

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

Ticker:4566

**GLOBAL TEK FABRICATION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF SEPTEMBER 30, 2023 AND 2022
AND FOR THE NINE -MONTH PERIODS THEN ENDED**

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

**Consolidated Financial Statements
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REVIEW REPORT OF INDEPENDENT AUDITORS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Global Tek Fabrication Co., Ltd. (the “Company”) and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in equity and cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Note 6(9), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$217,700 thousand and NT\$103,111 thousand as of September 30, 2023 and 2022, respectively. The related shares of profits from the associate and joint venture under the equity method amounted to NT\$1,774 thousand, NT\$(1,461) thousand, NT\$(4,270) thousand and NT\$(3,007) thousand for the three-month and nine-month periods then ended September 30, 2023 and 2022, respectively. The information related to above associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain associates and joint ventures accounted for using equity method been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods then ended and cash flows for the nine-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

/s/Cheng, Ching-Piao

/s/Fuh, Wen-Fun

Ernst & Young
November 9, 2023
Taipei, Taiwan
Republic of China

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of September 30, 2023, December 31, 2022 and September 30, 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of September 30, 2023		As of December 31, 2022		As of September 30, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$2,113,070	25	\$1,125,729	14	\$1,229,581	15
1110	Financial assets at fair value through profit or loss	6(2)	634	-	716	-	852	-
1136	Financial assets measured at amortized cost	6(4),8	-	-	830	-	830	-
1150	Notes receivables, net	6(5),8	153,455	2	120,192	1	84,697	1
1170	Accounts receivables, net	6(6)	1,261,158	15	1,535,145	19	1,563,706	20
1197	Financing lease payments receivable, net	6(7)	36,656	-	48,646	1	49,250	1
1200	Other receivables		65,260	1	104,356	1	94,467	1
1210	Other receivables - related parties	7	18,646	-	18,715	-	45,709	1
1220	Income tax assets		14	-	338	-	627	-
1310	Inventories, net	6(8)	1,026,495	12	1,290,902	16	1,194,521	15
1410	Prepayments		135,498	1	122,795	2	109,357	1
1470	Other current assets		1,444	-	161	-	181	-
11xx	Total current assets		<u>4,812,330</u>	<u>56</u>	<u>4,368,525</u>	<u>54</u>	<u>4,373,778</u>	<u>55</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2)	124	-	323	-	505	-
1517	Financial assets at fair value through other comprehensive income	6(3)	93,440	1	88,224	1	92,623	1
1535	Financial assets measured at amortized cost	6(4),8	1,815	-	1,811	-	1,812	-
1550	Investment accounted for under equity method	6(9)	217,700	3	173,853	2	103,111	1
1600	Property, plant and equipment	6(10),8	3,032,181	35	2,923,847	37	2,843,052	36
1755	Right-of-use asset	6(24)	187,286	2	212,183	3	222,503	3
1760	Investment properties	4,6(11)	11,672	-	-	-	-	-
1780	Intangible assets	6(12)	5,748	-	7,870	-	6,927	-
1840	Deferred tax assets	4	80,016	1	79,831	1	72,394	1
1915	Prepayment for equipment	9	89,297	1	47,402	1	124,581	2
194D	Long-term financing lease payments receivable	6(7)	51,810	1	107,969	1	115,266	1
1990	Other non-current assets	6(13)	16,217	-	18,012	-	17,355	-
15xx	Total non-current assets		<u>3,787,306</u>	<u>44</u>	<u>3,661,325</u>	<u>46</u>	<u>3,600,129</u>	<u>45</u>
1xxx	Total Assets		<u>\$8,599,636</u>	<u>100</u>	<u>\$8,029,850</u>	<u>100</u>	<u>\$7,973,907</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Balance Sheets (Continued)

As of September 30, 2023, December 31, 2022 and September 30, 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of September 30, 2023		As of December 31, 2022		As of September 30, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(14),8	\$1,137,773	13	\$582,345	7	\$685,498	9
2130	Contract liabilities	6(22)	16,511	-	11,597	-	14,112	-
2150	Notes payables		88,331	1	45,411	1	41,350	1
2170	Accounts payables		766,399	9	985,283	12	965,760	12
2200	Other payables	6(15)	488,831	6	671,753	8	622,957	8
2230	Current income tax liabilities	4	45,570	1	68,087	1	69,512	1
2280	Lease liabilities	6(24)	20,461	-	32,502	1	32,601	-
2321	Current portion of bonds payable	6(16)	83,672	1	279,367	3	345,980	5
2322	Current portion of long-term loans	6(17),8	275,658	3	143,100	2	41,099	-
2399	Other current liabilities		2,650	-	2,662	-	1,850	-
21xx	Total current liabilities		<u>2,925,856</u>	<u>34</u>	<u>2,822,107</u>	<u>35</u>	<u>2,820,719</u>	<u>36</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	87,082	1	314,465	4	446,600	6
2540	Long-term loans	6(17),8	1,342,667	16	1,151,550	14	1,162,325	15
2570	Deferred income tax liabilities	4	244,902	3	245,712	3	242,472	3
2580	Lease liabilities	6(24)	104,895	1	116,596	1	123,404	1
2600	Other non-current liabilities	6(18)	12,870	-	32,130	1	33,534	-
25xx	Total non-current liabilities		<u>1,792,416</u>	<u>21</u>	<u>1,860,453</u>	<u>23</u>	<u>2,008,335</u>	<u>25</u>
2xxx	Total liabilities		<u>4,718,272</u>	<u>55</u>	<u>4,682,560</u>	<u>58</u>	<u>4,829,054</u>	<u>61</u>
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(20)						
3110	Common stock		908,008	11	810,063	10	765,151	10
3200	Capital surplus	6(20)	2,012,548	23	1,683,612	21	1,527,759	19
3300	Retained earnings	6(20)						
3310	Legal reserve		155,987	2	113,931	2	113,931	1
3320	Special reserve		72,027	1	89,286	1	89,286	1
3350	Unappropriated earnings		802,225	9	722,425	9	692,940	9
3400	Other components of equity		(69,431)	(1)	(72,027)	(1)	(44,214)	(1)
3500	Treasury Stock	6(20)	-	-	-	-	-	-
3xxx	Total equity		<u>3,881,364</u>	<u>45</u>	<u>3,347,290</u>	<u>42</u>	<u>3,144,853</u>	<u>39</u>
3x2x	Total liabilities and equity		<u>\$8,599,636</u>	<u>100</u>	<u>\$8,029,850</u>	<u>100</u>	<u>\$7,973,907</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Global Tek Fabrication Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Incomes
For the three-month and nine-month periods ended September 30, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Notes	For the three-month period ended September 30,				For the nine-month period ended September 30,			
			2023		2022		2023		2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(22)	\$1,053,843	100	\$1,357,867	100	\$3,215,082	100	\$3,775,341	100
5000	Operating costs	6(8),7	(804,834)	(76)	(1,052,962)	(78)	(2,505,002)	(78)	(2,938,026)	(78)
5900	Gross profit		249,009	24	304,905	22	710,080	22	837,315	22
6000	Operating expenses									
6100	Sales and marketing		(71,458)	(7)	(69,887)	(5)	(220,531)	(7)	(225,988)	(6)
6200	General and administrative		(68,656)	(7)	(81,633)	(6)	(203,622)	(6)	(188,291)	(5)
6300	Research and development		(39,489)	(4)	(36,234)	(3)	(105,137)	(3)	(100,790)	(2)
6450	Expected credit gains (losses)	6(23)	8,251	1	(1,457)	-	7,125	-	1,284	-
	Total operating expenses		(171,352)	(17)	(189,211)	(14)	(522,165)	(16)	(513,785)	(13)
6900	Operating income		77,657	7	115,694	8	187,915	6	323,530	9
7000	Non-operating incomes and expenses									
7100	Interest incomes	6(26),7	15,879	2	4,027	-	35,209	1	7,222	-
7010	Other incomes	6(26),7	20,550	2	14,797	1	58,949	2	43,965	1
7020	Other gains and losses	6(26)	55,850	5	91,478	7	92,804	3	157,637	4
7050	Finance costs	6(26)	(14,691)	(1)	(11,914)	(1)	(39,413)	(1)	(28,438)	(1)
7060	Share of profit or loss of associates and joint ventures accounted for under the equity method	6(9)	1,774	-	(1,461)	-	(4,270)	-	(3,007)	-
	Total non-operating income and expenses		79,362	8	96,927	7	143,279	5	177,379	4
7900	Income before income tax		157,019	15	212,621	15	331,194	11	500,909	13
7950	Income tax expense	4,6(28)	(24,507)	(2)	(44,523)	(3)	(53,597)	(2)	(106,047)	(3)
8200	Net income		132,512	13	168,098	12	277,597	9	394,862	10
8300	Other comprehensive income (loss)	6(27)								
8310	Items that not be reclassified to profit or loss									
8316	Unrealized gain (loss) on equity instrument investment measured at fair value through other comprehensive income		695	-	494	-	(457)	-	967	-
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		51,669	5	13,794	1	3,053	-	44,104	1
	Total other comprehensive income (loss), net of tax		52,364	5	14,288	1	2,596	-	45,071	1
8500	Total comprehensive income		\$184,876	18	\$182,386	13	\$280,193	9	\$439,933	11
8600	Net income attributable to:									
8610	Shareholders of the parent		\$132,512	13	\$168,098	12	\$277,597	9	\$394,862	10
8620	Non-controlling interests		-	-	-	-	-	-	-	-
			\$132,512	13	\$168,098	12	\$277,597	9	\$394,862	10
8700	Comprehensive income (loss) attributable to:									
8710	Shareholders of the parent		\$184,876	18	\$182,386	13	\$280,193	9	\$439,933	11
8720	Non-controlling interests		-	-	-	-	-	-	-	-
			\$184,876	18	\$182,386	13	\$280,193	9	\$439,933	11
9750	Earnings per share-basic (in NTD)	6(29)	\$1.47		\$2.30		\$3.28		\$5.47	
9850	Earnings per share-diluted (in NTD)	6(29)	\$1.40		\$1.80		\$2.96		\$4.26	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent						Treasury Stock	Total Equity	
		Common Stock	Capital Surplus	Retained Earnings			Other Components of equity			
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations			Unrealized gain (loss) on financial assets at fair value through other comprehensive income (loss)
3100	3200	3310	3320	3350	3410	3420	3500	3xxx		
A1	Balance as of January 1, 2022	\$718,953	\$1,272,704	\$97,260	\$104,819	\$388,006	\$(97,421)	\$8,136	\$(10,551)	\$2,481,906
	Appropriation and distribution of 2021 earnings:									
B1	Legal reserve appropriated			16,671		(16,671)				-
B3	Special reserve				(15,533)	15,533				-
B5	Cash dividends - common shares					(85,000)				(85,000)
C5	Equity component of convertible bonds issued by the company		93,430							93,430
D1	Net income for the nine-month period ended September 30, 2022					394,862				394,862
D3	Other comprehensive income (loss), for the nine-month period ended September 30, 2022						44,104	967		45,071
D5	Total comprehensive income (loss)	-	-	-	-	394,862	44,104	967	-	439,933
L3	Treasury stock cancellation	(2,470)	(4,291)			(3,790)			10,551	-
N1	Share-based payments	960	1,027							1,987
I1	Conversion of convertible bonds	47,708	164,889							212,597
Z1	Balance as of September 30, 2022	<u>\$765,151</u>	<u>\$1,527,759</u>	<u>\$113,931</u>	<u>\$89,286</u>	<u>\$692,940</u>	<u>\$(53,317)</u>	<u>\$9,103</u>	<u>\$-</u>	<u>\$3,144,853</u>
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 appropriated			42,056		(42,056)				-
B3	Special reserve				(17,259)	17,259				-
B5	Cash dividends - common shares					(173,000)				(173,000)
D1	Net income for the nine-month period ended September 30, 2023					277,597				277,597
D3	Other comprehensive income (loss), for the nine-month period ended September 30, 2023						3,053	(457)		2,596
D5	Total comprehensive income (loss)	-	-	-	-	277,597	3,053	(457)	-	280,193
I1	Conversion of convertible bonds	97,945	328,936							426,881
Z1	Balance as of September 30, 2023	<u>\$908,008</u>	<u>\$2,012,548</u>	<u>\$155,987</u>	<u>\$72,027</u>	<u>\$802,225</u>	<u>\$(73,431)</u>	<u>\$4,000</u>	<u>\$-</u>	<u>\$3,881,364</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	For the nine-month periods ended September 30,		Code	Items	For the nine-month periods ended September 30,	
		2023	2022			2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$331,194	\$500,909	B00010	Acquisition of financial assets at fair value through other comprehensive income	(5,193)	-
A20000	Adjustments:			B00050	Proceeds from disposal of financial assets measured at amortized cost	826	109,224
A20010	Income and expense adjustments:			B01800	Acquisition of investment accounted for under equity method	(48,077)	-
A20100	Depreciation (including right-of-use assets)	147,205	144,547	B02700	Acquisition of property, plant and equipment	(166,585)	(130,808)
A20200	Amortization	2,122	2,934	B02800	Proceeds from disposal of property, plant and equipment	5,956	47,989
A20300	Expected credit losses (gain)	(7,125)	(1,284)	B03700	Increase in refundable deposits	1,996	(1,872)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	281	1,713	B04300	Decrease (increase) in other receivables - related parties	298	(19,059)
A20900	Interest expense	39,413	28,438	B04500	Acquisition of intangible assets	-	(2,226)
A21200	Interest income	(35,209)	(7,222)	B06000	Decrease (increase) in financing lease payments receivable	41,842	(2,025)
A21300	Dividend income	(1,206)	(1,103)	B07100	Increase in prepayments for equipment	(127,258)	(838,442)
A22300	Share of profit or loss of associates and joint ventures accounted for under the equity method	4,270	3,007	BBBB	Net cash provided by (used in) investing activities	(296,195)	(837,219)
A22500	Loss (gain) on disposal of property, plant and equipment	670	608				
A23700	Loss (gain) on inventory valuation	(2,133)	7,624				
A23700	Impairment loss (gain) on non-financial assets	(10,031)	-	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on lease modification	(2,448)	(1,309)	C00100	Increase in (repayment of) short-term loans	555,428	(44,510)
A29900	Gain on government grants	(931)	(935)	C01600	Increase in long-term loans	456,000	1,070,000
A30000	Changes in operating assets and liabilities:			C01700	Repayment of long-term loans	(132,325)	(394,325)
A31130	Notes receivables	(33,263)	(19,235)	C03000	Increase (decrease) in guarantee deposits	1,054	1,077
A31150	Accounts receivables	281,108	(414,712)	C04020	Cash payments for the principal portion of the lease liabilities	(21,680)	(28,953)
A31160	Accounts receivable - related parties	-	35	C04500	Cash dividends paid	(173,000)	(85,000)
A31180	Other receivables	44,292	(5,214)	C04800	Exercise of employee share options	-	1,987
A31190	Other receivables - related parties	(205)	-	CCCC	Cash flows from financing activities	685,477	520,276
A31200	Inventories	266,509	(57,073)				
A31230	Prepayments	(12,703)	(875)	DDDD	Effect of exchange rate changes	14,452	20,901
A31240	Other current assets	(1,283)	17				
A32125	Contract liabilities	4,914	(7,047)	EEEE	Increase (decrease) in cash and cash equivalents	987,341	(134,493)
A32130	Notes payables	42,920	1,327	E00100	Cash and cash equivalents at beginning of period	1,125,729	1,364,074
A32150	Accounts payables	(218,884)	18,685	E00200	Cash and cash equivalents at end of period	\$2,113,070	\$1,229,581
A32180	Other payables	(159,044)	16,317				
A32200	Provisions	-	(9,235)				
A32230	Other current liabilities	(12)	(653)				
A32240	Net defined benefit liabilities	(364)	(367)				
A33000	Cash generated from (used in) operations	680,057	199,897				
A33100	Interest received	25,304	5,092				
A33200	Dividends received	1,206	1,103				
A33300	Interest paid	(34,005)	(19,600)				
A33500	Income tax paid	(88,955)	(24,943)				
AAAA	Net cash provided by (used in) operating activities	583,607	161,549				

