities

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

	As of December 31,	
	2024	2023
Net defined benefit liability	\$197	\$551
Deposits received	1,399	1,667
Total	<u>\$1,596</u>	<u>\$2,218</u>

(18) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2024 and 2023 are NT\$10,265 thousand and NT\$10,155 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

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

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$288 thousand to its defined benefit plan during the 12 months beginning after December 31, 2024.

As of December 31, 2024 and 2023, the maturities of the Company's defined benefit plan were expected in 2033.

Pension costs recognized in profit or loss for the years ended December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	2023
Net interest of defined benefit	\$5	\$10

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

	As of		
	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Defined benefit obligation	\$4,725	\$4,470	\$4,441
Plan assets at fair value	(4,528)	(3,919)	(3,590)
Other non-current liabilities – net defined benefit	\$197	\$551	\$851
Liability(asset) on the balance sheets			

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

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

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2023	\$4,441	\$(3,590)	\$851
Net interest expense(revenue)	61	(51)	10
Subtotal	61	(51)	10
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	57	-	57
Experience adjustments	(89)	-	(89)
Return on project assets (except the amount included in net interest)	-	(27)	(27)
Subtotal	(32)	(27)	(59)
Payments from the plan	-	(251)	(251)
As of December 31, 2023	4,470	(3,919)	551
Net interest of defined benefit	56	(51)	5
Subtotal	56	(51)	5
Remeasurement of net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(61)	-	(61)
Experience adjustments	309	-	309
Return on project assets (except the amount included in net interest)	-	(337)	(337)
Subtotal	248	(337)	(89)
Payments from the plan	(49)	49	-
Contributions by employer	-	(270)	(270)
As of December 31, 2024	\$4,725	\$(4,528)	\$197

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

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

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

	As of December 31,	
	2024	2023
Discount rate	1.625%	1.250%
Expected rate of salary increases	2.50%	2.25%

A sensitivity analysis for significant assumption as shown below:

	Effect on the defined benefit obligation			
	2024		2023	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(113)	\$-	\$(113)
Discount rate decrease by 0.25%	117	-	117	-
Future salary increase by 0.25%	114	-	114	-
Future salary decrease by 0.25%	-	(111)	-	(110)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

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

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

(19)Equity

(a)Common stock

As of December 31, 2024 and 2023, the Company's authorized capital were both NT\$1,500,000 thousand, each share at par value of NT\$10. The Company's paid-in capital were NT\$1,097,208 thousand and NT\$910,414 thousand, respectively, divided into 109,721 thousand shares and 91,041 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

For the year ended December 31, 2024 and 2023, the 1st unsecured convertible bonds in amount of NT\$81,600 thousand and NT\$202,200 thousand, respectively were converted into 1,904 thousand shares and 4,597 thousand shares.

For the year ended December 31, 2024 and 2023, the 2nd unsecured convertible bonds in amount of NT\$80,600 thousand and NT\$241,800 thousand, respectively were converted into 1,878 thousand shares and 5,438 thousand shares.

For the year ended December 31, 2024, the 3rd unsecured convertible bonds in amount of NT\$753,800 thousand were converted into 14,897 thousand shares.

(b) Capital surplus

	As of December 31,	
	2024	2023
Additional paid-in capital	\$2,799,247	\$2,003,862
Employee stock option	1,322	1,322
Components of convertible corporate bonds	4,910	104,041
Total	<u>\$2,805,479</u>	<u>\$2,109,225</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.

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

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

(c) Retained earnings and dividend policies

(1) Retained of earnings

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

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

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

(2) Dividend policies

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

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

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

(3)Legal reserve

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

(4)Special reserve

On 31 March 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

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

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

- (e)The appropriations of earnings for 2024 and 2023 were approved through the board meetings and shareholders' meetings held on March 13, 2025 and June 27, 2024, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2024	2023	2024	2023
Legal reserve	\$20,689	\$25,481		
Appropriation (reversal) of special reserve	(70,252)	24,650		
Cash dividend(Note1)	165,000	131,000	\$1.50	\$1.44
Total	<u>\$115,437</u>	<u>\$181,131</u>		

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

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

Note1: The number of shares calculated for shareholder dividends amounted to 109,754 thousand shares and 91,137 thousand shares as of February 28, 2025 and March 8, 2024, respectively (after deducting treasury shares).

Please refer to Note 6(23) for details on employees' compensation and remuneration to directors and supervisors.

(20) Operating revenue

	For the year ended December 31,	
	2024	2023
Revenue from contracts with customer		
Sales of goods	\$1,569,914	\$1,630,606
Other operating revenue	36,295	32,456
Total	<u>\$1,606,209</u>	<u>\$1,663,062</u>

Analysis of revenue from contracts with customers for the years ended December 31, 2024 and 2023 are as follows:

(a) Disaggregation of revenue

	For the year ended December 31,	
	2024	2023
Sale of goods	\$1,569,914	\$1,630,606
Other	36,295	32,456
Total	<u>\$1,606,209</u>	<u>\$1,663,062</u>

The timing for revenue recognition:

At a point in time	<u>\$1,606,209</u>	<u>\$1,663,062</u>
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Global Tek Fabrication Co., Ltd.

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

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

(b)Contract balances

A. Contract liabilities

	As of		
	Dec. 31, 2024	Dec. 31, 2023	Jan. 1, 2023
Sales of goods	\$18,210	\$7,732	\$9,797

Analysis of contract liabilities for the year ended December 31, 2024 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(6,777)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	17,255

Analysis of contract liabilities for the year ended December 31, 2023 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(5,411)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	3,346

(c)Transaction price allocated to unsatisfied performance obligations

As of December 31, 2024 and 2023, there was no information of unsatisfied performance obligations provided in the consolidated financial statements because the durations of the Group's revenue contracts were all less than one year.

(21)Expected credit (losses) gains

	For the year ended December 31,	
	2024	2023
Operating expenses – Expected credit (losses) gains		
Account receivables	\$51	\$2,078

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

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

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

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

A. The Company's accounts receivable (including notes receivable and accounts receivable), according to the historical experience, shows that different group of customers have no significant difference, consequently; the Company measures its loss allowance in an ungrouped manner. Details are as follow:

2024.12.31

	Not due (Note)	Overdue				Total
		Less than 60 days	61-120 days	121-180 days	More than 181 days	
Gross carrying amount	\$316,016	\$18,357	\$1,846	\$2,012	\$252	\$338,483
Loss ratio	0%~0.06%	0.85%	14.86%	40.79%	55.70~100%	
Lifetime expected credit losses	(192)	(180)	(144)	(612)	(232)	(1,360)
Carrying amount of accounts receivables	\$315,824	\$18,177	\$1,702	\$1,400	\$20	\$337,123

2023.12.31

	Not due (Note)	Overdue				Total
		Less than 60 days	61-120 days	121-180 days	More than 181 days	
Gross carrying amount	\$295,250	\$18,438	\$1,440	\$876	\$422	\$316,426
Loss ratio	0%~0.12%	2.17%	19.38%	68.11%	100%	
Lifetime expected credit losses	(288)	(400)	(279)	(596)	(422)	(1,985)
Carrying amount of accounts receivables	\$294,962	\$18,038	\$1,161	\$280	\$-	\$314,441

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

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

Note: The Company's notes receivable were not overdue.

