Stock Code: 5009

Gloria Material Technology Corp.

2022 Annual Report

Post System: MOPS http://mops.tse.com.tw

Printed on April 13, 2023

Notice to readers: This English-version meeting agenda is a translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Names of Auditors: Ming-Hsien Liu and Meng-Chieh Chiu
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(V) Overseas trade places for listed negotiable securities: None.

(VI) Company Website: www.gmtc.com.tw

Content

One. Letter to Shareholders

I. Implementation of the 2022 business plan

In terms of global steel demand in 2022, the impact of the Russia-Ukraine war led to a surge in energy prices in Europe. In response, the major manufacturers reduced production, which has driven up import demands. In addition, issues such as labor shortages and material shortages caused by the COVID-19 pandemic have been improved, which exerted a positive effect on U.S. infrastructure, and led to rising demands. In addition, with the slowdown of the COVID-19 pandemic and recovery in the aerospace, oil, gas, and automotive industries, we see robust demand in the steel market, which led to a price hike.

With reduced steel production in China, the infrastructure project with a contract amount of US$ 2 trillion, Section 232 steel and aluminum tariffs imposed by the U.S., and rapid adjustment of sales strategies during the COVID-19 pandemic, the Company actively expanded its market share in the tool steel market, and implemented lean production and alloy procurement strategy for effective cost control, in order to boost profitability on the Company's product. The Company's 2022 consolidated revenue was NT$12,365,317, which grew by 40.98% compared to 2021, while the 2022 pre-tax profit of NT$2,592,521 thousand increased by 154.62% compared to 2021.

Growth of consolidated sales and pre-tax profit

Unit: NT $thousand

	Operating Revenue	Gross Margin	Operating Profit	Pre-tax Profit
2022	12,365,317	3,955,630	2,414,961	2,592,521
2021	8,770,944	2,338,770	1,074,052	1,018,195
Percentage Growth	40.98%	69.13%	124.85%	154.62%

(I) Budget execution

Thanks to robust demand in the steel market, exemption from Section 232 steel and aluminum tariffs imposed by the U.S., and the appreciation of US dollar, the Company's revenue, and profit have reached its budget via strategies including lean production, strategic procurement of raw materials, and expansion of tool steel market share. In 2022, the company's net operating revenue was NT$11,265,158 thousand, which achieved 102.89% of the guidance, while net profit was NT$2,018,769 thousand, which achieved 226.29% of the guidance.

Unit: NT$ thousand

Item \ Year	Individual Budget in 2022	Individual Achievement in 2022	Rate in 2022
Net Operating Revenue	10,949,112	11,265,158	102.89%
Gross Margin	2,473,243	3,296,103	133.27%
Operating Profit	1,008,121	2,014,786	199.86%
Pre-tax Profit	1,060,904	2,431,268	229.17%
Net Profit	892,135	2,018,769	226.29%

(II) The capacity of financial revenue and profitability

1. The Group recorded a net cash inflow of NT$1,697,191 thousand from operating activities in 2022 mainly due to an increase in operating revenue and an increase in inventories turnover, while a net cash outflow of NT$616,238 thousand arising from investment activities was mainly due to the purchase of fixed assets for plant expansion. Net cash inflow has been generated from financing activities of NT$167,808 thousand due to an issuance of bonds.

2. Profitability analysis
   Return on Total Assets: 8.31%
   Return on Equity:18.85%
   Operating Income to Capital Stock: 52.83%
   Pre-tax Profit to Capital Stock: 56.71%
   Basic EPS (after tax):4.52

(III) R&D review and explanation

Corresponding to the development of high-end steel grades, in 2022, GMTC developed new steel grades for hot work tool steel with high strength and toughness, for effective use in the die casting and aluminum extrusion industries.

Major development on R&D and quality in 2022:

1. Corresponding to equipment replacement needs and revision of regulations/ norms, GMTC has been negotiating with end-user clients to expand the scope of certified products and first article inspection (FAI).
2. We continue to comply with the steel type, shape, size, weight, and simplified processes, so as to increase the flexibility of order delivery and achieve effective production.
3. Improve the steelmaking process, including raw material management, optimization

of ingredients, and process parameter adjustment, in order to shorten the smelting process and improve the internal and surface quality of steel ingots.

4. Expand various sizes and steel grades of roll bars.
5. Preparations for introducing 50T machines into the production process, so as to facilitate hot testing.

II. 2023 Business plan

(I) Business development

With the slowdown of the COVID-19 pandemic, significant recovery in the aerospace, oil and gas and automotive industries, reduced production by major manufacturers due to issues such as the U.S. infrastructure and Russia-Ukraine war, and China's steel output cuts in the next few years, we forecast a robust steel market, entailing growth potential. The Company has actively responded to the high competition in the industry and environmental issues. The domestic and overseas business development plans are summarized as follows:

Domestic: With the slowdown of the COVID-19 pandemic and global economic recovery, the domestic machinery/mold/automotive industry showed steady development in 2022. With deep cultivation in Taiwan, GMTC is committed to improving the production process and providing more diversified product sizes and types. In the future, we anticipate that the scope of services will expand in the domestic market, with a selection of self-developed /customized materials for various industries in Taiwan.

Overseas market: In face of significant recovery in the aerospace, energy, and oil and gas industries, the steel market will remain upbeat due to issues such as U.S. infrastructure in the next few years, coupled with the transfer of orders owing to geopolitics and international military technology transition.

GMTC not only continues to deepen high-value industries such as the aerospace, energy, and oil and gas industries, but also provided competitive products, actively developing high-end tool steel products to tap into high-end applications in Europe, the U.S., and Japan.

(II) Product development:

New product/ new process development:

In 2023, the Company will continue to expand the application of high-end hot work steel in end-user molds, while its new product development plan covers high-purity optical mirror polished stainless steel, which is mainly used in the precision plastic injection molding industry, with the aim to replace competitive steel products in overseas factories, and improve the Company’s own technology and cost competitiveness in Taiwan.

In 2023, the main operations in cooperation with the above product lines are as follows:

1. Production:

   Complete the expansion and adjustment of production equipment in the two factories, so that each factory can manufacture products with a strong competitive advantage. Firstly, the mass production of new equipment has led to higher CUR, and secondly, the Company has been focusing on precision management and logistics, shortening the process and reducing unnecessary waste in order to boost its profitability. Establish new product lines to tap into the market, increase the depth of sales and product breadth, and invest in new forging equipment in the future. We will gradually develop one-stop production services, and become the most comprehensive production base for steel bars in Taiwan.

2. Sales:

   a. Expand international channels, build a large distributor network locally, and increase the total sales volume.
   b. Increase the market share of tool steel in various regions.
   c. U.S. market: Aerospace, oil, and gas are gradually recovering, while the product orders need to be adjusted to provide stable shipments, and assist customers with inventory correction.
   d. European market: The aerospace industry has recovered along with the lifting of COVID-19 restrictions, and thus in addition to tool steel the Company also arranged orders to actively tap into the aerospace market.
   e. Japanese market: Gloria Material Technology Japan Co., Ltd. was established in 2022 to expand its market share in the tool steel and stainless steel markets.

3. R&D:

   As the 50T steel production equipment is in place, six main grades of steel have been selected for detailed process planning, and relevant tests will be conducted in stages in Q2-Q4, as the Company dedicated efforts to improve equipment quality and expand equipment capacity.

(III) 2023 Operating Principle

In face of changes in the global trend, in addition to continuous internal transformation and adjustments, GMTC still needs to adjust its product orders in response to rapid changes in the global market in 2023, so as to maintain its market share in the competitive market.

Therefore, the overall operating strategies within this year's budget are as follows:

1. Stabilize orders in the existing markets, establish global distribution channels, and timely adjust product orders.
2. Streamline management and strengthen the responsibility system to improve the quality of the whole product line, effectively distinguish between different production processes and equipment management, and improve the operational efficiency of equipment and production capacity.
3. Achievements in R&D of high-end special steel products and development of new stainless steel products.
4. Lower inventory levels of products.

III. Future development strategy

GMTC's market mainly focuses on exports, with an export ratio of nearly ?%, exporting to nearly 50 countries worldwide. Price and quality are critical in the face of global competitors and changes in international trends, while stable purchasing strategies and process cost control measures are crucial for expanding the Company's market share:

(I) Marketing strategy:

1. Formulating the strategy to achieve a leading market share in the Asian tool steel market.
2. Expand the global market share of 6 series of functional stainless steel, and develop towards the aerospace, energy, oil and gas, and military industries which require product certification.
3. Market expansion in Northeast Asia and Southeast Asia.
4. Planning global deployment of new products.

(II) Production strategy:

1. Relocation of plant equipment and production process redesign.
2. Strengthen the competitiveness of different product sizes, specialization and division of labor, and scale production to reduce costs.
3. Optimize the existing equipment or invest in new process equipment to improve production efficiency. Expand the size range (both larger and smaller) to enhance product competitiveness and stabilize product quality.
4. The development of green electricity and design of production processes to achieve energy saving and carbon reduction to mitigate environmental impact and fulfill the

company's social responsibility in green energy.

(III) Human resource:

Since employees are the Company's most valuable assets, employee development shall be one of the Company's growth drivers. Therefore, we safeguard the rights and interests of employees by formulating relevant regulations and rules, providing incentives and a salary bonus system, caring for employees, and offering preferential benefits to enable employees to work with peace of mind.

In response to global market trends and new generations, we internally conducted efficient labor deployment and management, and functional and organizational transformation. In addition, if the Company earned stable profits, we express our gratitude to the hard-working employees and their contributions last year by raising the overall salary by 5% in 2022 and 3% in 2023, in order to share business achievements with employees.

GMTC continued to work with the NCKU-Butterfly Program for industry-academia cooperation. The diversified talent cultivation platform cooperates with the industry to cultivate international talents, so as to achieve a win-win situation.

IV. Influences of the external competitive environment, regulatory environment, and the overall business environment

(I) Economic environment

In 2022, the state of the global economy was unsatisfactory owing to factors including inflation, the Russia-Ukraine war, and climate change. In addition, the rising interest rate, the ongoing Russia-Ukraine war, and a slowdown of major economies in the world also exerted a negative impact on the global economic outlook for 2023. According to the World Bank, global economic growth is estimated at 1.7% in 2023, with a decline of 2.9% compared to that in 2022. Among them, the economic growth forecast was trimmed to 0.5% in 2023 from 1.9% in 2022 in the U.S., lowered to 0% in 2023 from 3.3% in 2022 in the EU, raised to 4.3% in 2023 from 2.7% in 2022 in China, and trimmed to 1.0% in 2023 from 1.2% in 2022 in Japan.