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

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
Global Tek Fabrication Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements
As of September 30, 2023 and 2022 and for the nine-month periods then ended
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

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

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine-month periods ended September 30, 2023 and 2022 were authorized for issue by the Board of Directors on November 9, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Group.

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

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

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIEFS

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(4)~4(6), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statements

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2022. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2022.

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
The Company	Global Tek Co., Ltd.	Precision machining	100.00%	100.00%	100.00%
The Company	Global Tek Fabrication Co., Ltd. (Samoa)	Investing activities	100.00%	100.00%	100.00%
The Company	Global Tek GmbH	Trading activities	100.00%	100.00%	100.00%
Global Tek Co., Ltd.	GP Tech, Inc.	Trading activities	100.00%	100.00%	100.00%
Global Tek Fabrication Co., LTD. (Samoa)	Global Tek Co., LTD. (Samoa) (Note 2)	Investing activities	100.00%	100.00%	100.00%
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	92.76%	92.76%	92.76%
Global Tek Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Investing activities	7.24%	7.24%	7.24%
Global Tek Co., Ltd. (Samoa)	Global Tek (Xi'An) Co., Ltd.	Precision machining	100.00%	100.00%	100.00%
Global Tek Co., Ltd. (Samoa)	Global Tek (Wuxi) Co., Ltd.	Precision machining	47.02%	47.02%	47.02%
Global Tek Fabrication Co., Ltd. (HK)	Global Tek (Wuxi) Co., Ltd.	Precision machining	52.98%	52.98%	52.98%

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Global Tek (Xi'An) Co., Ltd.	Globaltek (Xi'An) Machinery Manufacturing Co., Ltd.	Trading activities	100.00%	100.00%	100.00%
Global Tek (Xi'An) Co., Ltd.	Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Trading activities	100.00% (Note)	100.00% (Note)	-%

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

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

(4) Post-employment benefits

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

(5) Income tax

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

(6) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

Buildings	5~20 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the nine-month period ended September 30, 2023 as those applied in the Company's consolidated financial statements for the year ended December 31, 2022. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2022.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Cash and petty cash	\$2,261	\$938	\$1,183
Checking and saving	1,008,626	679,279	815,375
Time deposit	1,102,183	445,512	413,023
Total	<u>\$2,113,070</u>	<u>\$1,125,729</u>	<u>\$1,229,581</u>

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

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Mandatorily measured at fair value through profit or loss:			
Convertible corporate bond redemption rights	\$234	\$493	\$822
Non-derivative financial assets	524	546	535
- Certificate of benefit of the fund			
Total	\$758	\$1,039	\$1,357
Current	\$634	\$716	\$852
Non-current	\$124	\$323	\$505

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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted companies stocks			
Techplasma Technology Co., Ltd.	\$46,416	\$41,223	\$43,912
Allied Advantage Sdn Bhd	30,069	30,641	33,086
Formtechnology GmbH	16,955	16,360	15,625
Total	\$93,440	\$88,224	\$92,623

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

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

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

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

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income amount to NT\$1,206 thousand and NT\$1,103 thousand for the nine-month period ended September 30, 2023 and 2022, respectively.

(4) Financial assets measured at amortized cost

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Restricted of deposits	\$1,815	\$1,811	\$1,812
Time deposits of more than three months	-	830	830
Total	\$1,815	\$2,641	\$2,642
Current	\$-	\$830	\$830
Non-current	\$1,815	\$1,811	\$1,812

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

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

(5) Notes receivable

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Notes receivables arising from operating activities	\$153,455	\$120,192	\$84,697
Less: loss allowance	-	-	-
Total	\$153,455	\$120,192	\$84,697

Please refer to Note 8 for more details on notes receivable under pledge.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(23) for more details on loss allowance and Note 12 for more details on credit risk.

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

(a) Accounts receivables and accounts receivable - related parties, net

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Accounts receivables, gross	\$1,265,822	\$1,546,930	\$1,572,295
Less: loss allowance	(4,664)	(11,785)	(8,589)
Total	\$1,261,158	\$1,535,145	\$1,563,706

(b) Accounts receivables were not pledged.

(c) Accounts receivable are generally on 60~120 day terms. The total carrying amount as of September 30, 2023, December 31, 2022 and September 30, 2022, were NT\$1,265,822 thousand, NT\$1,546,930 thousand and NT\$1,572,295 thousand, respectively. Please refer to Note 6(23) for more details on loss allowance of accounts receivables for the nine-month periods ended September 30, 2023 and 2022, respectively. Please refer to Note 12 for more details on credit risk management.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

(7) Financial lease payments receivable

	As of			
	Sep. 30, 2023		Dec. 31, 2022	
		Present value of receivables		Present value of receivables
	Net investment in leases	on minimum lease payments	Net investment in leases	on minimum lease payments
Less than one year	\$39,928	\$36,656	\$54,222	\$48,646
More than one year but less than five years	53,284	51,810	113,127	107,969
Total non-discounted lease payments	93,212	\$88,466	167,349	\$156,615
Less: Unearned finance income	(4,746)		(10,734)	
Gross investment in the lease (Financing lease payments receivable)	\$88,466		\$156,615	
Current	\$36,656		\$48,646	
Non-current	51,810		107,969	
Total	\$88,466		\$156,615	

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

	As of	
	Sep. 30, 2022	
	Net investment in leases	Present value of receivables on minimum lease payments
Less than one year	\$55,304	\$49,250
More than one year but less than five years	121,275	115,266
Total non-discounted lease payments	176,579	\$164,516
Less: Unearned finance income	(12,063)	
Gross investment in the lease (Financing lease payments receivable)	\$164,516	
Current	\$49,250	
Non-current	115,266	
Total	\$164,516	

(a) Financial lease payments receivable were not pledged.

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

The implied interest rate of the lease during the lease period will not change after the contract date is determined. As of September 30, 2023, December 31, 2022 and September 30, 2022, the implied interest rate of the financial lease is 2.0% to 2.4% per annum.

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

(c) The Group adopts the simplified approach of IFRS 9 to measure the allowance loss of lease receivables based on expected credit losses during the duration. Lease receivables are secured by leased equipment. As of September 30, 2023, December 31, 2022 and September 30, 2022, there were no overdue lease receivables, and at the same time, the counterparty's past record of default, the future development of the relevant properties of the leased object and collateral, the Group believes that the above-mentioned lease receivables have no impairment.