B. The movement in the provision for impairment of notes receivables and accounts receivables for the years ended December 31, 2024 and 2023 are as follows:

	Notes receivable	Accounts receivable
As of January 1, 2024	\$-	\$1,985
Addition (reversal) for the current period	-	(51)
Write off	-	(574)
As of December 31, 2024	<u>\$-</u>	<u>\$1,360</u>
As of January 1, 2023	\$-	\$4,063
Addition (reversal) for the current period	-	(2,078)
As of December 31, 2023	<u>\$-</u>	<u>\$1,985</u>

(22) Leases

(a) Company as a lessee

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

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

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

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

A. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31	
	2024	2023
Land	\$4,917	\$6,511
Buildings	89,733	102,395
Transportation Equipment	9,162	5,321
Office equipment	117	53
Other equipment	-	120
Total	<u>\$103,929</u>	<u>\$114,400</u>

The Company's right-of-use assets increased by NT\$8,628 thousand and NT\$3,656 thousand for the years ended December 31, 2024 and 2023, respectively.

(ii) Lease liabilities

	As of December 31,	
	2024	2023
Lease liabilities	<u>\$107,556</u>	<u>\$116,216</u>
Current	\$17,691	\$15,700
Non-current	<u>89,865</u>	<u>100,516</u>
Total	<u>\$107,556</u>	<u>\$116,216</u>

Please refer to Note 6(24)(d) for the interest on lease liabilities recognized during the years ended December 31, 2024 and 2023, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2024 and 2023.

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

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

B. Amounts recognized in the income statement

(i) Depreciation of right-of-use assets

	For the year ended December 31,	
	2024	2023
Land	\$1,594	\$1,595
Buildings	12,662	16,507
Transportation equipment	4,562	5,030
Office equipment	161	181
Other equipment	120	1,438
Total	<u>\$19,099</u>	<u>\$24,751</u>

C. Income and costs relating to leasing activities

	For the year ended December 31,	
	2024	2023
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	\$(774)	\$(783)
Income from subleasing right-of-use assets	-	-

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

D. Cash outflow relating to leasing activities

During the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases amounted to NT\$19,442 thousand and NT\$26,040 thousand, respectively.

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

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

(b) Company as a lessor

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

	For the year ended December 31,	
	2024	2023
Lease income for operating leases		
Income relating to fixed lease payments	\$8,436	\$11,784

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

	As of December 31,	
	2024	2023
Less than one year	\$8,438	\$4,738
More than one year but less than five years	3,793	-
Total	\$12,231	\$4,738

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

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

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

	As of December 31,	
	2024	2023
Undiscounted lease payments		
Year 1	\$3,155	\$7,508
Year 2	2,646	3,885
Year 3	967	2,759
Year 4	-	967
Total undiscounted lease payments	6,768	15,119
Less: lease payment unearned revenue	(174)	(414)
Net investment in the lease (Finance lease receivables)	\$6,594	\$14,705
Current	\$3,043	\$7,266
Non-current	3,551	7,439
Total	\$6,594	\$14,705

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

Nature \ Function	For the year ended December 31,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries and wages	\$108,527	\$164,730	\$273,257	\$103,754	\$158,012	\$261,766
Labor and health insurance	10,533	10,920	21,453	10,430	10,915	21,345
Pension	4,125	6,145	10,270	4,395	5,770	10,165
Directors' remuneration	-	3,334	3,334	-	3,125	3,125
Other employee benefits expense	6,578	8,805	15,383	5,402	6,211	11,613
Depreciation	52,469	19,342	71,811	51,011	26,577	77,588
Amortization	347	3,796	4,143	177	2,620	2,797

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

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

Note 1 : The average headcounts of the Company amounted to 330 and 340, respectively, as of December 31, 2024 and 2023. Among the Company's directors, there were both 6 of them who were not concurrently employees.

Note 2 : Companies who have been listed on Taiwan Stock Exchange or Taipei Exchange should disclose the following information:

- (1) Average employee benefits of 2024 and 2023 are NT\$989 thousand and NT\$913 thousand, respectively.
- (2) Average salaries of 2024 and 2023 are NT\$843 thousand and NT\$784 thousand, respectively.
- (3) Change in average salaries are 7.53%.
- (4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.
- (5) The Company's remuneration policy: (a) The Company's employee remuneration policy is committed to providing employees with a salary and benefits that are above the average level of the industry. Employee remuneration includes monthly salaries, performance bonuses or production bonuses for operating profit settlement, and year-end bonuses or Spring Festival red envelopes. (b) According to the Company's articles of association, if there is profit in the year, 1% to 10% should be allocated for employee remuneration and no more than 2% for director remuneration. (c) Employee remuneration, director remuneration, and manager salary and rewards of the director (including) of the company are all submitted to the remuneration committee for deliberation and sent to the board of directors for resolution in accordance with regulations.

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

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

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

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

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the year ended December 31, 2024 amounted to NT\$5,899 thousand, and NT\$2,950 thousand respectively, recognized as employee benefits.

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the year ended December 31, 2023 amounted to NT\$5,690 thousand, and NT\$2,845 thousand respectively, recognized as employee benefits.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$5,899 thousand, and NT\$2,950 thousand, respectively, for the year ended December 31, 2024, in a meeting held on March 13, 2025. No differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2024.

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

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

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

(24) Non-operating income and expenses

(a) Interest incomes

	For the year ended December 31,	
	2024	2023
Interest income		
Financial assets measured at amortized cost	\$50,897	\$36,583
Related party lending	122	733
Other	269	1,872
Total	<u>\$51,288</u>	<u>\$39,188</u>

(b) Other income

	For the year ended December 31,	
	2024	2023
Rental income	\$8,436	\$11,784
Dividend income	1,267	1,206
Others	46,486	45,639
Total	<u>\$56,189</u>	<u>\$58,629</u>

(c) Other gains and losses

	For the year ended December 31,	
	2024	2023
Losses on disposal of property, plant and equipment	\$(527)	\$(1,637)
Gains on disposal of investments	2,461	-
Foreign exchange gains (losses), net	94,995	(8,465)
Losses on financial assets at fair value through profit or loss	(871)	(539)
Gains (losses) on lease modification	-	(2,024)
Others	(10,322)	-
Total	<u>\$85,736</u>	<u>\$(12,665)</u>

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

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

(d) Finance costs

	For the year ended December 31,	
	2024	2023
Interest on borrowings from bank	\$31,364	\$33,860
Interests on convertible bonds	9,105	5,433
Interests on lease liabilities	1,380	1,489
Interest calculated on deposit	-	11
Total	<u>\$41,849</u>	<u>\$40,793</u>

(25) Components of other comprehensive income

For the year ended December 31, 2024

	Arising during the period	Reclassification during the period	Tax relating to		
			Other comprehensive income, pre- tax	components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$89	\$-	\$89	\$(18)	\$71
Unrealized gain (loss) from equity instruments investments measured at fair value through other comprehensive income	(18,645)	-	(18,645)	(550)	(19,195)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	2,242	-	2,242	-	2,242
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating of foreign operations	86,845	-	86,845	(17,413)	69,432
Total of other comprehensive income	<u>\$70,531</u>	<u>\$-</u>	<u>\$70,531</u>	<u>\$(17,981)</u>	<u>\$52,550</u>