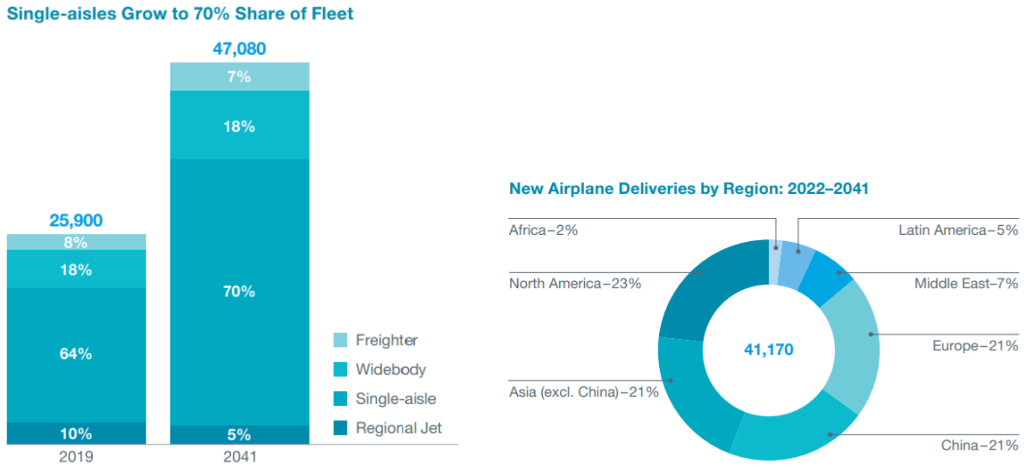
However, given the impacts of the U.S. infrastructure, the Russia-Ukraine war reduced production of major factories, and low steel production in China, the global steel market supply and demand will be in stable equilibrium, while the rebound in raw material price will drive price hike of international steel products. Therefore, the Company is still optimistic about growth in the steel market.

(II) Industry environment analysis:

Countries around the world are gradually lifting border restrictions along with the slowdown of the COVID-19 pandemic, which brings about a significant rise in demands for household/ industrial products and infrastructure. The major industries are gradually returning to a growth trajectory, yet we still need to keep track of changes in geopolitical uncertainties, climate change, and the COVID-19 pandemic. The following is a speculative analysis of the major industries:

I.Aviation industry:

According to Boeing's outlook, the COVID-19 pandemic has significantly dragged down demands in the global aviation market. However, with the gradual slowdown of the COVID-19 pandemic, the total output value will gradually return to a long-term growth trend. In the next 20 years (2022-2041), the demand for new aircraft may exceed 41,170 units in the global aviation market, and the number of aircraft in service will exceed 47,080 units. Recently, single-aisle aircrafts accounted for up to 70% of the total number of aircraft, and the countries in the Pan-Pacific region, North America and Europe have the highest demand for new aircrafts.

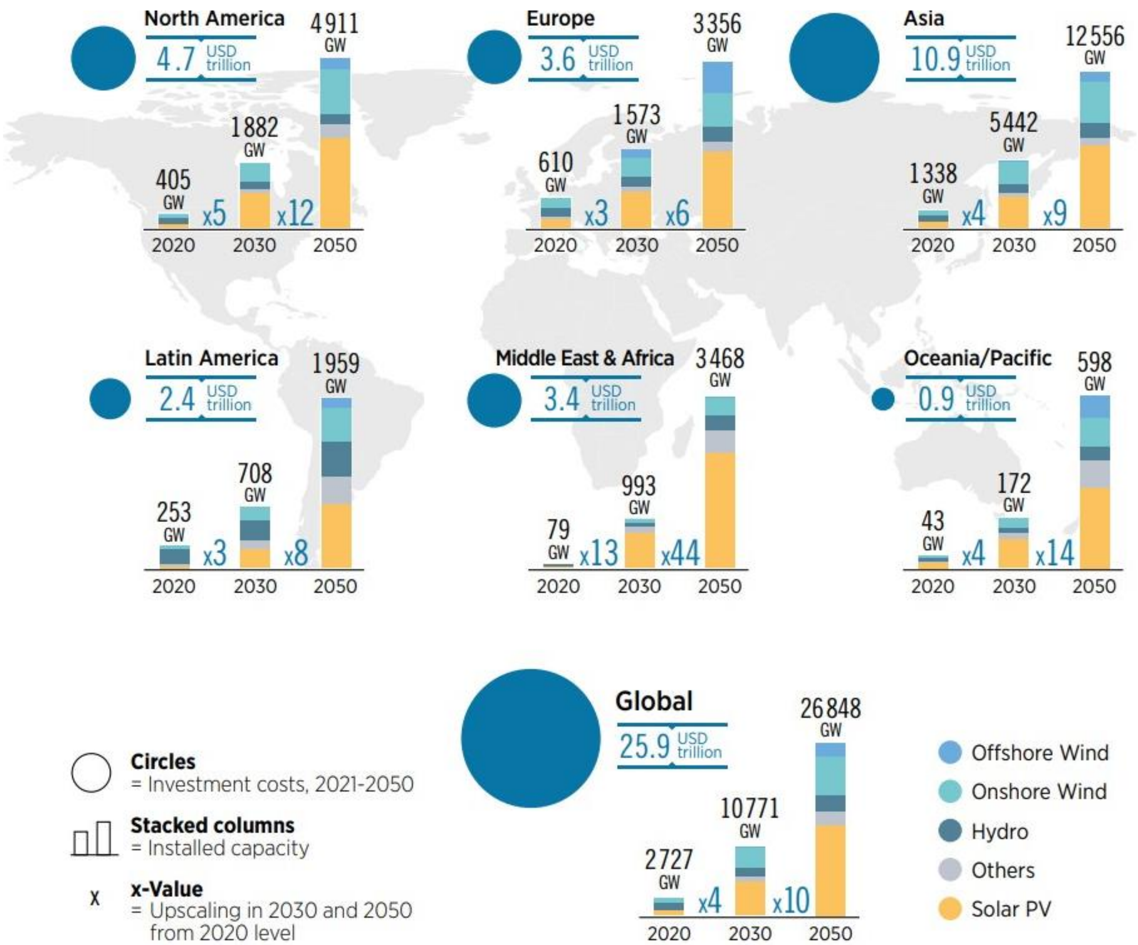


Source: Boeing, Commercial Market Outlook 2022-2041

As countries accelerate the lifting of border restrictions, tourism, and business flight demands have shown an evident increase. The aerospace supply chain has recovered along with rising end-user demand, which further raised the inventory level, propelling the shipment volume of materials. In response, we see active preparation of materials in the aerospace supply chain. The shortage of power supply in Europe has led to reducing production or factory shutdowns, with order transfer as aerospace materials are difficult to obtain in the supply chain.

II. Power industry

Given the global concern about climate change and the reduction of carbon emissions, countries around the world are actively developing various green energy, including renewable energy such as wind power and solar power. According to the International Renewable Energy Agency (IRENA), under a scenario near 1.5◦C of global warming, it is estimated that Asia, North America and Europe will account for 83% of installed global renewable energy capacity by 2030. Among them, Asia's installed renewable energy capacity should expand by 4 times, while the installed capacity of North America and



Europe should expand by 5 times and 3 times, respectively. Overall, the Company's accumulated global investment is estimated to reach US$25.9 trillion.

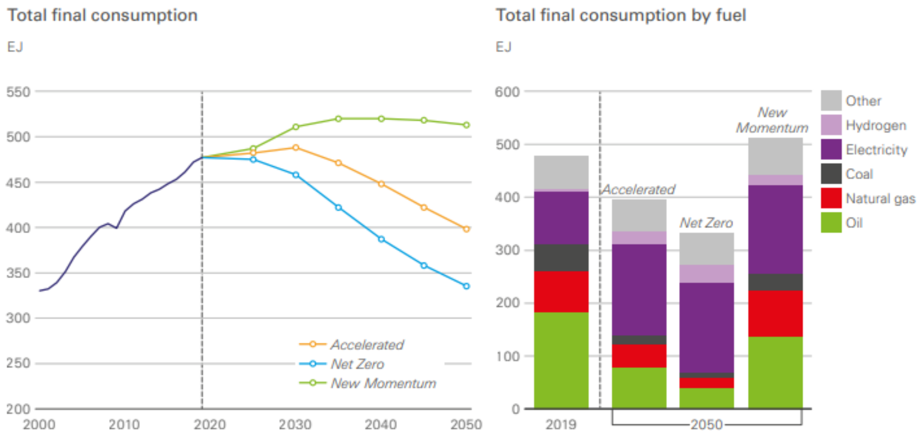
Due to the impact of the Russia-Ukraine war, Russia has cut off the oil and gas supply, which resulted in large fluctuations in energy prices. Meanwhile, we also increased demand in the energy industry, which is conducive to rising demands for turbine blade materials used in generators in the energy industry. We expect that the steel used in the oil and gas industry will also grow month by month, and as issues related to climate change and net-zero carbon emissions materialize, the Company is still optimistic about growth in the energy market.

Figure X. Total installed renewable energy capacity and accumulated investment by region in 2020, 2030 and 2050.

Source: IRENA, World Energy Transitions Outlook 2022

III. Crude oil industry

In recent years, given global concern and an increase in global awareness of environmental protection, the governments of various countries actively respond to energy issues. According to BP's 2023 Outlook for Global Energy Transition, the consumption of oil and gas has declined in recent years. Although oil and gas are still the main energy sources nowadays, we see an increase in electricity consumption along with rapid growth in the wind power and solar power industry.



Source: BP, Energy Outlook

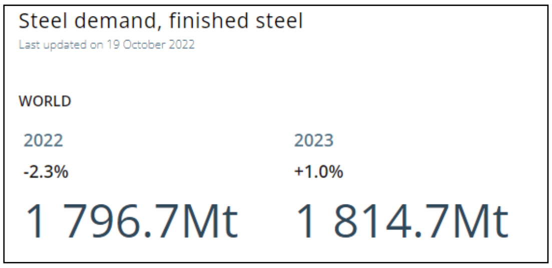
Given the conflict between Russia and Ukraine, Russia has cut off the oil and gas supply, which widened the oil and gas gap in Europe. To fill this gap, the U.S. gradually resumed shale oil extraction. In addition to the above-mentioned situation in the U.S., there was active offshore drilling in the North Sea and Southeast Asia region due to high oil prices and rising demand.