(8) Inventories

(a) Details of inventories are listed below:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Raw materials	\$183,351	\$200,316	\$195,227
Work in progress	272,921	377,433	384,456
Finished goods	453,862	587,042	492,155
Merchandises	116,361	126,111	122,683
Total	<u>\$1,026,495</u>	<u>\$1,290,902</u>	<u>\$1,194,521</u>

(b) The cost of inventories recognized in expenses amounted to NT\$804,834 thousand, NT\$1,052,962 thousand, NT\$2,505,002 thousand and NT\$2,938,026 thousand for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

Item	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Loss from inventory market decline (reversal gain)	\$(6,885)	\$4,056	\$(2,133)	\$7,624
Unallocated manufacturing overhead	13,255	3,571	20,008	10,373
Loss (Gain) from inventory physical count	874	-	(658)	-
Loss from inventory write-off obsolescence	767	1,137	5,587	3,042
Total	<u>\$8,011</u>	<u>\$8,764</u>	<u>\$22,804</u>	<u>\$21,039</u>

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

(c)The inventories were not pledged.

(9) Investments accounted for under equity method

Investee companies	As of					
	Sep. 30, 2023		Dec. 31, 2022		Sep. 30, 2022	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
AvioCast Inc.	\$91,239	36.72%	\$95,171	36.72%	\$92,813	36.72%
Top Yes (Suzhou) Precision Industry Co., Ltd.	126,461	4.11%	78,682	4.11%	10,298	4.11%
Total	<u>\$217,700</u>		<u>\$173,853</u>		<u>\$103,111</u>	

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

The Group has a 36.72% voting rights in AvioCast Inc. and is the largest single shareholder. However, the decision-making related to relevant activities require majority approval at related shareholders' meetings. Under such circumstances, it is evident that the Group does not have the practical ability to unilaterally control the relevant activities. Therefore, the Group does not have control over AvioCast Inc. but only has significant influence.

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

On March 25, 2022, considering the operational development plan and to strengthen the strategic partnership, the Group's board of directors resolved to invest RMB 30,000 thousand 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 September 30, 2023, the investment amount of RMB 20,000 (approximately US\$ 3,150 thousand) had been remitted.

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

(c) Investments in associates

As of September 30, 2023, December 31, 2022 and September 30 2022, the aggregate carrying amount of the Group's interests in AvioCast Inc. and Top Yes (Suzhou) Precision Industry Co., Ltd. were NT\$217,700 thousand, NT\$173,853 thousand and NT\$103,111 thousand, respectively. The aggregate financial information based on Group's share as follows:

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Profit or loss from continuing operations	\$1,774	\$(1,461)	\$(4,270)	\$(3,007)
Other comprehensive income (post-tax)	-	-	-	-
Total comprehensive income	<u>\$1,774</u>	<u>\$(1,461)</u>	<u>\$(4,270)</u>	<u>\$(3,007)</u>

There aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of September 30, 2023, December 31, 2022 and September 30, 2022.

(d) The Group's investment accounted for under equity method as of September 30, 2023 and 2022 were NT\$217,700 thousand and NT\$103,111 thousand, respectively. For the three-month period ended September 30, 2023 and 2022 share of investment loss from these associates and joint venture amount to NT\$1,774 thousand and NT\$(1,461) thousand, respectively. For the nine-month period ended September 30, 2023 and 2022 share of investment loss from these associates and joint venture amount to NT\$(4,270) thousand and NT\$(3,007) thousand, respectively. They were measured based on the unreviewed financial statements of the investee for the same correspondent periods.

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

(10) Property, plant and equipment

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Owner occupied property, plant and equipment	\$3,032,181	\$2,923,847	\$2,843,052

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
Cost:									
As of Jan. 1, 2023	\$1,419,755	\$732,158	\$1,219,773	\$18,565	\$21,888	\$304,358	\$127,610	\$168,488	\$4,012,595
Additions	1,703	2,189	60,697	1,346	2,382	12,017	961	77,134	158,429
Disposals	-	(536)	(49,960)	(401)	(3,580)	(11,019)	(58,266)	-	(123,762)
Exchange differences	-	753	919	205	-	219	(192)	226	2,130
Reclassification	1,702	3,954	81,898	251	1,763	10,052	1,592	(43,746)	57,466
As of Sep. 30, 2023	\$1,423,160	\$738,518	\$1,313,327	\$19,966	\$22,453	\$315,627	\$71,705	\$202,102	\$4,106,858

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Lease Improvements	Construction in progress and equipment awaiting examination	Total
As of Jan. 1, 2022	\$107,810	\$278,146	\$1,194,085	\$22,427	\$19,665	\$265,651	\$76,505	\$476,007	\$2,440,296
Additions	22,864	-	8,467	1,603	1,428	12,219	11,601	50,259	108,441
Disposals	-	-	(113,960)	(364)	(587)	(4,278)	(1,258)	-	(120,447)
Exchange differences	-	3,065	27,213	1,338	867	4,184	1,629	14,401	52,697
Reclassification	1,289,081	-	108,558	4,023	445	21,530	39,442	(32,565)	1,430,514
As of Sep. 30, 2022	<u>\$1,419,755</u>	<u>\$281,211</u>	<u>\$1,224,363</u>	<u>\$29,027</u>	<u>\$21,818</u>	<u>\$299,306</u>	<u>\$127,919</u>	<u>\$508,102</u>	<u>\$3,911,501</u>
Depreciation and impairment:									
As of Jan. 1, 2023	\$3,119	\$148,832	\$643,209	\$8,427	\$16,297	\$193,168	\$75,696	\$-	\$1,088,748
Depreciation	-	13,465	75,768	1,159	1,785	25,136	6,017	-	123,330
Disposals	-	(536)	(11,500)	(388)	(3,032)	(6,977)	(58,266)	-	(80,699)
Reversal of impairment loss	-	(10,031)	-	-	-	-	-	-	(10,031)
Exchange differences	-	115	750	30	1	240	(192)	-	944
Reclassification	-	(51,442)	3,575	1,275	-	(1,023)	-	-	(47,615)
As of Sep. 30, 2023	<u>\$3,119</u>	<u>\$100,403</u>	<u>\$711,802</u>	<u>\$10,503</u>	<u>\$15,051</u>	<u>\$210,544</u>	<u>\$23,255</u>	<u>\$-</u>	<u>\$1,074,677</u>
As of Jan. 1, 2022	\$3,119	\$129,263	\$598,660	\$19,270	\$14,588	\$166,796	\$56,548	\$-	\$988,244
Depreciation	-	6,385	75,090	670	1,600	22,936	9,980	-	116,661
Disposals	-	-	(49,952)	(348)	(587)	(3,027)	(1,023)	-	(54,937)
Exchange differences	-	2,159	10,891	498	278	3,249	1,406	-	18,481
As of Sep. 30, 2022	<u>\$3,119</u>	<u>\$137,807</u>	<u>\$634,689</u>	<u>\$20,090</u>	<u>\$15,879</u>	<u>\$189,954</u>	<u>\$66,911</u>	<u>\$-</u>	<u>\$1,068,449</u>
Net carrying amount as of:									
Sep. 30, 2023	<u>\$1,420,041</u>	<u>\$638,115</u>	<u>\$601,525</u>	<u>\$9,463</u>	<u>\$7,402</u>	<u>\$105,083</u>	<u>\$48,450</u>	<u>\$202,102</u>	<u>\$3,032,181</u>
Dec. 31, 2022	<u>\$1,416,636</u>	<u>\$583,326</u>	<u>\$576,564</u>	<u>\$10,138</u>	<u>\$5,591</u>	<u>\$111,190</u>	<u>\$51,914</u>	<u>\$168,488</u>	<u>\$2,923,847</u>
Sep. 30, 2022	<u>\$1,416,636</u>	<u>\$143,404</u>	<u>\$589,674</u>	<u>\$8,937</u>	<u>\$5,939</u>	<u>\$109,352</u>	<u>\$61,008</u>	<u>\$508,102</u>	<u>\$2,843,052</u>

- (b) For the nine-month periods ended September 30, 2023, as the reason for impairment loss provisioning with respect to certain housing and building has vanished, the Group recognized gain on reversal of impairment loss in the amount of NT\$10,031 thousand, which was recognized in the statement of comprehensive income.
- (c) Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 51 years and 3 to 20 years.
- (d) Please refer to Note 8 for more details on property, plant and equipment under pledge.
- (e) The Company's land at No. 631 and No. 635, Xinzhou Section, Xinqu 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 registered in the name of Huang Ya-Hsing, chairman of the board of directors, and handled the setting with the Company as the right holder.

(11) Investment property

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

	Buildings	Land use rights	Total
Cost:			
As of 1 Jan. 2023	\$-	\$-	\$-
Held as right-of-use assets	-	2,044	2,044
Transfers from owner-occupied property	61,070	-	61,070
Exchange differences	-	-	-
As of 30 Sep. 2023	\$61,070	\$2,044	\$63,114

	Buildings	Land use rights	Total
Depreciation and impairment:			
As of 1 Jan. 2023	\$-	\$-	\$-
Amortization	-	-	-
Transfers from owner-occupied property	(51,442)	-	(51,442)
Exchange differences	-	-	-
As of 30 Sep. 2023	<u>\$ (51,442)</u>	<u>\$-</u>	<u>\$ (51,442)</u>
Net carrying amount as of:			
30 Sep. 2023	<u>\$9,628</u>	<u>\$2,044</u>	<u>\$11,672</u>
31 Dec. 2022	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

	For the three- month period ended 30 Sep. 2023	For the nine -month period ended 30 Sep. 2023
Rental income from investment property	\$-	\$-
Less:		
Direct operating expenses from investment property generating rental income	-	-
Total	<u>\$-</u>	<u>\$-</u>

(a) No investment property was pledged.

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

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

(12) Intangible assets

	<u>Computer software</u>
<u>Cost:</u>	
As of Jan. 1, 2023	\$44,361
Additions – acquired separately	-
Deduction	-
Exchange differences	2
As of Sep. 30, 2023	<u>\$44,363</u>
As of Jan. 1, 2022	\$40,715
Additions – acquired separately	2,226
Deduction	(326)
Exchange differences	45
As of Sep. 30, 2022	<u>\$42,660</u>
<u>Amortization and Impairment:</u>	
As of Jan. 1, 2023	\$36,491
Amortization	2,122
Deduction	-
Exchange differences	2
As of Sep. 30, 2023	<u>\$38,615</u>
As of Jan. 1, 2022	\$33,080
Amortization	2,934
Deduction	(326)
Exchange differences	45
As of Sep. 30, 2022	<u>\$35,733</u>
Carrying amount, net:	
As of Sep. 30, 2023	<u>\$5,748</u>
As of Dec. 31, 2022	<u>\$7,870</u>
As of Sep. 30, 2022	<u>\$6,927</u>

Amortization of intangible assets is as follows:

Item	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Operating costs	\$44	\$45	\$132	\$72
Sales and marketing	94	94	283	242
General and administrative	545	580	1,707	1,725
Research and development	-	1	-	895
Total	\$683	\$720	\$2,122	\$2,934

(13) Other non-current assets

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Refundable deposits	\$12,357	\$14,353	\$15,089
Net defined benefit assets	3,860	3,659	2,266
Total	\$16,217	\$18,012	\$17,355

(14) Short-term loans

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Secured financial structure loans	\$280,905	\$127,556	\$44,780
Unsecured financial structure loans	856,868	454,789	640,718
Total	\$1,137,773	\$582,345	\$685,498
Interest Rates (%)	1.70%~4.43%	0.82%~3.90%	0.78%~4.36%

The Group's unused short-term lines of credits amounted to NT\$973,329 thousand, NT\$1,016,175 thousand and NT\$927,809 thousand as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

(15) Other payables

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Payable of salary and bonuses	\$101,644	\$135,809	\$90,727
Accrued interest	1,274	839	541
Accrued compensation to employees and directors	9,630	18,612	17,624
Payable on equipment	16,925	61,517	16,570
Payable of processing fees	185,015	294,888	291,416
Other	174,343	160,088	206,079
Total	<u>\$488,831</u>	<u>\$671,753</u>	<u>\$622,957</u>

(16) Bonds payable

A. The details of the bonds payable as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, is as follows:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Liability component:			
Unsecured domestic convertible bonds	\$172,900	\$606,300	\$811,700
Less: discounts on bonds payable	(2,146)	(12,468)	(19,120)
Subtotal	170,754	593,832	792,580
Less: current portion	(83,672)	(279,367)	(345,980)
Net	<u>\$87,082</u>	<u>\$314,465</u>	<u>\$446,600</u>
Embedded derivative - redemption, put options	<u>\$234</u>	<u>\$493</u>	<u>\$822</u>
Equity component - conversion right	<u>\$16,732</u>	<u>\$60,914</u>	<u>\$84,533</u>

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6(26)(c) and (d).