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

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

For the year ended December 31, 2023

			Other	Tax relating to components of other	Other
	Reclassification	comprehensive	income, pre-	comprehensive	comprehensive
	Arising during	during the	income, pre-	comprehensive	income, net of
	the period	period	tax	income	tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	\$59	\$-	\$59	\$(11)	\$48
Unrealized gain (loss) from equity instruments investments measured at fair value through other comprehensive income	5,211	-	5,211	(1,142)	4,069
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(3,361)	-	(3,361)	-	(3,361)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences on translating of foreign operations	(41,055)	-	(41,055)	8,210	(32,845)
Total of other comprehensive income	<u>\$(39,146)</u>	<u>\$-</u>	<u>\$(39,146)</u>	<u>\$7,057</u>	<u>\$(32,089)</u>

(26) Income tax

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

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2024	2023
Current income tax expense (income):		
Current income tax charge	\$21,101	\$34,371
Adjustments in respect of current income tax of prior periods	-	(63)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	8,665	(20,608)
Total income tax expense	<u>\$29,766</u>	<u>\$13,700</u>

Income tax relating to components of other comprehensive income

	For the year ended December 31,	
	2024	2023
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$18	\$11
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	550	1,142
Exchange differences on translation of foreign operations	17,413	(8,210)
Income Tax relating to components of other comprehensive income	<u>\$17,981</u>	<u>\$(7,057)</u>

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

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

(b) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2024	2023
Accounting income before tax from continuing operations	<u>\$286,123</u>	<u>\$275,953</u>
Tax payable at the enacted tax rates	\$57,225	\$55,189
Surtax on Undistributed retained earnings	3,684	11,328
Tax effect of expenses not deductible for tax purposes	(31,143)	(52,754)
Adjustments in respect of current income tax of prior periods	-	(63)
Total income tax expense recognized in profit or loss	<u>\$29,766</u>	<u>\$13,700</u>

Global Tek Fabrication Co., Ltd.

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

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

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

For the year ended December 31, 2024

	Beginning balance as Jan. 1, 2024	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of Dec. 31, 2024
Temporary differences				
Unrealized loss on inventory valuation	\$23,102	\$2,340	\$-	\$25,442
Asset impairment loss	737	-	-	737
Unrealized exchange loss (gain)	4,486	(13,341)	-	(8,855)
Exchange differences on translation of foreign operations	27,385	-	(17,413)	9,972
Undistributed earnings of subsidiaries	(51,477)	-	-	(51,477)
Others	12,813	2,336	(568)	14,581
Deferred tax income/ (expense)		<u>\$(8,665)</u>	<u>\$(17,981)</u>	
Net deferred tax assets/(liabilities)	<u>\$17,046</u>			<u>\$ (9,600)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$68,522</u>			<u>\$50,732</u>
Deferred tax liabilities	<u>\$51,476</u>			<u>\$60,332</u>

Global Tek Fabrication Co., Ltd.

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

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

For the year ended December 31, 2023

		Deferred tax income (expense)	Deferred tax income recognized in other comprehensive income	Ending balance as of Dec. 31, 2023
	Beginning balance as Jan. 1, 2023	(expense) recognized in profit or loss		
Temporary differences				
Unrealized loss on inventory valuation	\$20,414	\$2,688	\$-	\$23,102
Asset impairment loss	737	-	-	737
Unrealized exchange loss (gain)	(11,323)	15,809	-	4,486
Exchange differences on translation of foreign operations	19,175	-	8,210	27,385
Undistributed earnings of subsidiaries	(51,477)	-	-	(51,477)
Others	11,855	2,111	(1,153)	12,813
Deferred tax income/ (expense)		\$20,608	\$7,057	
Net deferred tax assets/(liabilities)	<u>\$(10,619)</u>			<u>\$17,046</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$52,181</u>			<u>\$68,522</u>
Deferred tax liabilities	<u>\$62,800</u>			<u>\$51,476</u>

(d)Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize deferred tax liability for taxes that would be payable on the unappropriated earnings of the Company's overseas subsidiaries since the year 2024, as the Company has determined that unappropriated earnings of its subsidiaries will not be distributed in the foreseeable future. As at December 31, 2024 the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT\$16,704 thousand.

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

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

(e) The assessment of income tax returns

As at December 31, 2024, the status of tax authority's assessment of the income tax returns of the Company was assessed and approved up to 2022.

(27) Earnings per share

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

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

	For the year ended December 31,	
	2024	2023
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$256,357	\$262,253
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	100,039	86,302
Basic earnings per share (in NT\$)	\$2.56	\$3.04
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$256,357	\$262,253
Gain or loss on valuation of redemption from convertible bonds	696	431
Interest expense from convertible bonds	7,284	4,346
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	\$264,337	\$267,030

Global Tek Fabrication Co., Ltd.

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

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

	For the year ended December 31,	
	2024	2023
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	100,039	86,302
Effect of dilution:		
Employee compensation — stock (in thousand shares)	94	146
Convertible bonds (in thousand shares)	10,597	9,903
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	110,730	96,351
Diluted earnings per share (in NT\$)	\$2.39	\$2.77

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

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

Related parties and Relationship

Related parties	Relationship
Global Tek Co., Ltd.	Subsidiary
Global Tek GmbH	Subsidiary
GLOBAL TEK 株式会社	Subsidiary
GLOBAL TEK GROUP (THAI) CO., LTD.	Subsidiary
GLOBAL TEK AVIATION (THAI) CO., LTD.	Subsidiary
GP Tech Inc. (US)	Subsidiary
Global Tek (Xi'An) Co., Ltd.	Subsidiary
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Subsidiary
Global Tek (Wuxi) Co., Ltd.	Subsidiary
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Subsidiary
Top Yes (Suzhou) Precision Industry Co., Ltd.	Associate
AvioCast Inc.	Associate

Global Tek Fabrication Co., Ltd.

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

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

(2) Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2024	2023
Global Tek (Xi'An) Co., Ltd.	\$38,620	\$46,380
GLOBAL TEK 株式会社	1,782	-
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	-	3,267
Total	<u>\$40,402</u>	<u>\$49,647</u>

The sales price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of sales to third parties.

B. Purchases

	For the year ended December 31,	
	2024	2023
Global Tek (Xi'An) Co., Ltd.	\$239,664	\$222,871
GLOBAL TEK 株式会社	26	-
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	567	-
Total	<u>\$240,257</u>	<u>\$222,871</u>

The purchase price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of purchases to third parties.

Global Tek Fabrication Co., Ltd.

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

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

C. Other receivables (excluding financing)

	As of December 31,	
	2024	2023
Global Tek Co., Ltd.	\$1,272	\$2,275
Global Tek (Xi'An) Co., Ltd.	16,614	19,443
GLOBAL TEK 株式会社	1,819	-
Top Yes (Suzhou) Precision Industry Co., Ltd.	-	567
AvioCast Inc.	-	205
Total	\$19,705	\$22,490

D. Prepaid expenses

	As of December 31,	
	2024	2023
Global Tek GmbH	\$-	\$3,805

E. Other current assets

	As of December 31,	
	2024	2023
GLOBAL TEK GROUP (THAI) CO., LTD.	\$135	\$-
GLOBAL TEK AVIATION (THAI) CO., LTD.	4	-
Total	\$139	\$-

F. Accounts payables

	As of December 31,	
	2024	2023
Global Tek (Xi'An) Co., Ltd.	\$72,949	\$69,707
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	567	-
Total	\$73,516	\$69,707

Global Tek Fabrication Co., Ltd.