(III) Steel industry:

According to World Steel Association, global steel demand will increase slightly by 1.0% from 1.8 billion tons in 2022 to 1.81 billion tons in 2023.

In recent years, many uncertainties in the world have had a profound impact on the economy and society. The Russia-Ukraine war affected the energy, oil, gas, and steel production capacity in Europe and the U.S., while the issue of climate change has gradually materialized. The steel industry and other industries with high CO_2 emissions were listed as one of the major controlled targets. Entering the carbon pricing era, which will directly impact industries with high CO_2 emissions, we shall pay close attention to recent laws and regulations to ensure profitability, and take into account relevant response strategies and risk control measures to mitigate the impact. In addition, thanks to increasing global vaccination coverage, the spread of the Omicron variant will not be as disruptive to society as the

COVID-19 pandemic. Therefore, we need to pay attention to geopolitical uncertainties, climate change, and the COVID-19 pandemic.



Source: Worldsteel, 2022

(IV) Regulatory environment and overall operating environment

Although steel does not represent a great proportion of the alloy steel industry, it is the key to the development of high-end industries. In the 8 major countries with high industrial development and aviation, energy, automation, and other industries, high-alloy steel is required as the basis for the main components of modern high-tech products.

1. High competitiveness in the global alloy tool steel market:

   In recent years, with increased protectionism in global steel markets, various countries still conducted the impact of the COVID-19 pandemic, countries have still imposed steel tariff-rate quotas or taxes on imported goods since 2020, in order to protect the local market. These measures will not be lifted until 2023. However, if the situation is not resolved, there may be a change in the market, while factors, including the adjustment of import quotas along with rising demand, or inability to export in large quantities due to reduced production in some regions, should be conducive to the Company’s sales.

   For 2023, the Company will mainly focus on the aerospace, oil, and gas markets in Europe and the U.S., followed by tool steel sales in Asia.

2. Trade barriers still exist in various countries

   (1) Section 232 steel and aluminum tariffs imposed by the U.S.: Although some steel products have already been exempted from tariffs, the Section 232 tariffs continue to apply to imports of steel and aluminum to the U.S.

   (2) EU: Discussion on whether steel trade tariffs should continue.

   (3) The signing of the RCEP Agreement: The steel industry faces price competition in Southeast Asia. Although tariffs did not exert an immediate effect, they may cause long-term pressure in the steel industry.

3. Environmental issues: The carbon tax issue has been unignorable in the steel industry. The Taiwan government has been implementing the ordinance that sets renewable energy quotas for large electricity users last year, thereby raising the

operating costs of steel companies.

Looking into 2023, the COVID-19 pandemic will gradually slow down, and the global economy should quickly recover as countries around the world gradually lift COVID restrictions and return to a normal trajectory. In addition, the Company also needs to keep track of geopolitical uncertainties and climate change issues. The Company has always been prudent in its business management, internally implementing lean management and division of labor, flexibly adjusting production/sales/ procurement strategies in response to market trends. We also tapped into new markets by product certification, increasing product types and applications, and maintaining financial stability by reducing operational costs which cover purchase costs, production costs, repair costs, material costs, and energy consumption, so as to strengthen the Company's market competitiveness and seize market share in Asia, in the aim to maximize business achievements to share with the Company's shareholders and employees. Finally, I sincerely thank all shareholders for their long-term support. GMTC's management team and employees will continue to dedicate efforts and bring profitable growth to shareholders.

We wish you all good wealth and prosperity!

Chairman: Manager: Accounting Manager:

Two. Company Profile

I. Date of Establishment

(I) Date of Incorporation: March 30, 1993.

(II) Contact information of the headquarters and factories:

Address: 1F., No. 35, Xinzhong Rd., Xinying Dist., Tainan City 730014, Taiwan (R.O.C.)

Phone: 06-6520031

Headquarter: No. 10, Gong 2nd Rd., Liuying Dist., Tainan City 736006, Taiwan (R.O.C.)

II. Company Profile

March 1993	Formally established with capital of NT$800 million, and its main business focuses on the manufacturing and sales of alloy steel products.
September 1993	Acquired ISO-9002 from BCIQ.
April 1994	Capital reduction of NT$300 million by resolution of the Shareholders' Meeting, and at the same time increase in cash capital of NT$400 million, giving a total capital of NT$900 million.
October 1994	Acquired BSI 9002 from British Standards Institution.
January 1995	Acquired P-H H.S.S. Leading Plan from Industrial Development Bureau.
May 1995	Cash capital increase of NT$1.1 billion by resolution of the Shareholders' Meeting, giving total capital of NT$2 billion.
August 1996	Acquired ISO 9002 from DQS Germany.
October 1996	Acquired the certificate of Chemical Property Lab. from Chinese National Lab. Accreditation (CNLA).
January 1997	Acquired commercial Titanium Alloy Leading Plan from Industrial Development Bureau.
May 1997	Cash capital increase of NT$300 million, giving total capital amount of NT$2.3 billion.
December 1997	Mr. Chen Hsing-Shih was elected as Chairman in the Board of Directors meeting, and was awarded Excellent Manufacturer for Industrial Safety Automatic Inspection.
April 1998	Honored to be awarded for the 6th term Industrial Technology Advancement in Taiwan R.O.C.
April 1998	The Ministry of Economic Affairs approved the “Vacuum Spray Hydrogen Storage Alloy Powder Manufacturing Technology” development plan.
October 1998	Officially listed on the TPEx.
December 1998	Won the Fastener Quality Act (FQA) Testing Field Laboratory Certification of the Chinese National Laboratory Accreditation (CNLA).
April 1999	Acquired ISO 14001 from SGS.
April 1999	Acquired Duplex Stainless Steel Leading Plan from Industrial Development Bureau.

July 1999	Changed Company Name to: Gloria Material Technology Corp.
October 1999	Completed the construction of the refinery plant.
May 2000	Implement GE6δ Program form GE.
May 2000	Awarded as GE GTD450, 430Cb supplier and Lab Accreditation for room temperature mechanical properties, impact strength, and chemical composition analysis.
July 2000	Implement Lean Manufacturing (LM) Program form GE
May 2001	Improving the characteristics of M42 high-speed steel in compliance with the programs of the Industrial Development Bureau, Ministry of Economic Affairs for upgrading the competitiveness of traditional industrial products.
November 2001	Awarded as qualified supplier of Siemens Westinghouse Power Company (SWPC).
February 2002	Awarded as "Excellent Emerging Supplier" by GEPS.
March 2003	Development of 420MP Plastic Mold Steel in compliance with the programs of the Industrial Development Bureau, Ministry of Economic Affairs for upgrading the competitiveness of traditional industrial products.
April 2003	"Gloria Collaborative Integrated Management System" of the 2013 E-Counseling Program for Manufacturing and Technical Service Industries of the Industrial Development Bureau of the Ministry of Economic Affairs.
September 2003	Awarded as qualified supplier of Siemens AG in Germany.
September 2003	Awarded as qualified supplier of Japan Toshiba.
December 2003	Cash capital increase of NT$2 million, giving total capital amount of NT$2.302 billion.
February 2004	Development of High Strength Quenched and Tempered Steel Pipes in compliance with the programs of the Industrial Development Bureau, Ministry of Economic Affairs for upgrading the competitiveness of traditional industrial products.
November 2004	Joined the "Mold Material and Mold Manufacturing Integrated Service Plan" of the Ministry of Economic Affairs.
April 2006	Obtained AS9100 aviation system certification from BellCERT International Inspection and Certification Group.
July 2006	Awarded as qualified supplier of Boeing.
November 2007	Awarded IN718 Nickel-Based Inconel Superalloy 718 leading Plan from Industrial Development Bureau.
April 2008	Awarded as ALL METAL SERVICES of U.K. supplier.
June 2008	Awarded as Agusta Westland of Italy supplier.
October 2008	Acquired NADCAP Certification for NonDestructive Testing (NDT).
November 2008	Obtained NADCAP Testing Laboratories Accreditation.
December 2008	Acquired NADCAP certificate for Heat Treating.
May 2009	Honored the 19th National Quality Award of Taiwan.
September 2009	Awarded as Toshiba supplier of Nuclear application.

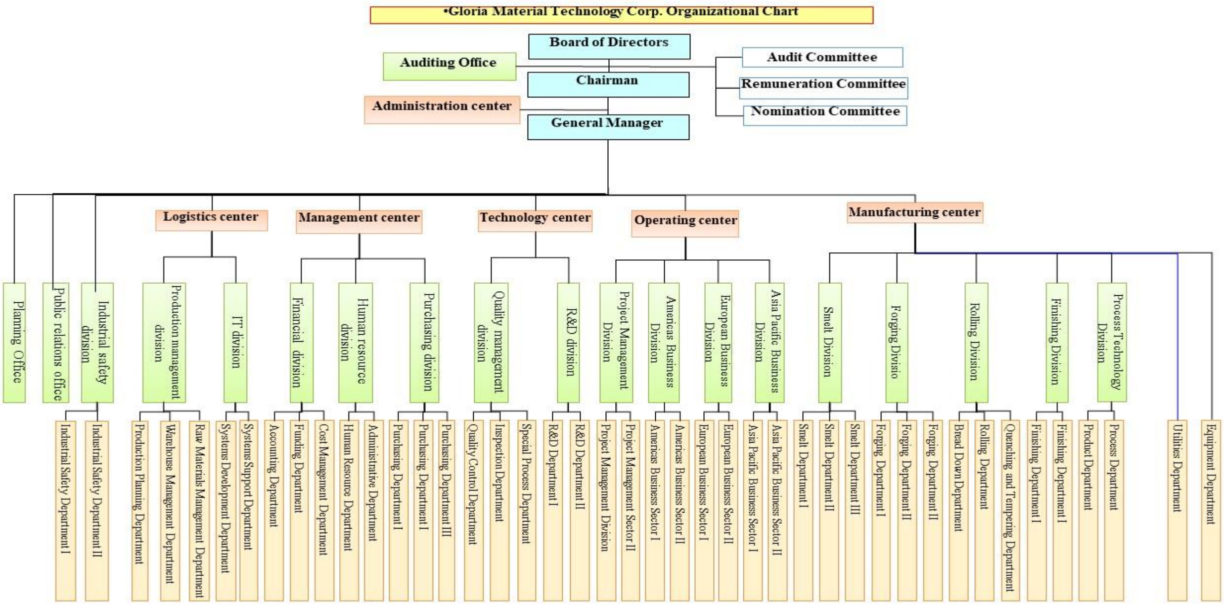
September 2010	Awarded as SAFRAN/Messier-Dowty qualified supplier.
December 2010	Awarded as a GKN Aerospace qualified supplier.
February 2011	Honor the approval of S400/S1000 from GE Aviation.
June 2011	Honored the ISO 14001, OHSAS 18001, and TOSHMS from AFNOR.
September 2011	Qualified as aircraft materials supplier from Embraer.
October 2011	Awarded as a Conuar SA qualified Supplier of Nuclear application.
November 2011	Awarded as a MHI-MRJ qualified Supplier.
September 2012	Attained the Airbus Independent Lab Status in France.
June 2013	GMTC Group officially opened its global headquarters.
December 2013	Honored the certificate of ISO-50001.
March 2015	Officially launched the cloud-based commerce platform.
July 2016	Awarded as qualified supplier of UTC Group Goodrich Landing System for grade 300M.
July 2016	Awarded as qualified supplier of SAFRAN / Snecma.
January 2017	Awarded as qualified supplier of MHI - Commercial Aviation & Transportation Systems.
February 2017	Awarded as qualified supplier of shimadzu aerospace and special process.
June 2017	June 2017 - Awarded as qualified supplier of LIEBHERR.
January 2018	Awarded as qualified supplier of Dowty Propellers.
January 2018	GMTC became a member of Taiwan Steel Group (TSG), and Mr. Chiung-Fen Wang was newly appointed as Chairman of GMTC.
January 2019	Honored to get certificate of Lab. from GKN Aerospace Sweden.
March 2019	Awarded as qualified supplier of Austria Voestalpine BOHLER Aerospace GmbH & Co KG, and became the Boeing landing gear supplier.
October 2019	Awarded as A220 qualified supplier of Airbus Canada.
February 2020	Awarded as qualified supplier of WEG.
March 2020	Awarded as qualified supplier of Triumph Integrated Systems (UK).
March 2021	Certified by Cameron/SLB as Qualified Supplier
April 2021	Certified by Zimmer Biomet for ultrasonic testing (UT) techniques Obtained the Bureau of Indian Standards (BIS) and IS 6603:2001 certification
September 2021	Obtained certification from Boeing for a wide range of material supply
October 2021	Obtained the Bureau of Indian Standards (BIS) certification