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

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

(B) Issue date: August 27, 2019

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

(D) Coupon rate: 0%

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

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

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

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

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

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

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

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

- (A) Issue amount: NT\$630,000 thousand
- (B) Issue date: January 3, 2022
- (C) Issue price: Issued at 111.8% of the par value
- (D) Coupon rate: 0%
- (E) Period: January 3, 2022 to January 3, 2025

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

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

D. The unsecured convertible bonds in the amount of NT\$1,057,100 thousand have been converted to 19,787 thousand common shares as of September 30, 2023. The conversion net amount exceeds the par value of converted ordinary shares and is transferred to capital reserve - convertible corporate bonds, with a conversion premium of NT\$868,435 thousand; in addition, due to the exercise of corporate bond conversion rights, the capital reserve recognized in the original issue - convertible corporate bond warrants a decrease of NT\$104,249 thousand and a decrease of NT\$23,359 thousand in the discount of corporate bonds payable.

(17) Long-term loans

The details of long-term loan as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, are as follows:

Debtor	Type of Loan	Loan period	As of Sep. 30, 2023	Repayment
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$14,325	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	278,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28- 2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank of Taiwan	Secured loan	2023.02.15- 2028.02.15	256,000	The principal and interest will be amortized monthly.
Yuanta Commercial Bank Co., Ltd	Credit loan	2023.03.27- 2025.03.26	200,000	Interest is paid monthly, and the principal is paid at maturity.
Total			1,618,325	
Less: current portion			(275,658)	
Non-current portion			\$1,342,667	

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

Debtor	Type of Loan	Loan period	As of Dec.	Repayment
			31, 2022	
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$28,650	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.20- 2026.10.20	296,000	The principal and interest will be amortized monthly.
Land Bank of Taiwan	Secured loan	2022.03.28- 2027.03.28	870,000	Interest is paid monthly, and the principal is paid at maturity.
Bank Sinopac	Credit loan	2022.11.24- 2023.02.23	100,000	Interest is paid monthly, and the principal is paid at maturity.
Total			1,294,650	
Less: current portion			(143,100)	
Non-current portion			\$1,151,550	

Debtor	Type of Loan	Loan period	As of Sep.	Repayment
			30, 2022	
Bank of Taiwan	Secured loan	2016.06.27- 2024.06.27	\$33,424	The principal and interest will be amortized monthly.
Bank of Taiwan	Secured loan	2021.10.21- 2026.10.20	300,000	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.
Total			1,203,424	
Less: current portion			(41,099)	
Non-current portion			\$1,162,325	

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

(b) As of September 30, 2023, December 31, 2022 and September 30, 2022, the interest rate intervals for long-term loans were 1.35% ~ 2.01%, 0.98% ~ 1.88% and 0.98% ~ 1.81%, respectively.

(18) Other non-current liabilities

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

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Net defined benefit liability	\$688	\$851	\$1,484
Guarantee deposits	5,975	4,921	4,968
Deferred revenue	6,207	6,079	6,803
Other (Note)	-	20,279	20,279
Total	<u>\$12,870</u>	<u>\$32,130</u>	<u>\$33,534</u>

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

The Group applied for the planning permission after obtaining the land use rights in March 2018. The local government required that the project undergo an environmental impact assessment by a qualifying body. After the Group complied with this requirement, it was not able to continue with the subsequent construction project approval process until it received approval from the Department of Safety and Environmental Protection of Xishan District in May 2019, resulting in a delay in project progress. During the process of obtaining construction planning permission, the Group was required to adhere to hygienic buffer zone standards, which necessitated a redesign of the project plans. Subsequently, the COVID-19 pandemic further delayed the commencement of the construction, with the Group receiving the construction planning permission in June 2020. Due to the impact of the pandemic, the construction was not completed and accepted until the end of May 2022. Later, the construction and installation of production facilities inside the factory were carried out. In late October of the same year, the Xinwu District government approved the change of the business license and tax registration to Xishan District. On December 3 of the same year, the Group submitted an explanation of the delayed production to the People's Government of Xishan District, Wuxi City. As of September 30, 2023, the Group has estimated a total of NT\$ 20,279 thousand (RMB 4,361 thousand) for infrastructure and supporting construction costs, which was booked as other payables, if production standards are not met.

(b) The details of the deferred government grants income for the nine-month periods ended September 30, 2023 and 2022 are as follows:

	For the nine-month periods ended September 30,	
	2023	2022
Beginning balance	\$26,358	\$27,204
Received during the period	(20,279)	-
Released to the statement of comprehensive income	(931)	(935)
Exchange differences	1,059	813
Ending Balance	<u>\$6,207</u>	<u>\$27,082</u>

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

(19) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2023 and 2022 were NT\$7,610 thousand and NT\$9,546 thousand, respectively, while for the nine-month periods ended September 30, 2023 and 2022 were NT\$23,248 thousand and NT\$27,035 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended September 30, 2023 and 2022 were NT\$9 thousand and NT\$8 thousand, respectively, while for the nine-month periods ended September 30, 2023 and 2022 were both NT\$25 thousand.

(20) Equities

(a) Common stock

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Company's authorized capital were NT\$1,500,000 thousand, each share at par value of NT\$10. The Company's paid-in capital were NT\$908,008 thousand, NT\$810,063 thousand, and NT\$765,151 thousand, respectively, divided into 90,801 thousand shares, 81,006 thousand shares and 76,515 thousand shares, respectively. Each share has one voting right and a right to receive dividends. The 6,000 thousand shares are reserved for the issuance of employee stock option certificates in the total amount of shares mentioned above.

The Company passed the board resolution on November 9, 2018. In order to motivate employees and boost solidarity, the Company bought back a total of 247 thousand shares from November 15, 2018 to January 9, 2019 and planned to transfer them to employees within three years from the date of repurchase. As of January 17, 2022, the Company has not transferred the 247 thousand shares repurchased for more than three years, therefore the 247 thousand treasury shares were cancelled in accordance with applicable regulations, totaling NT\$10,551 thousand, including NT\$2,470 thousand of which was canceled share capital, NT\$4,291 thousand was stock premium and NT\$3,790 thousand was accumulated profit and loss. January 17, 2022 was set as the base date for capital reduction and cancellation of share capital.

For the year ended December 31, 2021, the 1st unsecured convertible bonds in amount of NT\$41,753 thousand and employees executed stock options in amount of NT\$1,870 thousand, were converted into 4,362 thousand shares. The registration was completed on February 9, 2022.

Among the employee stock options issued by the Company, the amount of NT\$1,987 thousand were converted into 96 thousand shares and approved by the board of directors' meeting on March 25, 2022. The base date for the capital increase was March 25, 2022.

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

For the nine-month periods ended September 30, 2023, the 1st unsecured convertible bonds in amount of NT\$2,236 thousand were converted into 224 thousand shares. The base date for the capital increase was May 11, 2023.

For the nine-month periods ended September 30, 2023, the 2nd unsecured convertible bonds in amount of NT\$11,594 thousand were converted into 1,159 thousand shares. The base date for the capital increase was May 11, 2023.

For the nine-month periods ended September 30, 2023, the 2nd unsecured convertible bonds in amount of NT\$40,952 thousand were converted into 4,095 thousand shares. The base date for the capital increase was May 11, 2023.

For the nine-month periods ended September 30, 2023, the 2nd unsecured convertible bonds in amount of NT\$66 thousand were converted into 7 thousand shares. The base date for the capital increase was August 10, 2023.

For the nine-month periods ended September 30, 2023, the 1st unsecured convertible bonds in amount of NT\$43,097 thousand were converted into 4,310 thousand shares. The base date for the capital increase was November 9, 2023.

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(b) Capital surplus

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Additional paid-in capital	\$1,994,494	\$1,621,376	\$1,441,904
Employee stock option	1,322	1,322	1,322
Components of convertible corporate bonds	16,732	60,914	84,533
Total	<u>\$2,012,548</u>	<u>\$1,683,612</u>	<u>\$1,527,759</u>

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

(c) Treasury stock

Treasury stock amounted to NT\$0 thousand, divided into 0 shares, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

The movement schedule of treasury stock for the nine-month period ended September 30, 2022 was as below (in thousand shares.)

Purpose of repurchase	Beginning	Addition	Decrease	Ending
	balance			balance
<u>For the nine-month period ended Sep. 30, 2022</u>				
Transfer of shares to employees	<u>247</u>	<u>-</u>	<u>247</u>	<u>-</u>

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

(d) Retained earnings and dividend policies

(1) Retained earnings

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

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

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

(2) Dividend policies

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

(3) Legal reserve

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

(4) Special reserve

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

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

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

(5) The appropriations of earnings for 2022 and 2021 were approved through the shareholders' meetings held on September 30, 2023 and September 23, 2022, respectively. The details of the distributions are as follows:

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

Note: The number of shares calculated for shareholder dividends amounted to 82,022 thousand shares and 71,744 thousand shares as of March 23, 2023 and March 11, 2022, respectively (after deducting treasury shares).

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

(21) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

(1) In January 2017, the Company issued employee stock option of 4,000 units to qualified employees of the Company. One unit of stock option can be used to subscribe 1,000 shares of the Company's common shares. The options are valid for five years and exercisable at 50% of the granted stock options to the second anniversary of grant date; and can exercise the other 50% of the granted stock options to the third anniversary of grant date. The exercise price of stock options is obtained by referring to the company's current fair value per share in the enterprise value evaluation report issued by Specialized Enterprise Management Consulting Co., Ltd. on December 26, 2016, and discounting it by 30%, the exercise price will be subject to the adjustments upon occurrence of certain events of changes in the company's common shares.

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

	For the nine-month period ended September 30, 2022	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	96	\$20.7
Granted	-	-
Exercised	(96)	20.7
Expired	-	-
Over due	-	-
Outstanding at end of period	-	\$-
Exercisable at end of period	-	
For share options granted during the period, weighted average fair value of those options at the measurement date (in dollars)		\$-

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

The information on the outstanding share options as of September 30, 2022 have not remained contractual life.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	<u>2017.01</u>
Stock market price	\$35.89
Exercised price	\$25
Expected volatility (%)	41.57%~41.74%
Expected life (Years)	3.5 years/4 years
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.81%/0.85%

The Company assumes that the stock options with a vesting period of 2 years and 3 years will be exercised 3.5 years and 4 years after the grant date, so the expected volatility is based on the historical stock price volatility of the industry in the past 3.5 years and 4 years.