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

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

G. Other payables

	As of December 31,	
	2024	2023
Global Tek Co., Ltd.	\$816	\$1,591
Global Tek GmbH	1,208	241
GP Tech Inc. (US)	819	1,889
Global Tek (Xi'an) Co., Ltd	897	2,220
Global Tek (Wuxi) Co., Ltd.	16	95
GLOBAL TEK 株式会社	26	-
Total	\$3,782	\$6,036

H. Loans to related parties

(a) Other accounts receivable - related parties

	As of December 31,	
	2024	2023
Global Tek GmbH	\$16	\$-

(b) Interest income

	For the year ended December 31,	
	2024	2023
Global Tek GmbH	\$122	\$-
Global Tek (Wuxi) Co., Ltd.	-	733
Total	\$122	\$733

I. Rental income

	For the year ended December 31,	
	2024	2023
Global Tek Co., Ltd.	\$60	\$67

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

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

For the year ended December 31, 2024 and 2023, the Company rented out factory buildings and machinery equipment to related parties. The rent collection method was monthly as a period, and was collected in cash, and the above rent was recorded under the caption of non-operating income and expenses - rent income.

J. For the year ended December 31, 2024 and 2023, the service income recognized by the Company entrusted by Global Tek Co., Ltd. were both NT\$12,000 thousand, and it was recorded under the non-operating income and expenses - other income.

K. For the year ended December 31, 2024 and 2023, the Group entrusted AvioCast Inc. to provide labor services and recognized operating revenue in the amount of NT\$975 thousand and NT\$1,365 thousand, respectively.

L. Other

(a) sales expenses

	For the year ended December 31,	
	2024	2023
Global Tek GmbH	\$16,645	\$14,902
GP Tech Inc. (US)	7,969	8,445
Total	<u>\$24,614</u>	<u>\$23,347</u>

M. Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2024	2023
Short-term employee benefit	\$13,941	\$20,737
Post-employment benefit	324	216
Total	<u>\$14,265</u>	<u>\$20,953</u>

8. ASSETS PLEDGED AS COLLATERAL

Assets pledged for security	Carrying amount As of December 31,		Secured liabilities
	2024	2023	
Financial assets measured at amortized cost-noncurrent	\$3,700	\$1,700	Customs bond
Land	1,410,612	1,410,612	Long-term loans
Property, plant and equipment – buildings(net)	78,669	80,840	Long-term loans
Total	<u>\$1,492,981</u>	<u>\$1,493,152</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a)As of December 31, 2024 and 2023, the outstanding contracts relating to purchased property, plant and equipment of Company for business needs were as follows:

Purchased property, plant and equipment Global Tek Fabrication Co., LTD.	As of December 31,	
	2024	2023
	<u>\$32,245</u>	<u>\$30,854</u>

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

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

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

Additionally, on December 21, 2022, the Company 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 Company a sum of MYR 4,864 thousand according to the agreed schedule, and the Company shall sell back 1.9 million shares to Allied Advantage Sdn. Bhd. As of December 31, 2024, the Company had received all the payment and transferred all of equity to the seller.

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1)Categories of financial instruments

<u>Financial assets</u>	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Financial asset at fair value through profit of loss:		
Mandatorily measured at fair value through profit of loss	\$203	\$1,074
Financial assets at fair value through other comprehensive income	48,666	62,935
Financial assets measured at amortized cost		
Cash and cash equivalents	1,214,790	1,257,520
Financial assets measured at amortized cost	3,700	1,700
Accounts receivables	343,717	329,146
Other receivables (including related parties)	42,586	37,805
Refundable deposits	3,579	7,879
Total	<u>\$1,657,241</u>	<u>\$1,698,059</u>

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

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

<u>Financial liabilities</u>	As of December 31,	
	2024	2023
Financial liabilities at amortized cost:		
Short-term loans	\$30,000	\$-
Payables (including related parties)	518,208	393,304
Long-term loans (current portion included)	1,399,834	1,407,550
Bonds payable (current portion included)	44,687	918,630
Lease liabilities	107,556	116,216
Guarantee deposits received	1,399	1,667
Total	<u>\$2,101,684</u>	<u>\$2,837,367</u>

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

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

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

Foreign currency risk

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

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

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

When NTD strengthens/weakens against foreign currency USD by 1%, the profit for the years ended December 31, 2024 and 2023 is decreased/increased by NT\$10,424 thousand and NT\$11,767 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2024 and 2023 to increase/decrease by NT\$215 thousand and NT\$150 thousand, respectively.

Equity price risk

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

At the reporting date, a change of 1% in the price of the unlisted equity securities measured at fair value through profit or loss could decrease/increase the Company's equity for the years ended December 31, 2024 and 2023 by NT\$486 thousand and NT\$629 thousand, respectively.

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

(4)Credit risk management

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

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

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

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

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

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

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

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

(5)Liquidity risk management

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

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

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

Non-derivative financial instruments

	Less than 1 year	1 to 3 years	3 to 5 years	Over than 5 years	Total
As of Dec. 31, 2024					
Short-term loans	\$30,133	\$-	\$-	\$-	\$30,133
Long-term loans	230,647	1,208,730	14,863	-	1,454,240
Payables	518,208	-	-	-	518,208
Convertible bonds	100	46,200	-	-	46,300
Lease liabilities (Note)	18,889	34,081	28,247	30,620	111,837
As of Dec. 31, 2023					
Long-term loans	\$313,129	\$629,446	\$738,205	\$-	\$1,680,780
Payables	393,304	-	-	-	393,304
Convertible bonds	81,600	80,700	800,000	-	962,300
Lease liabilities (Note)	16,970	31,596	28,549	44,420	121,535

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

	due period			
	Less than 1 year	1 to 5 years	6 to 10 years	Total
As of Dec. 31, 2024	\$18,889	\$62,328	\$30,620	\$111,837
As of Dec. 31, 2023	16,970	60,145	44,420	121,535

Notes to the Parent-Company-Only 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 year ended December 31, 2024:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of January 1, 2024	\$-	\$1,407,550	\$1,667	\$116,216	\$918,630	\$2,444,063
Cash flows	30,000	(7,716)	(268)	(18,668)	-	3,348
Non-cash changes						
Lease range changes	-	-	-	8,628	-	8,628
Interest expense	-	-	-	1,380	9,105	10,485
Other	-	-	-	-	(883,048)	(883,048)
As of December 31, 2024	<u>\$30,000</u>	<u>\$1,399,834</u>	<u>\$1,399</u>	<u>\$107,556</u>	<u>\$44,687</u>	<u>\$1,583,476</u>

Reconciliation schedule of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Bonds payable	Total liabilities from financing activities
As of January 1, 2023	\$200,000	\$1,294,650	\$1,900	\$137,600	\$593,832	\$2,227,982
Cash flows	(200,000)	112,900	(233)	(25,257)	849,209	736,619
Non-cash changes						
Lease range changes	-	-	-	3,656	-	3,656
Interest expense	-	-	-	1,489	5,433	6,922
Other	-	-	-	(1,272)	(529,844)	(531,116)
As of December 31, 2023	<u>\$-</u>	<u>\$1,407,550</u>	<u>\$1,667</u>	<u>\$116,216</u>	<u>\$918,630</u>	<u>\$2,444,063</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 Company to measure or disclose the fair values of financial assets and financial liabilities:

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

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

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

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

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

	Carrying amount as of December 31,	
	2024	2023
Financial liabilities:		
Bonds payable	\$44,687	\$918,630
	Fair value as of December 31,	
	2024	2023
Financial liabilities:		
Bonds payable	\$44,655	\$925,039

(c) Fair value measurement hierarchy for financial instruments

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

(8) Derivative financial instruments

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

Embedded derivatives

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

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

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

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

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

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss	\$203	\$-	\$-	\$203
Convertible corporate bond redemption rights				
Financial assets at fair value through other comprehensive income				
Equity instrument investments measured at fair value through other comprehensive income	-	-	48,666	48,666

Financial liabilities:

None

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$1,074	\$-	\$1,074
Financial assets at fair value through other comprehensive income				
Equity instrument investments measured at fair value through other comprehensive income	-	-	62,935	62,935

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

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

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 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.