March 2022	Obtained JIS Mark G4303 certification
October 2022	Obtained ISO9001:2015 certification from the UK accreditation body UKAS
November 2022	BIS stainless steel (IS 6603) certification renewal, and addition of new steel types and increase the variety in size of supplies

Three. Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Major Corporate Functions

1. In accordance with the Company's Articles of Incorporation, the Company shall appoint 5 to 9 directors, and shall include at least 3 independent directors starting from the 6th term Board of Directors. The directors shall be elected from among the shareholders with disposing capacity in accordance with the law for a 3-year term. The Audit Committee was established, and three independent directors were elected in accordance with the law at the shareholders meeting on June 6, 2008, while the supervisor was dismissed on the date of establishment. The Board of Directors are responsible for the approval of important business-related matters. The chairperson and deputy chairperson of the Board of Directors shall be elected by the directors among themselves by a majority of the directors present at the Board of Directors meeting attended by all directors, and shall be in charge of all business affairs. The Audit Committee is responsible for the supervision of all the Company's business and financial matters.

2. The Company has appointed a chief executive officer (CEO) and general manager to represent the Board of Directors in comprehensive business management, with 6 centers including the administrative center, logistics center, management center, technology center, business center, manufacturing center, as well as the public relations office, business planning office, audit office, and industrial safety department. The Company also appointed the deputy CEO, deputy general managers, and (deputy) assistant vice president to be responsible for the overall business of the centers, departments and offices. It appointed managers, assistant managers and (deputy) section chief for each unit.

<table>
<tr><th colspan="3">Department</th><th>Functions</th></tr>
<tr><td colspan="3">Administration Center</td><td>1. Integration of the company’s resources to exert comprehensive synergy. In addition, the administration center is also responsible for rationalizing the company operations and making the division of labor more effective, in order to achieve better business management.</td></tr>
<tr><td rowspan="3">Logistics Center</td><td rowspan="3">Production Management Division</td><td>Production Planning Department</td><td>1. Formulation of production planning models and operating procedures
2. Preparation and amendment of production and shipment plans
3. Production schedule and progress management, and filling out work orders
4. Coordination between each unit on matters related to production and sales
5. Order acceptance, delivery, and capacity control
6. Delivery and inventory turnover control</td></tr>
<tr><td>Warehouse Management Department</td><td>1. Delivery and acceptance, inventory and storage management of various raw materials (excluding items of the raw materials management department)
2. Finished product warehouse entry/ exit operations, storage management, customer complaint and reverse logistics management
3. Inventory management of raw materials (excluding items from the raw materials management department) and finished products</td></tr>
<tr><td>Raw Materials Management Department</td><td>1. Steelmaking raw materials management (including purchasing, storage, transport, and accounting)
2. Partial non-laboratory testing of steelmaking raw materials
3. Cost control of smelting production ingredients and smelting materials.
4. Refractory preparation</td></tr>
</table>

Department			Functions
Logistics Center	IT Division	Systems Development Department	1. Information strategy planning, application and management 2. Promote the development of internal and external IT services 3. Development of organizational and inter-departmental process and data integration technology 4. Development of supply chain data tandem technology 5. E-business planning of the company and its subsidiaries 6. Data integration services
		Systems Support Department	1. Hardware information strategy planning, application and management 2. E-business planning of the company and its subsidiaries
Management Center	Purchasing Division	Purchasing Department I	1. Procurement of scrap steel, iron alloy, round bar steel billet and materials, and its follow-up.
		Purchasing Department II	1. Procurement of equipment, engineering contracting, and equipment repair, and its follow-up.
		Purchasing Department III	1. Procurement related to various subcontracting services and its follow-up. 2. The progress and follow-up of domestic shipments & inter-factory transportation & OEM transportation & waste recycling and transportation-related procurement projects
	Human Resource Division	Human Resource Department	1. Research and drafting of the human resource system. 2. Human resource-related tasks such as attendance, recruitment, performance appraisal, rewards and punishments. 3. Foreign workers' application, recruitment, management and other procedures 4. Labor and health insurance for employees 5. The unit responsible for education and training (corporate) 6. Legal consulting
	Human Resource Division	Administrative Department	Responsible for the company's administrative management and planning

Department			Functions
Management Center	Financial Division	Accounting Department	1. Formulation, amendment and control of accounting systems, rules and accounting forms. 2. The company's tax payment, check, application for review, petition, and administrative litigation matters. 3. General accounting process and collection, analysis and estimation of various cost data. 4. Preparation of budgets and budget control. 5. Preparation of meetings for directors and supervisors, and (extraordinary) shareholders meetings.
		Funding Department	1. Establishment of various funding systems. 2. Negotiation and settlement of external short-, medium- and long-term corporate loans. 3. Preparation of various statements of cash receipts and disbursements. 4. Receipt and management of various receivables, bills payable and securities. 5. Issuance and verification of invoices and sales vouchers.
		Cost Management Department	1. General accounting process and collection, analysis and estimation of various cost data. 2. Preparation and analysis of financial statements, and product cost estimation.
Technology Center	R&D Division	R&D Department I	1. Evaluation and parameter formulation of new tool steel and low alloy steel product specification. 2. Collection and research of reverse engineering. 3. New steel grade development trial production and mass production
		R&D Department II	1. Development and formulation of new grades and manufacturing processes for stainless steel. 2. Trial production and mass production with new grades and manufacturing processes for stainless steel. 3. Other matters related to the development and application of stainless steel products. 4. Coordination and collaboration with technical manufacturers.

Department			Functions
Technology Center	Quality Management Division	Quality Control Department	1. Formulation and development of quality and environmental assurance systems 2. Promotion of quality control education and planning 3. Coordination and promotion of the Company’s standard activities 4. Production and management of quality control reports 5. Application and promotion of quality control and testing 6. Abnormality and customer complaints handling and statistical analysis 7. Certificate management and maintenance of cooperative vendors 1. Implementing audits related to customers and suppliers/ cooperative vendors
		Inspection Department	2. Management and certification of chemical and physical laboratories 3. Chemical and physical testing 4. Compilation of testing technology and operating standards, and formulation of product test standards and specifications 5. Testing analysis and judgment of material quality 6. Instrument calibration and management
		Special Process Department	1. Implementation and maintenance of special process assessments 2. The special process includes non-destructive testing, heat treatment and material testing laboratories, while the quality testing department is responsible for materials laboratory practices, management and operations. 3. Review of customer requirements and specification module formulation for non-destructive testing 4. Responsible for training and certificate maintenance of non-destructive testing personnel 5. Signing and issuing of NDT report

<table>
<tr><th colspan="3">Department</th><th>Functions</th></tr>
<tr><td rowspan="4">Operating Center</td><td rowspan="2">Asia Pacific Business Division</td><td>Asia Pacific Business Sector I</td><td>Asia Pacific (Tool Steel):
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
<tr><td>Asia Pacific Business Sector II</td><td>Asia Pacific (Stainless Steel):
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
<tr><td rowspan="2">European Business Division</td><td>European Business Sector I</td><td>Europe (Tool Steel):
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
<tr><td>European Business Sector II</td><td>Europe (Stainless Steel):
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
</table>

<table>
<tr><th colspan="3">Department</th><th>Functions</th></tr>
<tr><td rowspan="4">Operating Center</td><td rowspan="2">Americas Business Division</td><td>Americas Business Sector I</td><td>Americas (Tool Steel):
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
<tr><td>Americas Business Sector II</td><td>Americas (Stainless Steel):
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
<tr><td rowspan="2">Project Management Division</td><td>Project Management Sector I</td><td>Materials:
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
<tr><td>Project Management Sector II</td><td>Military force and semi-finished products:
1. Formulation and implementation of business plan
2. Formulation and implementation of marketing strategies
3. Collection and analysis of market information
4. Development of new customers and maintaining customer relationships
5. Pricing and contract signing</td></tr>
</table>