In August 2017, the Company revised the payment conditions of some outstanding employee stock option plans at that time and replaced them with a long-term bonus plan. In August 2017, the Company re-evaluated the fair value of employee stock options granted. The Black-Scholes Option Pricing model was used in the evaluation. The input values used in the evaluation model are as follows:

	<u>2019.01</u>
Stock market price	\$45
Exercised price	\$23.2
Expected volatility (%)	24.22%
Expected life (Years)	1 day
Expected dividend yield (%)	0%
Risk free interest rate (%)	0.43%

Compared with the current value of the revised long-term bonus and welfare plan, the aforementioned measurement results have not increased.

(22) Operating revenue

	For the three-month		For the nine-month	
	period ended September 30,		period ended September 30,	
	2023	2022	2023	2022
Revenue from contracts with customer				
Sale of goods	\$1,042,509	\$1,342,530	\$3,179,829	\$3,728,863
Other operating revenue	11,334	15,337	35,253	46,478
Total	<u>\$1,053,843</u>	<u>\$1,357,867</u>	<u>\$3,215,082</u>	<u>\$3,775,341</u>

Analysis of revenue from contracts with customers for the nine-month periods ended September 30, 2023 and 2022 are as follows:

(a) Disaggregation of revenue

	For the three-month		For the nine-month	
	period ended September 30,		period ended September 30,	
	2023	2022	2023	2022
Sale of goods	\$1,042,509	\$1,342,530	\$3,179,829	\$3,728,863
Other	11,334	15,337	35,253	46,478
Total	<u>\$1,053,843</u>	<u>\$1,357,867</u>	<u>\$3,215,082</u>	<u>\$3,775,341</u>

The timing for revenue recognition:

At a point in time	<u>\$1,053,843</u>	<u>\$1,357,867</u>	<u>\$3,215,082</u>	<u>\$3,775,341</u>
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For the analysis of each major product, please refer to Note 14 "Segment Information".

(b) Contract balances

A. Contract liabilities

	As of			
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	Dec. 31, 2021
Sales of goods	<u>\$16,511</u>	<u>\$11,597</u>	<u>\$14,112</u>	<u>\$21,158</u>

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

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(4,767)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	9,681

Analysis of contract liabilities for the nine-month periods ended September 30, 2022 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(19,736)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	12,690

(23) Expected credit (losses) gains

	<u>For the three-month period</u>		<u>For the nine-month period</u>	
	ended September 30,	ended September 30,	ended September 30,	ended September 30,
	2023	2022	2023	2022
Operating expenses – Expected credit losses				
Account receivables	<u>\$8,251</u>	<u>\$(1,457)</u>	<u>\$7,125</u>	<u>\$1,284</u>

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively, are as follow:

(a)The Group'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 group measures its loss allowance in an ungrouped manner. Details are as follow:

As of Sep. 30, 2023

	Not due (Note)	Overdue			Total
		Less than 60 days	61-120 days	More than 121-180 days	
Gross carrying amount	\$1,359,417	\$48,952	\$5,325	\$5,583	\$1,419,277
Loss ratio	0.07%~0.50%	0.79%~3.13%	6.00%~43.75%	19.08%~60.34%	50.00%~100%
Lifetime expected credit losses	(2,346)	(654)	(425)	(1,239)	(4,664)
Carrying amount of accounts receivables	\$1,357,071	\$48,298	\$4,900	\$4,344	\$1,414,613

As of Dec. 31, 2022

	Not due (Note)	Overdue			Total
		Less than 60 days	61-120 days	More than 121-180 days	
Gross carrying amount	\$1,482,222	\$162,258	\$19,048	\$3,476	\$1,667,122
Loss ratio	0.06%~1.44%	1.23%~16.15%	14.32%~31.91%	42.12%~66.98%	68.06%~100%
Lifetime expected credit losses	(3,384)	(2,943)	(3,612)	(1,737)	(11,785)
Carrying amount of accounts receivables	\$1,478,838	\$159,315	\$15,436	\$1,739	\$1,655,337

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

As of Sep. 30, 2022

	Not due (Note)	Overdue			Total	
		Less than 60 days	61-120 days	121-180 days		More than 181 days
Gross carrying amount	\$1,575,224	\$60,505	\$18,972	\$1,897	\$394	\$1,656,992
Loss ratio	0.06%~1.27%	1.22%~25.16%	15.58%~50.35%	41.66%~66.98%	54.58%~100%	
Lifetime expected credit losses	(2,617)	(1,150)	(3,627)	(906)	(289)	(8,589)
Carrying amount of accounts receivables	\$1,572,607	\$59,355	\$15,345	\$991	\$105	\$1,648,403

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

(b)The movement in the provision for impairment of notes receivables and accounts receivables for the nine-month periods ended September 30, 2023 and 2022 are as follows:

	Notes receivables	Accounts receivables
As of Jan. 1, 2023	\$-	\$11,785
Addition (reversal) for the current period	-	(7,125)
Exchange differences	-	4
As of Sep. 30, 2023	\$-	\$4,664
As of Jan. 1, 2022	\$-	\$9,770
Addition (reversal) for the current period	-	(1,284)
Exchange differences	-	103
As of Sep. 30, 2022	\$-	\$8,589

(24) Leases

(a)Group as a lessee

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

The Group'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		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Land	\$70,069	\$74,317	\$76,002
Buildings	107,483	125,388	132,684
Transportation equipment	9,159	10,798	11,713
Office equipment	96	122	187
Other equipment	479	1,558	1,917
Total	<u>\$187,286</u>	<u>\$212,183</u>	<u>\$222,503</u>

The Group's right-of-use assets increased by NT\$3,656 thousand and NT\$139,131 thousand for the nine-month period ended September 30, 2023 and 2022, respectively.

(ii) Lease liabilities

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Lease liabilities	<u>\$125,356</u>	<u>\$149,098</u>	<u>\$156,005</u>
Current	\$20,461	\$32,502	\$32,601
Non-current	104,895	116,596	123,404
Total	<u>\$125,356</u>	<u>\$149,098</u>	<u>\$156,005</u>

Please refer to Note 6(26)(d) for the interest on lease liabilities recognized for the three-month and nine-month periods ended September 30, 2023 and 2022, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at September 30, 2023, December 31, 2022, and September 30, 2022.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

B. Amounts recognized in the income statement

(i) Depreciation of right-of-use assets

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Land	\$757	\$763	\$2,279	\$2,268
Buildings	4,312	7,476	15,198	19,491
Transportation equipment	1,724	1,692	5,181	4,957
Office equipment	43	64	138	363
Other equipment	360	269	1,079	807
Total	\$7,196	\$10,264	\$23,875	\$27,886

C. Income and costs relating to leasing activities

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	\$(1,237)	\$(2,157)	\$(3,518)	\$(4,066)
Income from subleasing right-of-use assets	(1)	1,566	375	4,399

As of September 30, 2023, December 31, 2022 and September 30, 2022, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

D. Cash outflow relating to leasing activities

During the nine-month period ended September 30, 2023 and 2022, the Group's total cash outflow for leases amounted to NT\$25,198 thousand and NT\$33,019 thousand, respectively.

(b) Group as a lessor

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

The Group has signed financial lease agreements for specific equipment, the average lease period is 1~15 years.

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Lease income for operating leases				
Income relating to fixed lease payments	\$6,561	\$4,415	\$17,730	\$12,343
Lease income for finance leases				
Finance income on the net investment in the lease	1,531	1,016	4,709	1,925
	<u>\$8,092</u>	<u>\$5,431</u>	<u>\$22,439</u>	<u>\$14,268</u>

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Less than one year	\$24,399	\$17,566	\$436
More than one year but less than five years	151,615	37,625	-
Total	<u>\$176,014</u>	<u>\$55,191</u>	<u>\$436</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

The Group enters into a financial lease agreement, and the undiscounted lease payment and the total amount for the remaining years will be received as of September 30, 2023, December 31, 2022 and September 30, 2022 are as follows:

	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Undiscounted lease payments			
Year 1	\$39,928	\$54,222	\$55,304
Year 2	33,545	47,476	49,209
Year 3	17,440	35,388	39,432
Year 4	2,219	20,680	22,311
Year 5	80	9,583	10,323
Total undiscounted lease payments	93,212	167,349	176,579
Less: lease payment unearned revenue	(4,746)	(10,734)	(12,063)
Net investment in the lease (Finance lease receivables)	\$88,466	\$156,615	\$164,516
Current	\$36,656	\$48,646	\$49,250
Non-current	51,810	107,969	115,266
Total	\$88,466	\$156,615	\$164,516

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

Function Nature	For the three-month period ended September 30,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	\$51,220	\$88,849	\$140,069	\$74,922	\$101,015	\$175,937
Labor and health insurance	6,593	7,972	14,565	7,450	8,394	15,844
Pension	3,616	4,003	7,619	4,593	4,961	9,554
Other employee benefits expense	3,748	3,188	6,936	2,473	1,781	4,254
Depreciation	35,369	13,868	49,237	37,286	13,173	50,459
Amortization	44	639	683	45	675	720

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Function Nature	For the nine-month period ended September 30,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salaries and wages	\$169,751	\$267,717	\$437,468	\$202,266	\$270,988	\$473,254
Labor and health insurance	19,750	23,951	43,701	17,866	18,295	36,161
Pension	11,151	12,122	23,273	13,842	13,218	27,060
Other employee benefits expense	10,603	12,233	22,836	10,934	9,885	20,819
Depreciation	105,040	42,165	147,205	110,135	34,412	144,547
Amortization	132	1,990	2,122	72	2,862	2,934

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

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

Based on profit, the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the three-month periods ended September 30, 2023 amounted to NT\$2,919 thousand and NT\$1,460 thousand, respectively. The employees' compensation and remuneration to directors for the three-month periods ended September 30, 2022 amounted to NT\$3,860 thousand and NT\$1,929 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salary expenses. the Company estimated 2% of the employees' compensation and 1% of remuneration to directors for the nine-month periods ended September 30, 2023 amounted to NT\$6,345 thousand and NT\$3,173 thousand, respectively. The employees' compensation and remuneration to directors for the nine-month periods ended September 30, 2022 amounted to NT\$9,223 thousand and NT\$4,611 thousand, respectively. The employees' compensation and remuneration to directors were recognized as salary expenses.