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

	Assets
	Financial asset at fair value through other comprehensive income
	Stock
As of January 1, 2024	\$62,935
Total gains and losses recognized for the year ended December 31, 2024:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	1,370
Disposal/settlements for the third quarter of year 2024	(15,639)
As of December 31, 2024	\$48,666

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

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

	Assets
	Financial asset at fair value through other comprehensive income
	Stock
As of January 1, 2023	\$71,864
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	5,210
Acquired/issued for the third quarter of year 2023	5,193
Disposal/settlements for the fourth quarter of year 2023	(19,332)
As of December 31, 2023	\$62,935

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

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

Notes to the Parent-Company-Only 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 December 31, 2024

	Valuation	Significant	Quantitative	Relationship	Sensitivity of the input to
	techniques	unobservable	information	between inputs and	fair value
		inputs		fair value	fair value
Financial liabilities:					
Fair value through					
profit or loss					
Embedded derivatives	A binomial-tree	Volatility	49.78%	The higher the	1% increase (decrease) in
	model for			volatility, the higher	the volatility would result
	convertible bond			the fair value of	in increase (decrease) in the
	pricing			embedded	Group's profit or loss by
				derivatives	NT\$0 and NT\$(30)
					thousand

As of December 31, 2023

	Valuation	Significant	Quantitative	Relationship	Sensitivity of the input to
	techniques	unobservable	information	between inputs and	fair value
		inputs		fair value	fair value
Financial liabilities:					
Fair value through					
profit or loss					
Embedded derivatives	A binomial-tree	Volatility	38.83%	The higher the	1% increase (decrease) in
	model for			volatility, the higher	the volatility would result
	convertible bond			the fair value of	in increase (decrease) in the
	pricing			embedded	Group's profit or loss by
				derivatives	NT\$20 thousand and
					NT\$(10) thousand

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

The Company'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 Company's accounting policies at each reporting date.

(a) 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 December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (please refer to Note 6(15))	\$-	\$-	\$44,655	\$44,655

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (please refer to Note 6(15))	\$-	\$-	\$925,039	\$925,039

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

As of December 31, 2024			
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$34,240	32.79	\$1,122,854
EUR	208	34.15	7,091
RMB	16,248	4.48	72,773
JPY	511,440	0.21	107,402

Financial liabilities

Monetary items:			
USD	\$2,454	32.79	\$80,467
EUR	242	34.15	8,258

As of December 31, 2023			
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$41,124	30.71	\$1,262,789
EUR	270	33.98	9,182
RMB	23,518	4.33	101,741
JPY	665,490	0.22	144,478

Financial liabilities

Monetary items:			
USD	\$2,803	30.71	\$86,064
EUR	88	33.98	3,002

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

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

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

The Company's entities' functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain/(loss) were NT\$94,995 thousand and NT\$(8,465) thousand for the years ended December 31, 2024 and 2023, respectively.

(11) Capital management

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

13. OTHER DISCLOSURE

(1) Information at significant transactions:

- a. Financing provided to others for the year ended December 31, 2024: Please refer to Attachment 1.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2024: Please refer to Attachment 2.
- c. Marketable securities held as of December 31, 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 year ended December 31, 2024: None.

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

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

- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the year ended December 31, 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 year ended December 31, 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 year ended December 31, 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 December 31, 2024: Please refer to Attachment 6.
- i. Financial instruments and derivative transactions: None.

(2) Information on investees:

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.
- B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):
 - (a) Financing provided to others for the year ended December 31, 2024: None.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2024: None.
 - (c) Marketable securities held as of December 31, 2024 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 3.
 - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the year ended December 31, 2024: None.

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

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

- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the year ended December 31, 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 year ended December 31, 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 year ended December 31, 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 December 31, 2024: Please refer to Attachment 6.
- (i) Financial instruments and derivative transactions: None.

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

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

(3) Information on investments in Mainland China:

- A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), 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 Dec. 31, 2024	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2024	Accumulated Inward Remittance of Earnings as of Dec. 31, 2024
					Outflow	Inflow						
Global Tek (Xi'An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$159,450 (USD 5,100)	(2)A	\$111,166 (USD 3,642)	\$-	\$-	\$111,166 (USD 3,642)	\$73,248 (RMB 16,438) (Note2&4)	100%	\$73,248 (RMB 16,438) (Note2&4)	\$586,807 (RMB 131,013) (Note2&4)	\$-

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

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

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital (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 Dec. 31, 2024	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2024	Accumulated Inward Remittance of Earnings as of Dec. 31, 2024
					Outflow	Inflow						
Global Tek (Wuxi) Co., Ltd.	Precision machining of automotive components	\$704,420 (USD 22,000)	(2)B	\$494,073 (USD 16,378)	\$-	\$-	\$494,073 (USD 16,378)	\$131,091 (RMB 29,419) (Note2&4)	100%	\$131,091 (RMB 29,419) (Note2&4)	\$1,877,037 (RMB 419,075) (Note2&4)	\$-
Globaltek Xi' An Machinery Manufacturing Co., Ltd.	Sales of industrial automatic control parts and aerospace equipment parts	\$22,115 (RMB 5,000)	(2)C	\$-	\$-	\$-	\$-	\$(588) (RMB (132)) (Note2&4)	100%	\$(588) (RMB (132)) (Note2&4)	\$47,360 (RMB 10,634) (Note2&4)	\$-

English Translation of Parent-Company-Only Financial Statements and Footnotes Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

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

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital (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 Dec. 31, 2024	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2024	Accumulated Inward Remittance of Earnings as of Dec. 31, 2024
					Outflow	Inflow						
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$146,916 (RMB 33,000) (Note 2)	(2)D	\$-	\$-	\$-	\$-	\$(19,352) (RMB(4,343)) (Note2&4)	100%	\$(19,352) (RMB(4,343)) (Note2&4)	\$111,670 (RMB 24,932) (Note2&4)	\$-
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	\$701,005 (USD 21,376)	(2)E	\$146,270 (USD 4,724)	\$-	\$-	\$146,270 (USD 4,724)	\$(144,526) (RMB(32,434)) (Note2&4)	53.31%	\$(66,078) (RMB (14,829)) (Note2&4)	\$5,752 (RMB 1,284) (Note2&4)	\$-

Global Tek Fabrication Co., Ltd.

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

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

Accumulated Investment in Mainland China as of Dec. 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$811,455 (USD24,744)	\$1,103,354 (USD33,645)	\$2,975,763

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

(1) Go directly to the mainland for investment.

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

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

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

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

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

E. 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 (Waxi) 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 invested enterprise.

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

Note 5: It refers to the original investment amount which the Company acquires the equity of the mainland invested enterprise.

Global Tek Fabrication Co., Ltd.

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

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

B. Significant transactions with the investees in mainland China:

(a) Purchase and balances of related accounts payable as of December 31, 2024:

	Purchases		Accounts Payables	
		% to Net		% to Account
	Amount	Purchase	Amount	Balance
Global Tek (Xi' An) Co., Ltd.	\$239,664	28%	\$72,949	24%
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	\$567	-%	\$567	-%

The purchase price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of purchases to third parties.