Department			Functions
Manufacturing Center	Smelt Division	Smelt Department I	1. Implementation of 35 tons of steelmaking work orders 2. Smelting, casting and demolding 3. Bricklaying and repairing of production furnaces and barrels 4. Formulation of manuals and operating standards for steelmaking equipment 5. Steelmaking process improvement 6. Autonomous preventive maintenance
		Smelt Department II	1. Implementation of 50 tons of steelmaking work orders 2. Smelting, casting and demolding 3. Bricklaying and repairing of production furnaces and barrels 4. Formulation of manuals and operating standards for steelmaking equipment 5. Steelmaking process improvement 6. Autonomous preventive maintenance
		Smelt Department III	1. Execution of refining and remelting schedules. 2. Remelting and demolding of ESR/VAR modules 3. Refining process and quality improvement 4. Development and improvement of refining and remelting technologies
	Forging Division	Forging Department I	1. Execution of SX40 forging work orders 2. Forging and heat treatment 3. Planning and improvement of forging and heat treatment technology 4. Formulation of manuals and operating standards for forging equipment
		Forging Department II	1. Execution of press forging orders 2. Forging and heat treatment 3. Planning and improvement of forging and heat treatment technology 4. Formulation of manuals and operating standards for forging equipment

Department			Functions
Manufacturing Center	Forging Division	Forging Department III	1. Execution of RF70 forging work orders 2. Forging and heat treatment 3. Planning and improvement of forging and heat treatment technology 4. Formulation of manuals and operating standards for forging equipment
Manufacturing Center	Rolling Division	Rolling Department	1. Implementation of rolling work orders 2. Repair and maintenance of rolling equipment 3. Planning and improvement of rolling and heat treatment technology 4. Formulation of manuals and operating standards for rolling equipment 5. Autonomous maintenance of machinery and equipment 6. Manufacturing and maintenance of rollers
	Rolling Division	Quenching and Tempering Department	1. Implementation of quenching and tempering work orders 2. Repair and maintenance of tempering equipment 3. Planning and improvement of quenching, tempering and heat treatment technology 4. Formulation of manuals and operating standards for tempering equipment 5. Autonomous maintenance of machinery and equipment
		Bread Down Department	1. Implementation of breakdown work orders 2. Repair and maintenance of breakdown equipment 3. Planning and improvement of breakdown and heat treatment technology 4. Formulation of manuals and operating standards for breakdown equipment 5. Autonomous maintenance of machinery and equipment

Department			Functions
Manufacturing Center	Finishing Division	Finishing Department I	1. Straightening, peeling and calendering 2. Planning and improvement of finishing technology 3. Formulation of manuals and operating standards for finishing equipment 4. Autonomous maintenance of machinery and equipment 5. Centerless grinding and packaging
		Finishing Department II	1. Straightening, peeling and calendering 2. Planning and improvement of finishing technology 3. Formulation of manuals and operating standards for finishing equipment 4. Autonomous maintenance of machinery and equipment 5. Centerless grinding and packaging
	Process Technology Division	Product Department	1. Product specification and parameter formulation, module production. 2. Advanced review of order specifications. 3. Collection and research of technical specifications; drafting and introduction of specifications and parameters. 4. Drafting and revising product specs and relevant standards. 5. Support matters related to the research and improvement of product quality and manufacturing processes. 6. Dealing with anomalies in the factory and responding to customer complaints. 7. Provide customers with technological services related to materials selection and heat treatment.
		Process Department	1. Production cost control and budget execution. 2. Assist in cost control, variance analysis and promote cost improvement. 3. Promotion and management of quality objectives. 4. Handling and statistical analysis of anomalies. 5. Promote quality improvement projects.

<table>
<tr><th colspan="2">Department</th><th>Functions</th></tr>
<tr><td rowspan="2">Manufacturing Center</td><td>Utilities Department</td><td>1. Related operations, management and maintenance of public equipment in Shinying plant, Liuying plant and the digital building
2. Public equipment requirements and acceptance after completed installation
3. Facilities management and processing support for power systems, air compressor systems, natural gas, vehicles, electric welding, and lathe processing.
4. Coordination and execution of other matters related to public equipment</td></tr>
<tr><td>Equipment Department</td><td>1. Equipment upgrade and factory construction projects.
2. Maintain equipment stability and deal with anomalies.
3. Technical support for plant maintenance and troubleshooting.
4. Establishment of the company’s electrical engineering expert systems and appointment of electrical engineering personnel
5. Planning and guidance for fifth-echelon maintenance of related plant equipment.</td></tr>
<tr><td colspan="2">Auditing Office</td><td>1. Discussion of audit enforcement procedures and improvements
2. Financial business and financing cycle auditing
3. Preparation and implementation of routine audits and project audit plans
4. Submit internal audit documentation to the FSC</td></tr>
<tr><td colspan="2">Planning Office</td><td>1. Data preparation for major public announcements
2. Integration and implementation of messages related to industry and commerce organization promotion policies
3. Data collection, evaluation and analysis related to business operations
4. Maintenance and update of the company website
5. Annual ESG report integration and update
Coordination and execution of related to corporate planning</td></tr>
</table>

Department		Functions
Public Relations Office		1. Responsible for communication between the company and the capital market 2. Hold investor conferences 3. Collect and respond to shareholder opinions 4. Analysis of the capital market and shareholder structure 5. Internal/ external communications and coordination 6. Participate in the Company’s public consultation, complaints and visitors reception 7. Organizational press release and dissemination of the image 8. Formulation of the reputation management plan for the Company and its products (services) 9. Planning, implementation and evaluation of various thematic public activities
Industrial Safety Division	Industrial Safety Department I	Shinying plant: 1. Planning and supervision of occupational safety and health management of various departments 2. Guiding and supervising relevant personnel to conduct inspections and regular review 3. key inspections and workplace environmental monitoring 4. Supervise or conduct the discharge of air pollutants to exhaust pipes and the surrounding area, inspection and validation, analysis and testing, and reporting of air pollution sources 5. Wastewater treatment and disposal of hazardous industrial waste 6. Protection and management of plant safety 7. Supervision of occupational accident investigations and response measures, and statistical analysis of occupational disasters

<table>
<tr><th colspan="2">Department</th><th>Functions</th></tr>
<tr><td>Industrial Safety Division</td><td>Industrial Safety Department II</td><td>Liuying plant:
1. Planning and supervision of occupational safety and health management of various departments
2. Guiding and supervising relevant personnel to conduct inspections and regular reviews, key inspections and workplace environmental monitoring.
3. Supervise or conduct the discharge of air pollutants to exhaust pipes and the surrounding area, inspection and validation, analysis and testing, and reporting of air pollution sources
4. Wastewater treatment and disposal of hazardous industrial waste
5. Protection and management of plant safety
6. 8. Supervision of occupational accident investigations and response measures, and statistical analysis of occupational disasters</td></tr>
</table>

II. Information on the Company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the Company's divisions and branch units

(I) Board Members Information

March 27, 2023

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%				Title	Name	Relation	
Chairman	R.O.C.	Taiwan Steel Group United Co., Ltd.	Male 50~59 years old	2020.06.20	3	2017.06.02	17,437,000	3.87	19,636,000	3.96	-	-	None	N/A	N/A	None	None	None	None
		Representative: Chiung-Fen Wang					10,000	-	10,000	-	-	-	None	Department of Law, National Chung Hsing University	Note 2	None	None	None	Note 1
Director	R.O.C.	Representative: Wen-Yuan Lin	Male 60~69 years old	2020.06.20	3	2017.06.02	-	-	-	-	-	-	None	Master of Civil Engineering, University of Hawaii Chairman of China Steel Corporation	Chairman of Taiwan Styrene Mo nomer Corp. Chairman of Eastern Broadcasting Co., Ltd. Director of Yang Ming Shan Tien Lai Resort & Spa Independent Director of Taroko Co., Ltd. Director of Nanho Industrial Co., Ltd. Director of United Renewable Energy Co., Ltd. Independent Director of LOCUS Cell Co., Ltd.	None	None	None	None
	R.O.C.	Representative: Shih-Chieh Chao	Male 70~79 years old	2020.06.20	3	2018.05.29	-	-	-	-	-	-	None	Bachelor of Automation, Tsinghua University Chairman of TMP Steel Corporation	Director of E-TOP Metal Co., Ltd. Director of E-SHENG Steel Co., Ltd. Director of TMP Steel Corporation Director of S-Tech Corp	None	None	None	None
	R.O.C.	Representative: Shih-Yi Chiang	Male 70~79 years old	2020.06.20	3	2018.05.29	-	-	-	-	-	-	None	Bachelor of Materials and Mineral Resources Engineering, National Cheng Kung University.	None	None	None	None	None
	R.O.C.	Representative: Cheng-Hsiang Chen	Male 60~69 years old	2020.06.20	3	2018.05.29	1,270,871	0.28	1,270,871	0.26	-	-	None	Master of Materials Science and Engineering, National Tsing Hua University	Consultant of Gloria Material Technology Corp. Director of Forcera Materials Co., Ltd. Director of Hoyang Investment Co., Ltd. Director of S-Tech Corp. Director of Guangzhou Goldway Special Metal Co., Ltd. Director of Tianjin Goldway Special Metal Co., Ltd. Director of Xian Goldway Special Metal Corp. Ltd. Director of Zhejiang Jiaxing Xiangyang Metal	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%				Title	Name	Relation	
															Materials Technology Co., Ltd.				
Independent director	R.O.C.	Chin-Chen Chien	Male 60~69 years old	2020.06.20	3	2017.06.02	-	-	-	-	-	-	None	PhD in Accounting, Rutgers University Professor of Accounting, National Cheng Kung University	Independent Director of Taiwan Styrene Monomer Corp. I Independent Director of Chun Yu Works & Co., Ltd. Director of Soft-World International Corp.	None	None	None	None
Independent director	R.O.C.	Chun-Hsiung Chu	Male 50~59 years old	2020.06.20	3	2018.05.29	-	-	-	-	-	-	None	Master of Law, National Chung Hsing University	Attorney of Chuan Ying International Law Firm Independent Director of Honey Hope Honesty Enterprise Co., Ltd. Independent Director of D-Link Corp	None	None	None	None
Independent director	R.O.C.	Yi-Ching Wu	Female 40~49 years old	2020.06.20	3	2019.06.06	-	-	-	-	-	-	None	Alliant International University (San Diego, USA), Doctorate of Business Management (DBA) Chairman of Taiwan Styrene Monomer Corp.	Chairman of Hoho International Development Ltd. Director of Yang Ming Shan Tien Lai Resort and Spa Independent Director of Chun Yu Works & Co., Ltd. Director of Star Travel Co., Ltd.	None	None	None	None
Independent director	R.O.C.	Yi-Lang Lin	Male 60~69 years old	2020.06.20	3	2020.06.20	-	-	-	-	-	-	None	Department of Business Management, National Sun Yat-Sen University Deputy Chief Planning Officer of China Steel Corp.	Independent Director of Launch Technologies Co., Ltd. Director of President Co., Ltd.	None	None	None	None

Note 1: For operations and management, the Company has appointed Chairman Chiung-Fen Wang to concurrently serve as the chief executive officer. The Board of Directors were elected on June 20, 2020 to strengthen the supervisory mechanism, except for the original 3 independent directors, an additional independent director has been elected, which bring about a total of 4 independent directors.