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

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$3,722 thousand and NT\$1,861 thousand, respectively for the year ended December 31, 2021, in a meeting held on March 25, 2022. No differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2021.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

(26) Non-operating incomes and expenses

(a) Interest income

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Interest income				
Financial assets measured at amortized cost	\$14,056	\$2,453	\$29,477	\$3,970
Related party lending	188	519	568	1,267
Other	1,635	1,055	5,164	1,985
Total	\$15,879	\$4,027	\$35,209	\$7,222

(b) Other income

	For the three-month period		For the nine-month period	
	ended September 30,		ended September 30,	
	2023	2022	2023	2022
Rental income	\$6,561	\$4,415	\$17,730	\$12,343
Dividend income	1,206	1,103	1,206	1,103
Others	12,783	9,279	40,013	30,519
Total	\$20,550	\$14,797	\$58,949	\$43,965

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

(c) Other gains and losses

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$(35)	\$1,916	\$(670)	\$(608)
Foreign exchange gains (losses), net	58,710	88,032	82,304	161,273
Gains (losses) on financial assets at fair value through profit or loss	(944)	783	(281)	(1,713)
Gains on lease modification	(1,770)	1,250	2,448	1,309
Reversal of impairment loss	(30)	-	10,031	-
Others	(81)	(503)	(1,028)	(2,624)
Total	<u>\$55,850</u>	<u>\$91,478</u>	<u>\$92,804</u>	<u>\$157,637</u>

(d) Finance costs

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Interest on borrowings from bank	\$13,510	\$8,732	\$34,405	\$19,501
Interests on convertible bonds	796	2,684	3,803	7,604
Interests on lease liabilities	385	498	1,205	1,333
Total	<u>\$14,691</u>	<u>\$11,914</u>	<u>\$39,413</u>	<u>\$28,438</u>

(27) Components of other comprehensive income

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

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$868	\$-	\$868	\$(173)	\$695
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	64,582	-	64,582	(12,913)	51,669
Total of other comprehensive income	<u>\$65,450</u>	<u>\$-</u>	<u>\$65,450</u>	<u>\$(13,086)</u>	<u>\$52,364</u>

For the three-month period ended September 30, 2022:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$618	\$-	\$618	\$(124)	\$494
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	17,243	-	17,243	(3,449)	13,794
Total of other comprehensive income	<u>\$17,861</u>	<u>\$-</u>	<u>\$17,861</u>	<u>\$(3,573)</u>	<u>\$14,288</u>

For the nine-month period ended September 30, 2023:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(572)	\$-	\$(572)	\$115	\$(457)
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	3,817	-	3,817	(764)	3,053
Total of other comprehensive income	<u>\$3,245</u>	<u>\$-</u>	<u>\$3,245</u>	<u>\$(649)</u>	<u>\$2,596</u>

For the nine-month period ended September 30, 2022:

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	\$1,209	\$-	\$1,209	\$(242)	\$967
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translating of a foreign operations	55,130	-	55,130	(11,026)	44,104
Total of other comprehensive income	<u>\$56,339</u>	<u>\$-</u>	<u>\$56,339</u>	<u>\$(11,268)</u>	<u>\$45,071</u>

(28) Income tax

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

Income tax expense (income) recognized in profit or loss

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Current income tax expense (income):				
Current income tax charge	\$17,563	\$33,402	\$64,536	\$94,307
Adjustments in respect of current income tax of prior periods	1,310	(116)	(9,241)	(2,342)
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	5,634	11,237	(1,698)	14,082
Total income tax expense	<u>\$24,507</u>	<u>\$44,523</u>	<u>\$53,597</u>	<u>\$106,047</u>

Income tax relating to components of other comprehensive income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Deferred tax expense (income):				
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$173	\$124	\$(115)	\$242
Exchange differences arising on translation of foreign operations	12,913	3,449	764	11,026
Total	<u>\$13,086</u>	<u>\$3,573</u>	<u>\$649</u>	<u>\$11,268</u>

(b) The assessment of income tax return

As of September 30, 2023, the status of tax authority's assessment of the income tax returns of the Company and its subsidiaries were as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiary- Global Tek Co., Ltd.	Assessed and approved up to 2021

(29) Earnings per share

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

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

(a) Basic earnings per share

	<u>For the three-month period ended September 30,</u>		<u>For the nine-month period ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$132,512</u>	<u>\$168,098</u>	<u>\$277,597</u>	<u>\$394,862</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	<u>90,199</u>	<u>73,102</u>	<u>84,760</u>	<u>72,172</u>
Basic earnings per share (NT\$)	<u>\$1.47</u>	<u>\$2.30</u>	<u>\$3.28</u>	<u>\$5.47</u>

(b) Diluted earnings per share

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
	Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$132,512	\$168,098	\$277,597
Gain or loss on valuation of redemption from convertible bonds	(331)	(383)	207	1,272
Interest expense from convertible bonds	637	2,147	3,042	6,083
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$132,818</u>	<u>\$169,862</u>	<u>\$280,846</u>	<u>\$402,217</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	90,199	73,102	84,760	72,172
Effect of dilution:				
Employee bonus — stock (in thousand shares)	83	73	167	201
Convertible bonds (in thousand shares)	<u>4,531</u>	<u>21,170</u>	<u>9,970</u>	<u>21,997</u>
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	<u>94,813</u>	<u>94,345</u>	<u>94,897</u>	<u>94,370</u>
Diluted earnings per share (in NT\$)	<u>\$1.40</u>	<u>\$1.80</u>	<u>\$2.96</u>	<u>\$4.26</u>

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

7. RELATED PARTY TRANSACTIONS

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

Related parties and Relationship

<u>Related parties</u>	<u>Relationship</u>
Top Yes (Suzhou) Precision Industry Co., Ltd.	Associate
AvioCast Inc.	Associate

(2) Significant transactions with related parties

A. Other receivables - related parties

	As of		
	<u>Sep. 30, 2023</u>	<u>Dec. 31, 2022</u>	<u>Sep. 30, 2022</u>
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$579	\$578	\$588
AvioCast Inc.	205	-	-
Total	<u>\$784</u>	<u>\$578</u>	<u>\$588</u>

B. Loans to related parties

(a) Other receivables - related parties

	As of		
	<u>Sep. 30, 2023</u>	<u>Dec. 31, 2022</u>	<u>Sep. 30, 2022</u>
Top Yes (Suzhou) Precision Industry Co., Ltd.	<u>\$17,862</u>	<u>\$18,137</u>	<u>\$45,121</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

(b) Interest income

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Top Yes (Suzhou) Precision Industry Co., Ltd.	\$188	\$519	\$568	\$1,267

C. For the nine-month period ended September 30, 2023 and 2022, the Group entrusted Top Yes (Suzhou) Precision Industry Co., Ltd. to provide labor services and recognized operating cost in the amount of NT\$1,422 thousand and NT\$1,412 thousand, respectively.

D. For the nine-month period ended September 30, 2022, the Group sold property, plant and equipment to related parties. The details are as follows:

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

E. For the nine-month period ended September 30, 2023, the Group entrusted AvioCast Inc. to provide labor services and recognized operating revenue in the amount of NT\$195 thousand.

F. Salaries and rewards to key management of the Group

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2023	2022	2023	2022
Short-term employee benefit	\$9,063	\$7,366	\$22,763	\$13,423
Post-employment benefit	81	81	243	189
Total	\$9,144	\$7,447	\$23,006	\$13,612

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of			Secured liabilities
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022	
Notes Receivable	\$10,605	\$-	\$-	Collateral for notes receivable account
Financial assets measured at amortized cost-non current	1,815	1,811	1,812	Customs bond
Land	1,410,612	1,410,612	1,410,612	Long-term loans
Property, plant and equipment – buildings (net)	112,771	99,510	100,620	Short-term and Long-term loans
Total	<u>\$1,535,803</u>	<u>\$1,511,933</u>	<u>\$1,513,044</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a) As of September 30, 2023, December 31, 2022 and September 30, 2022, the outstanding contracts relating to purchased property, plant and equipment of Global Tek Fabrication Co., Ltd., Global Tek Co., Ltd., Global Tek (Wuxi) Co., Ltd., Global Tek (Xi'An) Co., Ltd. and Globaltek Xi'An Machinery Manufacturing Co., Ltd. for business needs were as follows:

Purchased property, plant and equipment	As of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Global Tek Fabrication Co., Ltd.	\$20,324	\$42,046	\$50,411
Global Tek Co., Ltd.	-	18,811	18,810
Global Tek (Wuxi) Co., Ltd.	40,222	64,249	167,412
Total	<u>\$60,546</u>	<u>\$125,106</u>	<u>\$236,633</u>

(b) As of September 30, 2023, December 31, 2022 and September 30, 2022, Global Tek Co., Ltd. issued guarantee notes as collateral for the purchase of materials were NT\$92,520 thousand.

(c) Globaltek (Xi'An) Machinery Manufacturing Co., Ltd. passed the plan to establish an investment casting factory by the board resolution of the Company on November 12, 2021, and the estimated expenditure was RMB72,000 thousand (including land, plant, supporting facilities machinery and equipment, etc.). However, because the local government of Xi'An could not provide and replace the casting capacity indicators, it is no longer possible to set up a foundry in this area from the perspective of policies and regulations, so the Company's board resolution approved on August 11, 2022 that it intends to invest in the establishment of Global Tek Technology Metal Manufacturing (Shaanxi) Co., LTD. through Global Tek (Xi'An) Co., Ltd. The investment amount was reduced from RMB 72,000 thousand to RMB 33,000 thousand. As of September 30, 2023, the Group has remitted the investment amount of RMB16,530 thousand.

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

The Group filed a civil action against the seller for rescission of the contract on December 21, 2022, and settled through mediation at the Taipei District Court in Taiwan on May 15, 2023, agreeing that the seller would return to the Group the price of MYR\$4,864 thousand as scheduled, and the Group transferred 1.9 million shares of Allied Advantage Sdn. Bhd. to the seller.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	<u>Sep. 30, 2023</u>	<u>Dec. 31, 2022</u>	<u>Sep. 30, 2022</u>
Financial asset at fair value through profit of loss:			
Mandatorily measured at fair value through profit of loss	\$758	\$1,039	\$1,357
Financial assets at fair value through other comprehensive income	93,440	88,224	92,623
Financial assets measured at amortized cost:			
Cash and cash equivalents(exclude cash on hand)	2,110,809	1,124,791	1,228,398
Financial assets measured at amortized cost	1,815	2,641	2,642
Accounts receivables (including related parties)	1,503,079	1,811,952	1,812,919
Other receivables (including related parties)	83,906	123,071	140,176
Refundable deposits	12,357	14,353	15,089
Total	<u>\$3,806,164</u>	<u>\$3,166,071</u>	<u>\$3,293,204</u>

Financial liabilities

	As of		
	<u>Sep. 30, 2023</u>	<u>Dec. 31, 2022</u>	<u>Sep. 30, 2022</u>
Financial liabilities at amortized cost:			
Short-term loans	\$1,137,773	\$582,345	\$685,498
Payables(including related parties)	1,343,561	1,702,447	1,630,067
Long-term loans (current portion included)	1,618,325	1,294,650	1,203,424
Bonds payable (current portion included)	170,754	593,832	792,580
Lease liabilities	125,356	149,098	156,005
Guarantee deposits received	5,975	4,921	4,968
Total	<u>\$4,401,744</u>	<u>\$4,327,293</u>	<u>\$4,472,542</u>

(2)Financial risk management objectives and policies

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

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

(3)Market risk

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

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

Foreign currency risk

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

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

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

When NTD dollars strengthens/weakens against USD dollars by 1%, the profit for the nine-month periods ended September 30, 2023 and 2022 is decreased/increased by NT\$17,066 thousand and NT\$13,287 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended September 30, 2023 and 2022 to decrease/increase by NT\$643 thousand and NT\$1,889 thousand, respectively.

Equity price risk

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

At the reporting date, a change of 1% in the price of the unlisted equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the nine-month periods ended September 30, 2023 and 2022 by NT\$6,076 thousand and NT\$926 thousand, respectively.