(b) Sales and balances of related accounts receivable as of December 31, 2024:

	Sales		Accounts receivable	
		% to Net Sales		% to Account
	Amount	% to Net Sales	Amount	Balance
Global Tek (Xi' An) Co., Ltd.	\$38,620	2%	\$-	-%

The sales price to related parties is based on the listed price announced by the related party, and the credit conditions are not significantly different from those of sales to third parties.

C. Property transaction amounts and resulting gain or loss: None.

D. Ending balance of endorsements/guarantees or collateral provided and the purposes: Please refer to Attachment 2.

E. Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: Please refer to Attachment 1.

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

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

F. Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: None.

(4) Information on major shareholders:

Name	Ownership of shares	Number of shares held	Ownership ratio
		(shares)	
Ting, Ling-Chuan		11,523,000	10.50%
Haochi Investment Co., Ltd.		8,128,000	7.40%
Hsingying Investment Co., Ltd.		7,854,000	7.15%
Huang, Ya-Hsing		6,226,695	5.67%

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Financing provided to others

For the Year Ended December 31, 2024

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd.	Global Tek GmbH	Other receivables	YES	\$3,757 (EUR 110)	\$-	\$-	5%	2	\$-	Business turnover	\$-	None	-	\$991,921	\$1,983,842
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	\$35,832 (CNY 8,000)	\$17,916 (CNY 4,000)	\$17,916	3.45%	2	\$-	Business turnover and factory construction	\$-	None	-	\$375,407	\$750,815
2	Global Tek GmbH	Formtechnology GmbH	Other receivables	NO	\$3,757 (EUR 110)	\$3,757 (EUR 110)	\$3,757	7.50%	2	\$-	Business turnover	\$3,757 (Note 5)	None	-	\$545	\$1,090
3	ALTEMIS INC.	AvioCast Inc.	Other receivables	YES	\$6,000	\$-	\$-	2.00%	2	\$-	Business turnover	\$-	None	-	\$- (Note 4)	\$- (Note 4)

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

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

Note 2: Nature of financing is coded as follows:

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

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

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

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

Note 4: AvioCast Inc. absorbed and merged with ALTEMIS INC. on October 1, 2024. After the merger, AvioCast Inc. is the surviving company, while ALTEMIS INC. is the dissolved company.

Note 5: Formtechnology GmbH filed the bankruptcy to local Court in Germany and the local Court appointed provisional assignee in December 2024. As of December 31, 2024, the bankruptcy and liquidation has not been completed.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Endorsement/Guarantee provided to others

For the Year Ended December 31, 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	\$991,921	\$313,530	\$134,370	\$134,370	\$-	2.71%	\$2,479,803	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'an) Co., Ltd.	Subsidiary	\$991,921	\$76,143	\$-	\$-	\$-	-%	\$2,479,803	Y	N	Y

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

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

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

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

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

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

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

Note 5: In the end of the year, when the company signs an endorsement guarantee contract with the bank or the amount of the bill is approved, it will assume the endorsement or guarantee responsibility;

other related endorsement guarantees should be included in the endorsement guarantee balance.

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

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

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

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

As of December 31, 2024

Attachment 3

(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name	Relationship	Financial Statement Account	As of December 31, 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	1,266,690	<u>\$48,666</u>	3.81%	<u>\$48,666</u>	Unlisted company stocks
Global Tek GmbH	<u>Stock</u> Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income,noncurrent	-	<u>\$-</u>	9.28%	<u>\$-</u>	Unlisted company stocks
Global Tek Co., Ltd.	Money market funds: Neuberger Investment Fund - NB High Yield Bond Securities Fund T Weekly Dividend Stocks (AUD)	-	Financial assets at fair value through profit or loss	4,749	<u>\$518</u>	-%	<u>\$518</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 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 31 December, 2024			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%	\$300,731	\$61,516	\$69,766	Note 3
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 25,795	USD 25,795	-	100.00%	\$2,362,223	\$85,411	\$93,280	
										(NOTE 1)	
Global Tek Fabrication Co., Ltd.	Global Tek GmbH	Bavaria, Germany	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	EUR 525	EUR 525	-	100.00%	\$2,726 (EUR 80)	\$(1,889) (EUR 54)	\$(1,889) (EUR 54)	
Global Tek Fabrication Co., Ltd.	AvioCast Inc.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$192,028	\$119,088	15,961,000 shares	59.56%	\$160,851	\$41,207	\$19,014	
										(NOTE 2)	
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	-	2,700,000 shares	90.00%	\$(3,045) (JPY 14,501)	\$(9,785) (JPY 46,112)	\$(8,806) (JPY 41,501)	
Global Tek Fabrication Co., Ltd.	GLOBAL TEK GROUP (THAI) CO., LTD.	Thailand	Auto parts precision processing	THB 150,000	-	1,500,000 shares	100.00%	\$142,377 THB 148,759	\$(1,131) (THB 1,241)	\$(1,131) (THB 1,241)	
Global Tek Fabrication Co., Ltd.	GLOBAL TEK AVIATION (THAI) CO., LTD.	Thailand	Aerospace equipment parts precision processing	THB 60,000	-	600,000 shares	100.00%	\$57,434 THB 60,008	\$7 (THB 8)	\$7 (THB 8)	
Global Tek Co., Ltd.	GP TECH INC. (US)	American Little	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	USD 20	USD 20	-	100.00%	\$3,806 (USD 116)	\$785 (USD 24)	\$785 (USD 24)	
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Co., Ltd.	APIA, SAMOA	Investing activities	USD 13,150	USD 13,150	-	100.00%	\$1,456,255	\$140,011	\$140,011	
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	\$886,439	\$69,452	\$64,424	
Global Tek Co., Ltd.	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	\$69,187	\$69,452	\$5,028	
AvioCast Inc.	ALTEMIS INC.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$15,086	\$8,232	-	-%	\$-	\$-	\$-	Note 4

Note1: Including investment gain recognized under equity method amounted to NT\$85,411 thousand and realized profit on transaction between subsidiaries amounted to NT\$30,197 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(22,711) thousand and realized profit on transaction between subsidiaries amounted to NT\$748 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(548) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,438) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,621 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT\$19,444 thousand and premium amortization of NT\$929 thousand.

Note 3: The Group acquired 12.31% and 1.19% equity in AvioCast Inc. for NT\$24,750 thousand and NT\$3,190 thousand in March and April 2024, respectively and subsequently increased its equity by an additional 9.33% for NT\$45,000 thousand in November 2024, which brings the total equity acquired in the company to 59.56%, granting control and including the company as a part of the Group's consolidated financial statements.