Note 2: The following is the current positions of Chiung-Fen Wang.

Chairperson of Kings Asset Management Co., Ltd. Chairperson of Taiwan Steel Group United Co., Ltd. Chairperson of Taiwan Network Group United Co., Ltd. Chairperson of Gloria Material Technology Corp. Chairperson of S-Tech Corp. Chairperson of Ho Yang Investment Corp. Chairperson of Rong Yang Investment Co., Ltd. Chairperson of Na Neng Co., Ltd. Chairperson of Jade Colorful Co. Independent Director of Huang Long Development Co., Ltd. Representative of Institutional Director of Chun Yu Works & Co., Ltd. Representative of Institutional Director of Taiwan Styrene Monomer Corporation Representative of Institutional Director of D-Link Corporation Representative of Institutional Director of Cameo Communications, Inc. Director of Star Travel Corp. Representative of Institutional Director of Chun Bang Precision Co., Ltd. Representative of Institutional Director of Chun Yu Bio-Tech Corp. Representative of Institutional Director of Chun Yu Investment Co., Ltd. Chairperson of TSG Hawks Baseball Co., Ltd. Chairperson of TSG Sports Marketing Co., Ltd. Director of Soft-World International Corporation Representative of Institutional Director of Yung-Fu Co., Ltd. Representative of Institutional Director of UFC Gym Taiwan Ltd. Director of Shanghai Chun Zu Machinery Industry Co., Ltd. Supervisor of Chun Yu (DongGuan) Metal Products Co., Ltd. Supervisor of ShangHai Uchee Hardware Products Co., Ltd. Chairperson of GuanZhou Goldway Special Metal Corp., Ltd. Chairperson of TianJin Goldway Special Metal Corp., Ltd. Chairperson of XiAn Goldway Special Metal Corp., Ltd. Chairperson of ZheJiang JiaXing Goldway Special Metal Corp., Ltd. Chairperson of Shiang Yang Metal Material Technology Co., Ltd. Chairperson of G-Yao Enterprises Ltd. Chairperson of All Win Enterprises Ltd. Chairperson of Faith Enterprises Ltd. Chairperson of Alloy Tool Steel Inc. Chairperson of Gloria Material Technology Japan Co., Ltd. Managing Attorney / Chairman of Prolaw Law Firm

Major shareholders of institutional shareholders

March 27, 2023

Name of Institutional Shareholder	Major shareholders of institutional shareholders (Note)
Taiwan Steel Group United Co., Ltd.	Kings Asset Management Co., Ltd. (100%)

Note: The top ten in holdings and its shareholding.

Major shareholders of the Company’s major institutional shareholders

March 27, 2023

Name of Institutional Shareholder	Major shareholders of institutional shareholders (Note)
Kings Asset Management Co., Ltd.	Chun-Yi Huang (45%), Chiung-Fen Wang (36%), and E-TOP Metal Co., Ltd. (19%)

Note: The top ten in holdings and its shareholding.

Disclosure of professional qualifications of the Company’s directors and supervisors and independence status of independent directors:

	Professional qualifications and experience	Independence Attribute					Number of Holding Concurrent Independent Director Position in Other Public Companies
		1	2	3	4	5	
Taiwan Steel Group United Co., Ltd. Representative: Chiung-Fen Wang	Attorney Qualification Attorney-at-Law, Pro Law Firm Chairman of Kings Asset Management Co., Ltd. Chairman of Taiwan Steel Group United Co., Ltd. Chairman of Taiwan NetCom Co., Ltd. Independent Director of Golden Huang Long Construction Co.,Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		10,000 shares; -%		-	✓	1
Taiwan Steel Group United Co., Ltd. Representative: Wen-Yuan Lin	Chairman of China Steel Corporation Chairman of Taiwan Styrene Monomer Corp. Chairman of Eastern Broadcasting Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	1
Taiwan Steel Group United Co., Ltd. Representative: Shih-Chieh Chao	Chairman of TMP Steel Corporation General Manager of E-TOP Metal Co., Ltd. Director of S-Tech Corp. Not been a person of any conditions defined in Article 30 of the Company Act		-	✓	-	✓	0
Taiwan Steel Group United Co., Ltd. Representative: Shih-Yi Chiang	Chairman of Tang Eng Iron Works Co., Ltd. Consultant of Gloria Material Technology Corp. Not been a person of any conditions defined in Article 30 of the Company Act		-	✓	2021: NT$1,000 thousand	✓	0
Taiwan Steel Group United Co., Ltd. Representative: Cheng-Hsiang Chen	Consultant of Gloria Material Technology Corp. Director of Forcera Materials Co., Ltd. Director of Hoyang Investment Co., Ltd. Director of S-Tech Corp. Not been a person of any conditions defined in Article 30 of the Company Act		1,270,871 shares; 0.26%	✓	2021: NT$3,900 thousand 2021: NT$4,050 thousand	✓	0
Chin-Cheng Chien	Professor of Accounting, National Cheng Kung University CPA (USA) Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Chun Yu Works & Co., Ltd. Director of Soft-World International Corp. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	2
Chun-Hsiung Chu	Attorney Qualification Attorney of Chuan Ying International Law Firm Independent Director of Honey Hope Honesty Enterprise Co., Ltd. Independent Director of D-Link Corp. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	2
Yi-Ching Wu	Lecturer in Mahasarakham University’s International Program Chairman of Taiwan Styrene Monomer Corp. Chairman of Hoho International Development Ltd. Independent Director of Chun Yu Works & Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	1
Yi-Lang Lin	Deputy Chief Planning Officer of China Steel Corp. Engineer of CSC’s Industrial Engineering Division Deputy Director of CSC’s Human Resource Division Auditor of CSC’s Auditing Office Independent Director of Launch Technologies Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	1

Note: The Directors comply with the following conditions from two years before being elected and appointed, and during his term of office, please tick the appropriate corresponding boxes.

Independence Attribute

(1) The independent director, his/ her spouse, relative within the second degree of kinship, does not serve as a director, supervisor, or employee of the company or any of its affiliates.

(2) The number of shares or shareholdings of the company held by the independent director, his/ her spouse, relative within the second degree of kinship (or by the person under others' names).

(3) Not a director, supervisor, or employee of any company with a special relationship with the company (please refer to Items 5-8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).

(4) The compensation received from providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years.

(5) Not a spouse or a relative within the second degree of kinship to any other director of the Company.

Diversity of the Board of Directors:

The Company has stipulated diversified policies for the composition of Board members in the "Corporate Governance Best Practice Principles." With regard to the board composition, it is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies including but not limited to the following:

1 Basic conditions and value: gender, age, nationality and culture.

2.Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability, business management capability, risk management capability, industry knowledge, international market outlook, leadership capability, and decision-making capability.

The company's tenth Board of Directors has nine members (including four independent directors), with independent directors accounting for 44%, and one female director. The nine directors have different industry operating experience and have different professional capabilities. This has a complementary effect on the corporate development and business operations, as well as a synergistic effect on future development. On October 28, 2020, the Company established a Nomination Committee for Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board, supervisors and senior executives, and finding, reviewing, and nominating candidates for directors based on such standards.

Specific management objectives for diversification	Implementation status
Directors who concurrently serve as the company's manager shall not exceed one-third of directors	Only one director serves as concurrent manager of the company, accounting for 11.11% of the total number of directors, which conforms with the objective of not exceeding one-third of directors.
The Board members shall include at least one female director.	The company's Board members include one female director, which achieved the objective of gender equality.

Specific management objectives for diversification	Implementation status
At least one director should have a professional background in finance or accounting, or management experience in the steel industry.	Among the board members, 3 directors shall have financial accounting backgrounds, 2 directors shall have expertise in law, and all directors shall have industry-related management experience.
Among the board members, the directors who concurrently serve as employees of the company, parent company, subsidiary or sister company shall be less than (including) one-third of directors to achieve the objective of supervision.	2 directors concurrently serve as employees, accounting for 22.22% of directors, with the objective of not exceeding one-third of directors.

Core items for diversification / Director Name	Basic composition					Business management	Leadership and decision-making	Industrial knowledge	Law	Financial accounting	Human resource	Marketing
	Gender	Age Distribution										
		40-49	50-59	60-69	70-79							
Chairman Chiung-Fen Wang	Male		✓			✓	✓	✓	✓			
Director Wen-Yuan Lin	Male			✓		✓	✓	✓				✓
Director Shih-Yi Chiang	Male				✓	✓	✓	✓				
Director Shih-Chieh Chao	Male				✓	✓	✓	✓				
Director Cheng-Hsiang Chen	Male			✓		✓	✓	✓				
Independent Director Chin-Chen Chien	Male			✓		✓	✓	✓		✓		
Independent Director Chun-Hsiung Chu	Male		✓			✓	✓	✓	✓			
Independent Director Yi-Ching Wu	Female	✓				✓	✓	✓		✓		✓
Independent Director Yi-Lang Lin	Male					✓	✓	✓		✓	✓	

(II) Information on the Company's general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the Company's divisions and branch units