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

(4)Credit risk management

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

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

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

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

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

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

(5) Liquidity risk management

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Non-derivative financial instruments

	Less than			Over than	Total
	1 year	1 to 3 years	3 to 5 years	5 years	
As of Sep. 30, 2023					
Short-term loans	\$1,152,774	\$-	\$-	\$-	\$1,152,774
Long-term loans	305,237	401,670	994,300	-	1,701,207
Payables	1,343,561	-	-	-	1,343,561
Convertible bonds	84,400	88,500	-	-	172,900
Lease liabilities (Note)	21,819	32,565	28,811	47,870	131,065
As of Dec. 31, 2022					
Short-term loans	\$590,131	\$-	\$-	\$-	\$590,131
Long-term loans	164,515	187,936	1,023,229	-	1,375,680
Payables	1,702,447	-	-	-	1,702,447
Convertible bonds	283,800	322,500	-	-	606,300
Lease liabilities (Note)	32,724	34,064	29,698	58,120	154,606
As of Sep. 30, 2022					
Short-term loans	\$691,862	\$-	\$-	\$-	\$691,862
Long-term loans	61,167	160,373	1,062,228	-	1,283,768
Payables	1,630,067	-	-	-	1,630,067
Convertible bonds	352,300	459,400	-	-	811,700
Lease liabilities (Note)	33,690	37,470	29,698	61,832	162,690

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

	due period			Total
	Less than 1 year	1 to 5 years	6 to 10 years	
As of Sep. 30, 2023	\$21,819	\$61,376	\$47,870	\$131,065
As of Dec. 31, 2022	32,724	63,762	58,120	154,606
As of Sep. 30, 2022	33,690	67,168	61,832	162,690

(6) Reconciliation schedule of liabilities arising from financing activities

Reconciliation schedule of liabilities for the nine-month period ended September 30, 2023:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Corporate bonds received in advance (accounted for non-current liabilities)	Total liabilities from financing activities
As of Jan. 1, 2023	\$582,345	\$1,294,650	\$4,921	\$149,098	\$593,832	\$2,624,846
Cash flows	555,428	323,675	1,054	(21,680)	-	858,477
Non-cash changes						
Lease range changes	-	-	-	(3,241)	-	(3,241)
Interest expense	-	-	-	1,205	3,803	5,008
Other	-	-	-	-	(426,881)	(426,881)
Exchange differences	-	-	-	(26)	-	(26)
As of Sep. 30, 2023	<u>\$1,137,773</u>	<u>\$1,618,325</u>	<u>\$5,975</u>	<u>\$125,356</u>	<u>\$170,754</u>	<u>\$3,058,183</u>

Reconciliation schedule of liabilities for the nine-month period ended September 30, 2022:

	Short-term loans	Long-term loans	Guarantee deposits received	Lease liabilities	Corporate bonds received in advance (accounted for non-current liabilities)	Bonds payable	Total liabilities from financing activities
As of Jan. 1, 2022	\$730,008	\$527,749	\$3,891	\$74,373	\$704,314	\$390,051	\$2,430,386
Cash flows	(44,510)	675,675	1,077	(28,953)	-	-	603,289
Non-cash changes							
Lease range changes	-	-	-	139,131	-	-	139,131
Interest expense	-	-	-	1,333	-	7,604	8,937
Other	-	-	-	(30,330)	(704,314)	394,925	(339,719)
Exchange differences	-	-	-	451	-	-	451
As of Sep. 30, 2022	<u>\$685,498</u>	<u>\$1,203,424</u>	<u>\$4,968</u>	<u>\$156,005</u>	<u>\$-</u>	<u>\$792,580</u>	<u>\$2,842,475</u>

(7) Fair values of financial instruments

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

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

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

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

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

	Carrying amount as of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial liabilities			
Bonds payable	\$170,754	\$593,832	\$792,580

	Fair value as of		
	Sep. 30, 2023	Dec. 31, 2022	Sep. 30, 2022
Financial liabilities			
Bonds payable	\$172,679	\$596,775	\$792,426

(c) Fair value measurement hierarchy for financial instruments

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

(8) Derivative financial instruments

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled are as follows:

Embedded derivatives

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

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

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

As of September 30, 2023

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$234	\$-	\$234
Funds beneficiary certificates	524	-	-	524
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	93,440	93,440

Financial liabilities:

None

As of December 31, 2022

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$493	\$-	\$493
Funds beneficiary certificates	546	-	-	546
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	88,224	88,224

Financial liabilities:

None

As of September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bond redemption rights	\$-	\$822	\$-	\$882
Funds beneficiary certificates	535	-	-	535
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	92,623	92,623

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

For the nine-month periods ended September 30, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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

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

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

As of September 30, 2023

	<u>Assets</u>
	<u>Financial asset at fair value through other comprehensive income</u>
	<u>Stock</u>
As of Jan. 1, 2023	\$88,224
Total gains and losses recognized for the nine-month period ended September 30, 2023:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	(572)
Acquired/issued for the nine-month period ended September 30, 2023	5,193
Exchange differences	<u>595</u>
As of Sep. 30, 2023	<u><u>\$93,440</u></u>

As of September 30, 2022

	<u>Assets</u>
	Financial asset at fair value through other comprehensive income
	<u>Stock</u>
As of Jan. 1, 2022	\$91,449
Total gains and losses recognized for the nine-month period ended September 30, 2022:	
Amount recognized in profit or loss (presented in “ Other gains and losses ”)	-
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	1,209
Exchange differences	<u>(35)</u>
As of Sep. 30, 2022	<u><u>\$92,623</u></u>

For the nine-month periods ended September 30, 2023 and 2022, there were not movement of fair value measurements.

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

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

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

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

	As of					
	Sep. 30, 2023			Dec. 31, 2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$57,951	32.28	\$1,870,371	\$43,889	30.725	\$1,348,505
EUR	4,961	33.91	168,243	2,621	32.72	85,761
RMB	46,232	4.415	204,114	21,766	4.4090	95,965
JPY	245,098	0.216	52,966	179,326	0.2325	41,693
<u>Financial liabilities</u>						
Monetary items:						
USD	\$4,196	32.28	\$135,426	\$882	30.725	\$27,093
EUR	653	33.91	22,127			
RMB	9,899	4.415	43,703			
<u>As of</u>						
<u>Sep. 30, 2022</u>						
	Foreign Currencies	Exchange Rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$42,470	31.771	\$1,349,328			
EUR	4,480	31.25	140,005			
RMB	20,202	4.4780	90,465			
JPY	164,305	0.2201	36,164			

	As of		
	Sep. 30, 2022		
	Foreign	Exchange	
	Currencies	Rate	NTD
<u>Financial liabilities</u>			
Monetary items:			
USD	\$648	31.771	\$20,599
EUR	2	31.25	76
RMB	-	4.478	-

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

The Group's entities' functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gain/(loss) were NT\$58,710 thousand, NT\$88,032 thousand, NT\$82,304 and NT\$161,273 thousand for the three-month and nine-month periods ended September 30, 2023 and 2022, respectively.

(11) Capital management

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

13. ADDITIONAL DISCLOSURES

(1) Information at significant transactions:

- a. Financing provided to others for the nine-month period ended September 30, 2023: Please refer to Attachment 1.

- b. Endorsement/Guarantee provided to others for the nine-month period ended September 30, 2023: Please refer to Attachment 2.
- c. Marketable securities held as of September 30, 2023. (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: None.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: None.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: None.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: Please refer to Attachment 5.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2023: Please refer to Attachment 6.
- i. Financial instruments and derivative transactions: None.
- j. Other: Significant intercompany transactions between the parent with subsidiaries or among subsidiaries were disclosed in Attachment 7.

(2) Information on investees:

- A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 4.

B. If an investee is controlled by an investor, the related information for the investee shall be disclosed as the same as Note 13(1):

- (a) Financing provided to others for the nine-month period ended September 30, 2023: None.
- (b) Endorsement/Guarantee provided to others for the nine-month period ended September 30, 2023: None.
- (c) Marketable securities held as of September 30, 2023. (excluding investments in subsidiaries, associates and joint ventures): None.
- (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 nine-month period ended September 30, 2023: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: None.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the nine-month period ended September 30, 2023: None.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of September 30, 2023: None.
- (i) Financial instruments and derivative transactions: None.

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

(3) Information on investments in Mainland China:

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

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Sep. 30, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of Sep. 30, 2023	Accumulated Inward Remittance of Earnings as of Sep. 30, 2023
					Outflow	Inflow						
Global Tek (Xi'An) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$159,450 (USD 5,100)	(2)A	\$19,458 (USD 642)	\$91,708 (USD 3,000)	\$-	\$111,166 (USD 3,642)	\$57,999 (RMB 13,198) (Note 2 及 Note 4)	100%	\$57,999 (RMB 13,198) (Note 2, 4 and 6)	\$491,045 (RMB 111,222) (Note 2, 4 and 6)	\$-

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Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Sep. 30, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of Sep. 30, 2023	Accumulated Inward Remittance of Earnings as of Sep. 30, 2023
					Outflow	Inflow						
Global Tek (Wuxi) Co., Ltd.	Precision machining of automotive components	\$478,141 (USD 15,100)	(2)B	\$494,073 (USD 16,378)	\$-	\$-	\$494,073 (USD 16,378)	\$98,542 (RMB 22,424) (Note 2 and 4)	100%	\$98,542 (RMB 22,424) (Note 2, 4 and 6)	\$1,697,475 (RMB 384,479) (Note 2, 4 and 6)	\$-
Globaltek Xi'An Machinery Manufacturing Co., Ltd.	Sales of industrial automatic control parts and aerospace equipment parts	\$22,115 (RMB 5,000)	(2)C	\$-	\$-	\$-	\$-	\$(439) (RMB(100)) (Note 2 and 4)	100%	\$(439) (RMB(100)) (Note 2, 4 and 6)	\$47,223 (RMB 10,696) (Note 2, 4 and 6)	\$-

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Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Sep. 30, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of Sep. 30, 2023	Accumulated Inward Remittance of Earnings as of Sep. 30, 2023
					Outflow	Inflow						
Global Tek Metal Manufacturing (Shaanxi) Co., Ltd.	Precision machining of industrial automatic control parts and aerospace equipment parts	\$72,980 (RMB 16,530) (Note 2)	(2)D	\$-	\$-	\$-	\$-	\$(7,857) (RMB (1,788)) (Note 2 and 4)	100%	\$(7,857) (RMB (1,788)) (Note 2, 4 and 6)	\$64,865 (RMB 14,692) (Note 2, 4 and 6)	\$-
Top Yes (Suzhou) Precision Industry Co., Ltd.	Precision machining of automotive components	\$469,550 (RMB 111,666)	(2)E	\$48,398 (USD 1,575)	\$48,077 (USD 1,575)	\$-	\$96,475 (USD 3,150)	\$(8,231) (RMB (1,873)) (Note 2)	4.11%	\$(338) (RMB (77)) (Note 2)	\$126,461 (RMB 28,016) (Note 2)	\$-

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Accumulated Investment in Mainland China as of Sep. 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$747,812 (USD23,170)	\$863,195 (USD26,745)	\$2,328,818

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

(1) Go directly to the mainland for investment.

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

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

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

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

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

E. Top Yes (Suzhou) Precision Industry Co., Ltd. is 4.1095% owned by Global Tek (Wuxi) Co., Ltd.

(3) Other methods.

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

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

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

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

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

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 Global Tek Fabrication Co., Ltd. and subsidiaries
 Notes to the Consolidated Financial Statements – (Continued)
 (Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Significant transactions with the investees in mainland China:

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

(4) Information on major shareholders:

Ownership of shares Name	Number of shares held (shares)	Ownership ratio
Ting, Ling-Chuan	11,523,000	12.69%
Haochi Investment Co., Ltd.	8,128,000	9.85%
HsingYing Investment Co., Ltd.	7,854,000	8.64%
Huang, Ya-Hsing	6,226,695	6.85%

14. SEGMENT INFORMATION

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

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

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

Industrial Products business: Industrial automatic control parts and sales.