Note 4: AvioCast Inc. absorbed and merged with ALTEMIS INC. on October 1, 2024. After the merger, AvioCast Inc. is the surviving company, while ALTEMIS INC. is the dissolved company.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

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

For the year ended December 31, 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 (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable) (%)	
Global Tek Fabrication Co., Ltd.	Global Tek (Xi' An) Co., Ltd.	Subsidiary	Purchases	\$239,664	28%	90 days after monthly dosing	Similar with general trading conditions	Similar with general trading conditions	Account payables \$(72,949)	24%	
Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Associate	Purchases	\$586,453	57%	90 days after monthly dosing	Similar with general trading conditions	Similar with general trading conditions	Account payables \$(165,661)	50%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

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

For the year ended December 31, 2024

Attachment 6

(In Thousands of New Taiwan Dollars)

Company	Counterparty	Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Global Tek (Wuxi) Co., Ltd.	Global Tek Co., Ltd.	Associate	<u>\$165,661</u> (Note1)	<u>3.61</u>	<u>\$-</u>	-	<u>\$24,225</u>	<u>\$-</u>

Note 1: Accounts receivables.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

1. Statement of Cash and Cash Equivalents

As of December 31, 2024

(In Thousands of Foreign Currency / New Taiwan Dollars)

Item	Description	Amount	Note
Petty cash:		\$727	1.Cash and Cash equivalents were not pledged.
Checking and savings accounts :			2.Exchange Rate USD : NTD=32.7940 : 1 CNY : NTD=4.4790 : 1
Checking		763	JPY : NTD=0.2100 : 1
Savings		180,869	EUR : NTD=34.1500 : 1 THB : NTD=0.9571 : 1
Foreign savings accounts :			
— USD		150,838	USD 4,600
— JPY		105,601	JPY 502,861
— EUR		6,754	EUR 198
— CNY		62,506	CNY 13,955
— THB		2,388	THB 2,495
Subtotal		509,719	
Fixed-term deposits:			
Time deposits — USD	rate 4.83%-5%	705,071	USD 21,500
Total		<u>\$1,215,517</u>	

Global Tek Fabrication Co., Ltd.

2. Statetment of Note Receivable, net

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	\$4,206	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	2,120	
Client C	843	2.Non related parties.
Total	7,169	
Less: loss allowance	-	
Net	\$7,169	

Global Tek Fabrication Co., Ltd.

3. Statetment of Accounts Receivables, net

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client E	\$56,726	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client F	52,096	
Client G	27,653	2.Non related parties.
Client H	26,818	
Client I	22,323	
Client J	20,591	
Client K	18,585	
Others	106,522	
Subtotal	331,314	
Less: loss allowance	(1,360)	
Net	\$329,954	

Global Tek Fabrication Co., Ltd.

4.Statement of Other Receivables

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Vat Refund	\$7,046	
Income receivable	4,364	
Others	<u>11,455</u>	
Total	<u><u>\$22,865</u></u>	

Global Tek Fabrication Co., Ltd.

5.Statement of Inventories

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$113,269	\$111,261	1.Inventories are valued at lower of cost or net realizable value item by item.
Work in progress	151,927	315,116	
Finished goods	258,968	494,776	
Merchandises	59,711	343,205	2.Inventories were not pledged.
Subtotal	583,875	\$1,264,358	
Less: allowance for inventory valuation losses	(127,208)		
Net	\$456,667		

Global Tek Fabrication Co., Ltd.

6. Statement of Prepayments

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepayment for purchases	\$3,420	
Other prepaid expense	12,431	
Office supplies	2,754	
Prepaid insurance expenses	2,383	
Prepaid rent expenses	166	
Other prepayments	200	
Total	<u>\$21,354</u>	

Global Tek Fabrication Co., Ltd.

7.Statement of Other current Assets

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary payments-related parties- GLOBAL TEK AVIATION (THAI) CO., LTD.	\$4	
Temporary payments-related parties- GLOBAL TEK GROUP (THAI) CO., LTD.	135	
Temporary payments	<u>6,369</u>	
Total	<u><u>\$6,508</u></u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

8.Statement of Changes in Financial Assets at Fair Value through other comprehensive income - Non Current

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

	As of January 1, 2024		Additions		Decrease		As of December 31, 2024		Provide a guarantee	
Financial Instruments	Shares	book value	Shares	Amount	Shares	Amount	Shares	book value	pledge situation	Note
Financial asset at fair value through other comprehensive income, non-current										
Techplasma Technology Co., Ltd.	1,266,690	\$35,193	-	-	-	\$-	1,266,690	\$35,193	None	
Allied Advantage Sdn Bhd		15,639	-	-	-	15,639		-	None	
Total		50,832		-		15,639		35,193		
Add : Unrealized gain (loss) on equity instrument investment at fair value through other comprehensive income		12,103		2,751		1,381		13,473		
Net		<u>\$62,935</u>		<u>\$2,751</u>		<u>\$17,020</u>		<u>\$48,666</u>		

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

9.Statement of Financial Assets Measured at Amortized Cost - Non Current

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Amount	Note
Land Bank	Time deposits	3		\$3,700	1.7%	<u>\$3,700</u>	Security deposit to custom authority

10.Statement of Changes in Investment Accounted for Under the Equity Method

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2024		Additions		Decrease		As of December 31, 2024			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
GLOBAL TEK CO., LTD.	20,000,000	\$296,886	-	\$3,845 (Note1)	-	\$-	20,000,000	100.00%	\$300,731	-	\$300,731	None	
GLOBAL TEK FABRICATION CO., LTD.(Samoa)	-	2,190,911	-	171,312 (Note2)	-	-	-	100.00%	2,362,223	-	2,372,326	None	
GLOBAL TEK Gmbh	-	22,229	-	-	-	19,503 (Note3)	-	100.00%	2,726	-	2,726	None	
AvioCast Inc.	9,842,000	98,204	6,119,000	62,647 (Note4)	-	-	15,961,000	59.56%	160,851	-	150,380	None	
GLOBAL TEK株式會社	-	-	2,700,000	-	-	3,045 (Note5)	2,700,000	90.00%	(3,045)	-	(3,384)	None	
GLOBAL TEK GROUP (THAI) CO.,LTD	-	-	1,500,000	142,377 (Note6)	-	-	1,500,000	100.00%	142,377	-	142,377	None	
GLOBAL TEK AVIATION (THAI) CO.,LTD	-	-	600,000	57,434 (Note7)	-	-	600,000	100.00%	57,434	-	57,434	None	
Total		<u>\$2,608,230</u>		<u>\$437,615</u>		<u>\$22,548</u>			<u>\$3,023,297</u>		<u>\$3,022,590</u>		

Note1: Including investment gain recognized under equity method amounted to NT\$61,516 thousand and foreign currency statements translation adjustments amounted to NT\$167 thousand and the remeasurement amount of defined benefit plans amounted to NT\$2,242 thousand and received cash dividend amounted to NT\$60,080 thousand.

Note2: Including investment gain recognized under equity method amounted to NT\$85,411 thousand and foreign currency statements translation adjustments amounted to NT\$78,032 thousand and realized profit on transaction between subsidiaries amounted to NT\$30,197 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(22,711) thousand and realized profit on transaction between subsidiaries amounted to NT\$748 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(548) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,438) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,621 thousand.

Note3: Including investment loss recognized under equity method amounted to NT\$(1,899) thousand and foreign currency statements translation adjustments amounted to NT\$144 thousand and the loss recognised on equity method investments of (17,758) thousand was transferred from investments in equity instruments at fair value through other comprehensive income.

Note4: Including acquired cost to NT\$72,940 thousand and including investment gain recognized under equity method amounted to NT\$19,944 and premium amortization of NT\$930 thousand and disposal gains of NT\$2,461 thousand were generated due to changes in shareholding ratios during the period, and accumulated gains and losses of NT\$31,768 thousand were recognized based on shareholding ratios.

Note5: Including acquired cost to NT\$5,805 thousand and including incestment loss recognized under equity method amounted to NT\$(8,806) and foreign currency statements translation adjustments amounted to NT\$(44) thousand.

Note6: Including acquired cost to NT\$137,314 thousand and including incestment loss recognized under equity method amounted to NT\$(1,131) thousand and foreign currency statements translation adjustments amounted to NT\$6,194 thousand.