March 27, 2023

Title	Nationality	Name	Gender	Inauguration Date	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%				Title	Name	Relation	
President	R.O.C.	Yung-Chang Kang	Male	2021.01.01	25,000	0.01	5,268	-	None	PhD in Materials Science and Engineering, National Taiwan University	Representative the juristic (corporate) person director of Golden Win Steel Industrial Corp.	None	None	None	None
Executive Vice President/ Financial Manager	R.O.C.	Yu-Chen Li	Female	2018.01.23	661	-	-	-	None	EMBA of National Cheng Kung University Bachelor of Accounting, Soochow University	Representative of the juristic person supervisor of Hoyang Investment Co., Ltd., Supervisor of Guangzhou Goldway Special Metal Co., Ltd, Supervisor of Tianjin Goldway Special Metal Co., Ltd., Supervisor of Xian Goldway Special Metal Corp. Ltd., Supervisor of Zhejiang Jiaxing Goldway Special Metal Co. Ltd., Supervisor of Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd., Representative of the juristic person Supervisor of Gloria Material Technology Japan Co. Ltd. Supervisor of Alloy Tool Steel Inc.	None	None	None	None
Vice President	R.O.C.	Li-Ling Chen	Female	2012.01.01	433,175	0.09	-	-	None	Department of English Language and Literature, Soochow University	General Manager of Alloy Tool Steel Inc. Director of Gloria Material Technology Japan Co. Ltd.	None	None	None	None
Assistant Vice President	R.O.C.	Chun-Che Chien	Male	2012.07.01	614,126	0.12	5,988	-	None	Bachelor of Materials and Mineral Resources Engineering, National Taipei University of Technology	None	None	None	None	None
Assistant Vice President	R.O.C.	Yung-Chin Lin	Male	2011.01.01	206,451	0.04	1,192	-	None	Bachelor of Materials and Mineral Resources Engineering, National Taipei University of Technology	None	None	None	None	None
Accounting Manager	R.O.C.	Yi-Ting Tseng	Female	2021.05.06	82,000	0.02	32,000	0.01	None	Department of Accounting, Soochow University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Ming-Hung Chuang	Male	2013.01.01	38,000	0.01	-	-	None.	Department of Business Management, National Sun Yat-Sen University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Mei-Hsia Li	Female	2016.08.11	93,837	0.02	-	-	None.	Department of Business Administration, Feng Chia University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Ying-Jen Chen	Male	2016.11.01	30,270	0.01	-	-	None	Master of Automation Engineering and Mechatronoptic Systems, Chienkuo Technology University	None	None	None	None	None

Title	Nationality	Name	Gender	Inauguration Date	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%				Title	Name	Relation	
Deputy Assistant Vice President	R.O.C.	Chien-Chun Tung	Male	2018.06.01	-	-	-	-	None	Bachelor of Materials and Mineral Resources Engineering, National Taipei University of Technology	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Ching-Fu Wang	Male	2019.01.08	25,361	0.01	-	-	None	Master of Business Management, National Sun Yat-Sen University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Yen-Chao Lin	Male	2019.07.01	73,034	0.01	-	-	None	Bachelor of Industrial Management, National Taiwan University of Science and Technology	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Che-Liang Kuo	Male	2020.01.06	6,031	-	3,736	-	None	Master in Mechanical Engineering, National Taiwan University of Science and Technology	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Chung-Yi Wang	Male	2020.01.06	60,247	0.01	-	-	None	Bachelor of Materials Science and Engineering, Feng Chia University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Chang-Shan Lu	Male	2020.01.06	-	-	-	-	None	Department of Business Administration, Soochow University	None	None	None	None	None

III. Remuneration paid during the most recent fiscal year to directors, the general manager, and assistant general managers

(I) Remunerations of directors and independent directors

Units: NT$ thousand; December 31, 2022

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C) Note 1		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G) Note 1						
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
																Cash	Stock	Cash	Stock			
Chairman	Chiung-Fen Wang	720	720	-	-	-	1,616	70	80	0.04	0.12	17,610	17,610	-	-	2,000	-	2,773	-	1.01	1.13	652
Juristic (corporate) person director	Taiwan Steel Group United Co., Ltd.	-	-	-	-	15,000	15,000	-	-	0.74	0.74	-	-	-	-	-	-	-	-	0.74	0.74	-
Director	Wen-Yuan Lin	600	600	-	-	0	0	60	60	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03	-
Director	Shih-Chieh Chao	600	600	-	-	0	0	60	60	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03	326
Director	Shih-Yi Chiang	600	600	-	-	0	0	60	60	0.03	0.03	-	-	-	-	-	-	-	-	0.03	0.03	-
Director	Cheng-Hsiang Chen	600	600	-	-	0	120	60	70	0.03	0.04	-	-	-	-	-	-	103	-	0.03	0.04	326
Independent director	Chin-Chen Chien	960	960	-	-	2,500	2,500	170	170	0.18	0.18	-	-	-	-	-	-	-	-	0.18	0.18	-
Independent director	Chun-Hsiung Chu	960	960	-	-	2,500	2,500	170	170	0.18	0.18	-	-	-	-	-	-	-	-	0.18	0.18	-
Independent director	Yi-Ching Wu	960	960	-	-	2,500	2,500	170	170	0.18	0.18	-	-	-	-	-	-	-	-	0.18	0.18	-
Independent director	Yi-Lang Lin	840	840	-	-	2,500	2,500	130	130	0.17	0.17	-	-	-	-	-	-	-	-	0.17	0.17	-

1. Please state the policies, systems, standards and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors:

(1) In accordance with the Company's Articles of Incorporation, the Board of Directors is authorized to determine the amount of compensation to the directors of the Company based on the directors' level of

operational participation as well as the value of the contribution. The standard terms in the industry shall also be considered and shall not exceed the standard of the highest salary level stipulated in the Company's pay method. (2) The Company's Articles of Incorporation also stipulates that no more than 5% of profits shall be allocated as remuneration for directors. In accordance with the Company's Remuneration Committee Organizational Rules, the remuneration for directors is paid in accordance with the Regulations Governing Remuneration Of Directors. (3) The remuneration for independent directors is higher than that of directors as they concurrently serve as members of the Audit Committee and Remuneration Committee, they are required to participate in the discussions and resolutions of relevant committee meetings in accordance with the organizational rules of each committee. 2. Except as disclosed in the above table, the remuneration for directors for providing services to all companies in the consolidated financial statement (such as consultants not classified as employees) in the most recent fiscal year are as follows: The Remuneration for Director Cheng-Hsiang Chen is NT$4,050 thousand.

Note 1: For the proposal of 2022 earnings distribution, the proposed allotment of shares for the remuneration of directors and employee compensation has been approved by the Board of Directors before the shareholders' meeting.

(II) Remunerations of Supervisors: Not applicable, as the Company sets up the Auditing Committee with three independent directors in place of the function of supervisor starting from June 6, 2008.

(III) Remuneration of the general manager, and deputy general manager:

NT$ thousand; December 31, 2022

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D) Note 1				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
CEO	Chiung-Fen Wang	8,250	8,250	-	-	9,360	9,360	2,000	-	2,773	-	0.97	1.01	-
President	Yung-Chang Kang	3,151	3,151	-	-	4,980	4,980	1,000	-	1,000	-	0.45	0.45	-
Executive Vice President	Yu-Chen Li	2,874	2,874	-	-	2,645	2,645	550	-	550	-	0.3	0.32	-
Vice President	Li-Ling Chen	2,484	4,634	-	-	2,505	2,505	200	-	200	-	0.26	0.36	-
Vice President	Mei-Ling Huang	1,682	1,682	-	-	960	960	-	-	-	-	0.13	0.13	-

Note 1: For the proposal of 2022 earnings distribution, the proposed allotment of shares for the remuneration of directors and employee compensation has been approved by the Board of Directors before the shareholders' meeting.

(IV) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the financial statement to net profit after tax in the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

Item	2021		2022	
	The Company (%)	All companies in the consolidated financial statement (%)	The Company (%)	All companies in the consolidated financial statement (%)
Remunerations of the director	4.26	5.27	2.60	2.73
Remunerations of, the general manager, and deputy general manager	1.95	2.22	1.14	1.27
Reason of the difference	The proportion declined due to increase in overall net profit during the ebb of COVID-19 pandemic.			

GMTC’s policies and standards for the remuneration of directors, general managers and deputy general managers are set in the Company’s Articles of association. For the distribution of remuneration for directors, we not only refer to the overall operating performance, future business risks and development trends in the industry, but also the employees’ individual performance and contribution to the Company’s performance. Directors and managers have moral hazard risk or other risk events that have a negative impact on the company's image and goodwill, inadequate internal management, personnel malpractice, etc. After comprehensive consideration of the goal achievement rate, profit rate, operational efficiency, and contribution of directors and managers, the remuneration ratio shall be calculated and reasonably given. The relevant performance appraisal and reasonableness of the compensation shall be reviewed by the Nomination Committee, Remuneration Committee and the Board of Directors, with timely discussions on the remuneration system according to the actual operating conditions and relevant laws and regulations, in order to seek balance between corporate sustainability and risk management. In addition, the employee compensation system is based on employee performance and the Company’s actual operating performance.

(V) Names of Managers who Received Employee Compensation and the Distribution Status

Unit: NT$ thousand
December 31, 2021

Title	Name	Stock	Cash (Note)	Total	Ratio of Total Remuneration to Net Income (%)
CEO	Chiung-Fen Wang	0	6,338	6,338	0.31
President	Yung-Chang Kang				
Executive Vice President	Yu-Chen Li				
Deputy General Manager	Li-Ling Chen				
Assistant Manager	Chun-Che Chien				
Assistant Manager	Yung-Chin Lin				
Assistant Manager	Mei-Hsia Li				
Deputy Manager	Ming-Hung Chuang				
Deputy Manager	Ying-Jen Chen				
Deputy Manager	Chien-Chun Tung				
Deputy Manager	Ching-Fu Wang				
Deputy Manager	Che-Liang Kuo				
Deputy Manager	Chang-Shan Lu				
Deputy Manager	Chung-Yi Wang				
Deputy Manager	Yen-Chao Lin				
Accounting Manager	Yi-Ting Tseng				

Note: For the proposal of 2022 earnings distribution, the proposed allotment of shares for the remuneration of directors and employee compensation has been approved by the Board of Directors before the shareholders' meeting.