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

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

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

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the three-month period ended Sep. 30, 2023</u>					
Revenue					
External customers	\$590,833	\$414,962	\$48,048	\$-	\$1,053,843
Inter-segment	119,900	102,785	-	(222,575)	-
Total revenue	<u>\$710,623</u>	<u>\$517,747</u>	<u>\$48,048</u>	<u>\$(222,575)</u>	<u>\$1,053,843</u>
Segment profit	<u>\$ 34,696</u>	<u>\$37,737</u>	<u>\$5,224</u>	<u>\$-</u>	\$77,657
Other unallocated amounts					
Non-operating incomes and expenses					79,362
Income before income tax					<u>\$157,019</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the three-month period ended Sep. 30, 2022</u>					
Revenue					
External customers	\$659,852	\$643,665	\$54,350	\$-	\$1,357,867
Inter-segment	158,411	177,838	-	(336,249)	-
Total revenue	<u>\$818,263</u>	<u>\$821,503</u>	<u>\$54,350</u>	<u>\$(336,249)</u>	<u>\$1,357,867</u>
Segment profit	<u>\$8,259</u>	<u>\$111,746</u>	<u>\$(4,311)</u>	<u>\$-</u>	\$115,694
Other unallocated amounts					
Non-operating incomes and expenses					96,927
Income before income tax					<u>\$212,621</u>
<u>For the nine-month period ended Sep. 30, 2023</u>					
Revenue					
External customers	\$1,633,280	\$1,412,816	\$168,986	\$-	\$3,215,082
Inter-segment	311,458	295,652	-	(607,110)	-
Total revenue	<u>\$1,944,738</u>	<u>\$1,708,468</u>	<u>\$168,986</u>	<u>\$(607,110)</u>	<u>\$3,215,082</u>
Segment profit	<u>\$13,281</u>	<u>\$171,938</u>	<u>\$2,696</u>	<u>\$-</u>	\$187,915
Other unallocated amounts					
Non-operating incomes and expenses					143,279
Income before income tax					<u>\$331,194</u>

Global Tek Fabrication Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements – (Continued)

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

	Automotive products business	Industrial Products business	Aerospace products business	Adjustments & eliminations	Consolidated
<u>For the nine-month period ended Sep. 30, 2022</u>					
Revenue					
External customers	\$1,770,535	\$1,857,838	\$146,968	\$-	\$3,775,341
Inter-segment	431,969	423,105	-	(855,074)	-
Total revenue	<u>\$2,202,504</u>	<u>\$2,280,943</u>	<u>\$146,968</u>	<u>\$(855,074)</u>	<u>\$3,775,341</u>
Segment profit	<u>\$20,303</u>	<u>\$321,697</u>	<u>\$(18,470)</u>	<u>\$-</u>	\$323,530
Other unallocated amounts					
Non-operating incomes and expenses					177,379
Income before income tax					<u>\$500,909</u>

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

Information on assets and liabilities of the reportable segment.

	Automotive products business	Industrial Products business	Aerospace products business	unallocated assets	Consolidated
As of Sep. 30, 2023					
Segment assets	<u>\$2,437,135</u>	<u>\$3,091,898</u>	<u>\$168,198</u>	<u>\$2,902,405</u>	<u>\$8,599,636</u>
As of Dec. 31, 2022					
Segment assets	<u>\$2,602,131</u>	<u>\$3,359,294</u>	<u>\$169,489</u>	<u>\$1,898,936</u>	<u>\$8,029,850</u>
As of Sep. 30, 2022					
Segment assets	<u>\$2,406,141</u>	<u>\$3,380,143</u>	<u>\$171,445</u>	<u>\$2,016,178</u>	<u>\$7,973,907</u>

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Global Tek Fabrication Co., Ltd. and Subsidiaries

Financing provided to others

For the nine-month periods ended September 30, 2023

Attachment 1

(In Thousands of Foreign Currency/New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 3)	Limit of total financing amount (Note 3)
													Item	Value		
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Other receivables	YES	\$96,825 (USD 3,000)	\$-	-	2%	2	\$-	Business turnover and factory construction	\$-	None	-	\$776,273	\$1,552,546
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi' An) Co., Ltd.	Other receivables	YES	\$32,275 (USD 1,000)	\$-	-	2%	2	\$-	Business turnover	\$-	None	-	\$776,273	\$1,552,546
1	Global Tek (Wuxi) Co., Ltd.	Top Yes (Suzhou) Precision Industry Co., Ltd.	Other receivables	YES	\$35,320 (CNY 8,000)	\$17,660 (CNY 4,000)	\$17,660	4.57%	2	\$-	Business turnover	\$-	None	-	\$339,495	\$678,990

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

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

Note 2: Nature of financing is coded as follows:

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

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

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

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

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Global Tek Fabrication Co., Ltd. and Subsidiaries

Endorsement/Guarantee provided to others

For the nine-month periods ended September 30, 2023

Attachment 2

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Amount Actually Drawn (Note5)	Amount of Endorsement /Guarantee secured by Properties (Note6)	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note3)	Endorsement provided by parent company to subsidiaries (Note7)	Endorsement provided by subsidiaries to parent company (Note7)	Endorsement provided to entities in China (Note7)
		Name	Nature of Relationship (Note2)										
0	Global Tek Fabrication Co., Ltd.	Global Tek (Xi'An) Co., Ltd.	Subsidiary	\$776,273	\$264,900	\$176,600	\$88,300	\$-	4.55%	\$1,940,682	Y	N	Y
0	Global Tek Fabrication Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Subsidiary	\$776,273	\$163,355	\$75,055	\$44,150	\$-	1.93%	\$1,940,682	Y	N	Y

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

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

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

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

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

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

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

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

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

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

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Global Tek Fabrication Co., Ltd. and Subsidiaries

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

As of September 30, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Name	Relationship	Financial Statement Account	As of September 30, 2023				Note
				Shares/Units	Book Value	Percentage of ownership (%)	Fair value	
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Techplasma Technology Co., Ltd.	-	Financial asset at fair value through other comprehensive income, noncurrent	1,206,372	<u>\$46,416</u>	3.63%	<u>\$46,416</u>	Unlisted (counter) company stocks
Global Tek Fabrication Co., Ltd.	<u>Stock</u> Allied Advantage Sdn, Bhd.	-	Financial asset at fair value through other comprehensive income, noncurrent	-	<u>\$30,069</u>	19.00%	<u>\$30,069</u>	Unlisted (counter) company stocks
Global Tek GmbH	<u>Stock</u> Formtechnology GmbH	-	Financial asset at fair value through other comprehensive income, noncurrent	-	<u>\$16,955</u>	10.00%	<u>\$16,955</u>	Unlisted (counter) company stocks
Global Tek Co., Ltd.	Money market funds: Neuberger Investment Fund - NB High Yield Bond Securities Fund T Weekly Dividend Stocks (AUD)	-	Financial assets at fair value through profit or loss	4,749	<u>\$524</u>	-%	<u>\$524</u>	

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Global Tek Fabrication Co., Ltd. and Subsidiaries

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

As of September 30, 2023

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor Company	Investee Company	Address	Main businesses and products	Original Investment Amount		Investments as of September 30, 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book Value			
Global Tek Fabrication Co., Ltd.	Global Tek Co., Ltd.	Taoyuan County, Taiwan	Auto parts precision processing	\$200,000	\$200,000	20,000,000 shares	100.00%	\$296,941	\$66,347	\$66,347	Note
Global Tek Fabrication Co., Ltd.	Global Tek Fabrication Co., Ltd. (Samoa)	APIA, SAMOA	Investing activities	USD 24,220	USD 19,645	-	100.00%	\$2,154,871	\$156,715	\$149,554	Note
										(NOTE 1)	
Global Tek Fabrication Co., Ltd.	Global Tek GmbH	Bavaria, Germany	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	EUR 525	EUR 525	-	100.00%	\$22,224 (EUR 655)	\$1,617 (EUR 48)	\$1,617 (EUR 48)	Note
Global Tek Fabrication Co., Ltd.	AVIOCAST INC.	Taiwan	Aerospace aluminum alloy manufacturing sales	\$119,088	\$119,088	9,842,000 shares	36.72%	\$91,239	\$(5,013)	\$(3,932)	Note
										(NOTE 2)	
Global Tek Co., Ltd.	GP TECH, INC.	American Little	Auto Parts, industrial automatic control parts, Aerospace equipment parts sales	USD 20	USD 20	-	100.00%	\$2,894 (USD 87)	\$115 (USD 4)	\$115 (USD 4)	Note
Global Tek Fabrication Co., Ltd. (Samoa)	GLOBAL TEK CO., LTD. (Samoa)	APIA, SAMOA	Investing activities	USD 13,150	USD 10,150	-	100.00%	\$1,269,173	\$108,170	\$108,170	Note
Global Tek Fabrication Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	HKD 62,380	HKD 62,380	-	92.76%	\$798,194	\$52,209	\$48,429	Note
Global Tek Co., Ltd. (Samoa)	Global Tek Fabrication Co., Ltd. (HK)	Hongkong	Investing activities	USD 660	USD 660	-	7.24%	\$62,300	\$52,209	\$3,780	Note

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

Note1: Including investment gain recognized under equity method amounted to NT\$156,715 thousand and realized profit on transaction between subsidiaries amounted to NT\$23,278 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(30,910) thousand and realized profit on transaction between subsidiaries amounted to NT\$1,887 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(1,416) thousand and realized profit on transaction between subsidiaries amounted to NT\$(5,074) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$5,074 thousand.

Note 2: Including investment loss recognized under equity method amounted to NT\$1,841 thousand and premium amortization of NT\$2,091 thousand.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

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

For the nine-month periods ended September 30, 2023

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 (payables)(%)	
Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	Associate	Purchases	\$172,181	24%	90 days after monthly dosing	Same as general trading conditions	Same as general trading conditions	Accounts payables \$(81,530)	26%	Note
Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	Associate	Purchases	\$311,458	42%	90 days after monthly dosing	Same as general trading conditions	Same as general trading conditions	Accounts payables \$(155,483)	38%	Note
Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd	Associate	Sales	\$123,471	26%	90 days after monthly dosing	Same as general trading conditions	Same as general trading conditions	Accounts receivables \$34,550	16%	Note

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Global Tek Fabrication Co., Ltd. and Subsidiaries

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

As of September 30, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Company	Counterparty	Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Global Tek (Wuxi) Co., Ltd.	Global Tek Co., Ltd.	Associate	<u>\$155,483</u> (Note 1&2)	<u>2.38</u>	<u>\$-</u>	-	<u>\$33,575</u>	<u>\$-</u>

Note 1: Accounts receivables.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Global Tek Fabrication Co., Ltd. and Subsidiaries
Intercompany Relationships and Significant Intercompany Transactions
For the nine-month periods ended September 30, 2023

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

No	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	2023.01.01 ~ 2023.09.30 Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Non-Operating income	\$(8,206)	Note 5	(0.26)%
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Operating costs	172,181	No difference compared with general manufacturers	5.36%
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Accounts payables	81,530	No difference compared with general manufacturers	0.95%
0	Global Tek Fabrication Co. Ltd.	Global Tek (Xi'An) Co., Ltd.	1	Other receivables	18,270	-	0.21%
1	Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd	3	Accounts receivables	34,550	No difference compared with general client	0.40%
1	Global Tek (Xi'An) Co., Ltd.	Globaltek Xi'An Machinery Manufacturing Co., Ltd	3	Operating revenue	123,471	No difference compared with general client	3.84%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Other receivables	23,745	-	0.28%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Accounts payables	155,483	No difference compared with general manufacturers	1.81%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Operating costs	311,458	No difference compared with general manufacturers	9.69%
2	Global Tek Co., Ltd.	Global Tek (Wuxi) Co., Ltd.	3	Non-Operating income	(44,281)	Note 6	(1.38)%

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

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

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

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

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

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

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

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