Note7: Including acquired cost to NT\$55,075 thousand and including incestment gain recognized under equity method amounted to NT\$7 thousand and foreign currency statements translation adjustments amounted to NT\$2,352 thousand.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

10.Statement of Short-term Loans

For the year ended December 31, 2024

單位：新台幣仟元

Creditor	Nature	Ending balance	Contract Period	Interest rate%	Collateral	Note
Cathay United Bank	Credit loan	<u>\$30,000</u>	2024.12.03-2025.12.03	1.80%	None	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

12.Statement of Accounts Payable

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Client B	\$37,509	1.The amount of individual vendor included in "others" does not exceed 5% of the account balance. 2. All accounts are not related parties.
Supplier A	34,145	
Supplier B	17,433	
Supplier C	16,589	
Supplier D	14,006	
Supplier E	12,521	
Others	99,806	
Total	\$232,009	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

13.Statement of Other Payables

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued payroll	\$58,745	
Accrued employee compensation	5,899	
Accrued compensation to directors	2,950	
Accrued utilities expense	3,113	
Service fee payable	4,990	
Accrued processing fees	64,115	
Accrued interest payable	594	
Others	59,072	
Payables on equipment	8,903	
Total	<u>\$208,381</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

14.Statement of Changes in Current Tax Liabilities

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2024	\$31,113	
Add: Income tax accrual for 2024	17,417	
Surtax on undistributed earnings accrual for 2023	3,684	
Less: Interest income withholding tax	(5,152)	
Income tax payment for 2023	(19,516)	
Surtax on undistributed earnings payment for 2022	(10,086)	
Interim temporary tax payment	(11,387)	
As of December 31, 2024	<u>\$6,073</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

15.Statement of Lease Liabilities

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Period	Discount rate	Amount
Land	2022.01.01-2027.12.31	1.15%	\$4,866
Buildings	2020.06.01-2032.02.28	1.15%	93,718
Transport equipment	2019.04.17-2029.04.02	1.15%	8,868
Office equipment	2022.03.26-2026.05.12	1.15%	104
Less: Current portion of lease liabilities			<u>(17,691)</u>
Non-Current portion of lease liabilities			<u><u>\$89,865</u></u>

Global Tek Fabrication Co., Ltd.

16.Statements of Bonds Payable

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Description	Trustee.	Issue Date	Interest Payment Date	Interest Rates	Amount			Repayment Method	Collateral	Note
					Issue Amount	Converted or Redeemed Amount	As of December 31, 2024			
First Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2019.08.27	-	-%	\$600,000	\$(600,000)	\$-	According to the terms of conversion, please refer to Note 6(15).	None	
Second Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2022.01.03	-	-%	630,000	(629,900)	100			
Third Unsecured Convertible Bonds Payable	KGI Securities Co., Ltd.	2023.11.27	-	-%	800,000	(753,800)	46,200			
Less: Discounts on bonds payable							(1,613)			
Net							44,687			
Less: Current portion of bonds payable							(100)			
Non-Current portion of bonds payable							<u>\$44,587</u>			

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

17. Statement of Long-Term Loans

As of December 31, 2024

(In Thousands of New Taiwan Dollars)

Lenders	Description	Amount	Year maturity	Interest Rates	Collateral	Note
Bank of Taiwan	Secured loans	\$248,000	2026.10.20	1.91%	Please refer to Note 8	
Bank of Taiwan	Secured loans	79,167	2028.2.15	1.91%	Please refer to Note 8	
Bank of Taiwan	Secured loans	202,667	2028.2.15	1.48%	Please refer to Note 8	
Land Bank of Taiwan	Secured loans	<u>870,000</u>	2027.3.28	2.29%	Please refer to Note 8	
Total		1,399,834				
Less: Current portion of long-term loans		<u>(203,000)</u>				
Non-current portion of long-term loans		<u><u>\$1,196,834</u></u>				

Global Tek Fabrication Co., Ltd.

18.Statement of Operating Revenues

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Quantity(thousand)	Amount	Note
Sales revenue			
Industrial Products	7,968	\$1,297,286	
Aerospace products	384	308,923	
Total		<u>\$1,606,209</u>	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd.

19.Statement of Operating Costs

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	\$122,866	
Add: Raw materials purchased	262,912	
Transfer from work in process	18,952	
Transfer from finished goods	58,996	
Others	21,846	
Less: Ending balance	(113,269)	
Transfer to work in process	(7,922)	
Procurement	(47,386)	
Sales	(5,972)	
Raw materials scrapped	(200)	
Direct materials used	<u>310,823</u>	
Direct labor	57,046	
Manufacturing overhead (Detailed list 20)	<u>353,790</u>	
Manufacturing cost	721,659	
Add: Work in process, beginning balance	154,021	
Supplies and parts purchased	94,807	
Transfer from finished goods	197,430	
Transfer from raw materials	7,922	
Less: Work in process, ending balance	(151,927)	
Transfer to merchandise	(2,837)	
Transfer to raw materials	(18,952)	
Transfer to finished goods	(1,680)	
Selling Work in Progress	(73)	
Work in process scrapped	(1,299)	
Others	(21,201)	
Cost of finished goods	<u>977,870</u>	
Add: Finished goods, beginning balance	292,898	
Finished goods purchased	235,421	
Transfer from work in process	1,680	
Others	3,592	
Less: Finished goods, ending balance	(258,968)	
Transfer to work in process	(197,430)	
Transfer to raw materials	(58,996)	
Procurement	(32,041)	
Finished goods scrapped	(1,478)	
Cost of goods sold at normal production level	<u>962,548</u>	
Add: Merchandise beginning balance	68,361	
Merchandise purchased	274,240	
Transfer from work in process	2,837	
Less: Merchandise ending balance	(59,711)	
Others	415	
Cost of merchandise sold	<u>286,142</u>	
Other costs	44,744	
Loss from inventory valuation	11,700	
Loss from inventory scrapped	2,977	
Total	<u><u>\$1,308,111</u></u>	

Global Tek Fabrication Co., Ltd.

20.Statement of Manufacturing Overhead

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Indirect labor	\$55,607	
Shipping	6,373	
Repair and maintenance	11,695	
Utilities	16,301	
Insurance	12,158	
Processing fees	153,462	
Depreciation	52,469	
Amortization	347	
Meal expense	4,468	
Employee benefits	1,940	
Consumption	17,082	
Miscellaneous purchases	3,853	
Others	18,035	
Total	<u>\$353,790</u>	

Global Tek Fabrication Co., Ltd.

21.Statement of Sales and Marketing Expenses

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$89,957	
Travels	1,968	
Utilities	4,273	
Insurance	8,112	
Depreciation	11,628	
Amortization	936	
Meal expense	2,458	
Shipping	16,891	
Professional service fees	17,673	
Others	9,770	
Total	<u>\$163,666</u>	

Global Tek Fabrication Co., Ltd.

22 Statement of General and Administrative Expenses

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$60,654	
Employee Bonus	5,899	
Compensation to Directors And Supervisors	2,950	
Utilities	5,329	
Insurance	4,621	
Entertainment fee	2,168	
Meal expense	1,326	
Depreciation	7,532	
Amortization	2,860	
Employee benefits	1,884	
Miscellaneous purchase	2,709	
Professional service fees	22,233	
Others	8,642	
Total	<u>\$128,807</u>	

Global Tek Fabrication Co., Ltd.

23.Statement of Research and Development Expenses

For the year ended December 31, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	\$11,415	
Depreciation	182	
Commissioned research fee	19,964	
Others	1,347	
Total	<u>\$32,908</u>	