IV. The state of the company's implementation of corporate governance

(I) The state of operations of the Board of Directors

Six meetings were held by the Board of Directors in the current fiscal year (2022), and the attendance of directors is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Chairman	Taiwan Steel Group United Co., Ltd. Representative: Chiung-Fen Wang	7	0	100	Re-elected on June 20, 2020
Director	Taiwan Steel Group United Co., Ltd. Representative: Wen-Yuan Lin	7	0	100	Re-elected on June 20, 2020
Director	Taiwan Steel Group United Co., Ltd. Representative: Shih-Chieh Chao	7	0	100	Re-elected on June 20, 2020
Director	Taiwan Steel Group United Co., Ltd. Representative: Shih-Yi Chiang	7	0	100	Re-elected on June 20, 2020
Director	Taiwan Steel Group United Co., Ltd. Representative: Cheng-Hsiang Chen	7	0	100	Re-elected on June 20, 2020
Independent director	Chin-Chen Chien	7	0	100	Re-elected on June 20, 2020
Independent director	Chun-Hsiung Chu	7	0	100	Re-elected on June 20, 2020
Independent director	Yi-Ching Wu	7	0	100	Re-elected on June 20, 2020
Independent director	Yi-Lang Lin	7	0	100	Took office on June 20, 2020

Other matters to be recorded:

I. During operations of the Board of Directors, the meeting date, period, content, qualified opinion and resolution made by any independent director should be specified:

(I) Matters specified in Article 14.3 of the Securities and Exchange Act in the following table:

Meeting Date (Period)	Content	Qualified Opinions from any Independent Director and Resolutions
January 13, 2022 The 11th meeting of the 10th term	(1) Approved the distribution of 2021 year-end bonuses for managers. (2) Approved the changes in salary structure and salary adjustment for the manager.	
February 24, 2022 The 12th meeting of the 10th term	(1) Approved the 2021 remuneration for directors. (2) Approved the distribution of bonuses for managers in Q4 of 2021. (3) Approved the amendments to the Procedures for the Acquisition and Disposal of Assets. (4) Approval of the independence and competency assessment of the Company's external auditor for 2022. (5) Approved the S350 rental. (6) Approved the 8th issuance (1st issuance in 2022) of domestic secured corporate bonds. (7) Approved the application and renewal of financing guarantee for the subsidiary.	Motion was passed as proposed by independent directors.
April 20, 2022 The 13th meeting of the 10th term	(1) Approved the 6th issuance of domestic unsecured corporate bonds.	
May 5, 2022 The 14th meeting of the 10th term	(1) Approved the distribution of 2021 remuneration for managers. (2) Approved the distribution of bonuses for managers in Q1 of 2022. (3) Approved to participate in the issuance of common stock for cash by Alloy Tool Steel, Inc. (4) Approved the selling of S-tech's shares. (5) Approval of the selling of SX-40 forging machine. (6) Approved the application and renewal of financing guarantee for the subsidiary.	

<table>
<tr><th>Meeting Date
(Period)</th><th>Content</th><th>Qualified Opinions from any Independent Director and Resolutions</th></tr>
<tr><td>July 28, 2022
The 15th meeting of the 10th term</td><td>(1) Approved to participate in the issuance of common stock for cash by S-Tech Corp.
(2) Approval of the change in scope of VIM factory land lease.
(3) Approval of the price adjustment of SX-40 forging machine.
(4) Approved the application and renewal of financing guarantee for the subsidiary.</td><td rowspan="3">Motion was passed as proposed by independent directors.</td></tr>
<tr><td>October 27, 2022
The 16th meeting of the 10th term</td><td>(1) Approved the distribution of bonuses for managers in Q2 and Q3 of 2022.
(2) The selling of Forcera’s shares
(3) Adjustment of the Company’s Internal Control System
(4) Donation
(5) Approved the application and renewal of financing guarantee for the subsidiary.</td></tr>
<tr><td>December 1, 2022
The 17th meeting of the 10th term</td><td>(1) Selling of S-tech’s shares</td></tr>
</table>

(II) Unless otherwise stated, other Independent Directors who expressed opposition or qualified opinions that were recorded or declared in writing as: None.

II. To avoid conflict of interest among directors, the Director’s name, meeting content, and reason for avoiding conflict of interest and participation in the voting process must be properly recorded:

Meeting Date	Name of Directors	Content	Reason for Avoiding Conflict of Interest	Voting Participation
January 13, 2022 The 11th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the manager’s year-end bonus.	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Review of the changes in salary structure and salary adjustment for the manager	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
February 24,2022 The 12th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the distribution of bonuses for managers in Q4 of 2021.	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
May 5, 2022 The 14th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the distribution of 2021 remuneration for managers.	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Review of the distribution of bonuses for managers in Q1 of 2022.	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Review of the selling of S-tech’s shares	Avoid conflict of interest as the matters involve the related party’s interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

July 28, 2022 The 15th meeting of the 10th term	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen	Review of participating in the issuance of common stock for cash by S-Tech Corp.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen	Review of the change in scope of VIM factory land lease.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
October 27, 2022 The 16th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the distribution of bonuses for managers in Q2 and Q3 of 2022.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Director Cheng-Hsiang Chen	Review of the selling of Forcera's shares.	Avoid conflict of interest as the matters involve the related party's interests.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Review of the donation.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
December 1, 2022 The 17th meeting of the 10th term	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen	Review of the selling of S-tech's shares.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

III. The TWSE/TPEx-listed bank shall disclose the appraisal cycle and period, the scope of appraisal, the method, and contents of appraisal about the Board of Directors' self (or peer) performance appraisal, and specify the status of appraisal conducted by the Board of Directors:

<u>Status of appraisal conducted by the Board of Directors</u>

Conducted in accordance with the "Rules for Performance Evaluation of the Board of Directors" adopted at the 2nd meeting of the 10th term Board of Directors on August 13,

2020. In addition to the 2022 internal board performance evaluation, there were also external evaluations by the Taiwan Corporate Governance Association.

For detailed board performance evaluation results, please refer to page 45 of the Annual Report "(III) The implementation of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and cause thereof," which is also disclosed on the Company website.

Appraisal Cycle	Appraisal Period	Scope of Appraisal	Method of Appraisal	Contents of Appraisal
At least once every year	From January 1 to December 31, 2022.	The scope of evaluation of the Company's Board of Directors covers the overall board performance and its members, and the evaluation of the Remuneration Committee, Nomination Committee and Audit Committee.	Self-evaluation of Board performance and its members, and self-evaluation of functional committee members.	The criteria for evaluating the performance of the Board of Directors should cover five aspects, including the participation in the operation of the company, improvement of the quality of the Board of Directors' decision-making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control. The criteria for evaluating the performance of the board members should cover six aspects, including the alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, the director's professionalism and continuing education, and internal control.The criteria for evaluating the performance of functional committees shall cover five aspects, including the participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, the makeup of the functional committee and election of its members, and internal control.

Appraisal Cycle	Appraisal Period	Scope of Appraisal	Method of Appraisal	Contents of Appraisal
Once every three years	From September 1, 2021 to August 31, 2022.	The scope of board evaluation covers all of the Company’s Board of Directors.	Appointment of the independent external and professional body to perform the evaluation	The 8 aspects of the evaluation include: 1. Composition of the Board of Directors. 2. Guidance of the Board of Directors. 3. Authorization of the Board of Directors. 4. Supervision of the Board of Directors. 5. Communication of the Board of Directors. 6. Internal control and risk management. 7. Self-discipline of the Board of Directors. 8. Others (e.g. board meetings, support systems, etc.) The evaluation report was prepared with reference to the open-ended survey questions filled out by the Company, various data provided and public information, etc., with on-site interviews with relevant members.

IV. Strengthening the functions of the board in the current and recent fiscal years and conducting performance assessments:

a. The Company’s Board operations are in accordance with relevant laws and regulations, the Company’s Articles of Incorporation, and resolutions of the shareholders’ meeting. Apart from the necessary knowledge, skill, and experience for performing duties, all directors shall adhere to the principle of loyalty, integrity and due diligence, and create maximum shareholder interest.

b. Directors have been re-elected to strengthen corporate governance in 2020. One independent director was added, and the Board is currently composed of 9 directors (including 4 independent directors). In addition, the Company’s board members have diverse professional backgrounds in different industries, educational backgrounds, and 巜 the legal profession. The Board is composed of one female director. In order to help the Company to establish quality corporate governance and sound supervisory capabilities on the part of the Board of Directors of the Company, and to strengthen management capabilities in accordance with the regulations of the competent authority, the

Remuneration Committee was established on December 20, 2011, and the Nomination Committee was established on October 28, 2020 to implement corporate governance.

c. On August 13, 2020, the Company formulated the Rules for Performance Evaluation of the Board of Directors with performance targets to enhance the efficiency of Board operations. In addition, internal auditors also prepared audit reports on Board operations in compliance with the regulations of the competent authority.

d. On May 6, 2021, GMTC’s board of directors appointed Deputy Executive General Yu-Chen Li as the chief corporate governance officer, responsible for handling matters related to the board of directors and shareholders’ meetings in accordance with relevant laws and regulations, preparing the minutes of the board of directors’ meetings and shareholders’ meetings, assist directors when they take office and support further training, information required for directors to execute their business, and assist directors with legal compliance, in order to protect shareholder interests and strengthen board functions.

e. The Company has dedicated efforts to promoting information disclosure and better transparency of corporate governance and was ranked as the top 5% performing companies of the 8th term Corporate Governance Evaluation organized by the Securities and Futures Institute.

(II) Operations of the Audit Committee

The Company’s Audit Committee shall be composed of 4 independent directors. The Audit Committee aims to assist the Board in supervising the quality and integrity of the accounting, auditing, financial reporting processes, and financial management.

The main focus of work in 2022 is as follows:

1. Financial statements
2. Auditing and accounting policies and procedures
3. The internal control system and its related policies and procedures
4. Transaction involving major assets or derivatives
5. Major loaning of funds and endorsements/ guarantees
6. Offering and issuance of securities
7. Legal compliance
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto
9. The appointment or discharge of a financial, accounting, or internal auditing officer

- Inspection Report

  The Board of Directors made the Company’s 2022 business report, financial statements and appropriation of earnings, among which the financial statements were certified by Deloitte Taiwan which issued a verification report. The above-mentioned business report, financial statements and appropriation of earnings are approved by the Audit Committee, and it is considered that there is no disagreement.

- The effectiveness of the internal control system

  The Audit Committee evaluates the effectiveness of the Company’s internal control system policies and procedures (including financial, operational, information security, legal compliance and other control measures), and reviews regular reports of the Company's audit department, CPAs, and managers. The Audit Committee believes that the Company's internal control system is effective, as the Company has already adopted necessary control mechanisms to supervise and correct violations.

- Appointment of CPA

  The Audit Committee is responsible for supervising the independence of the CPA firm, in order to ensure the fairness of the financial statements. In general, CPA firm shall not provide services apart from tax-related services or special approved items, and all services provided by the CPAs must be approved by the Audit Committee.

  To ensure the independence and appropriateness of the CPA firm, the Audit Committee evaluates the independence, professionalism and competence of the CPAs, refer to the CPA's Audit Quality Indicators (AQI), and regularly evaluates whether the Company is a related party, has business relations or financial interests.

  On February 23, 2023, the independence of Deloitte Taiwan CPAs Ming-Hsien Liu and Yung-Hsiang Chao to serve as the Company's financial and tax accountant has been approved in the 18th meeting of the 5th term Audit Committee and the 19th meeting of the 10th term Board of Directors.

S meetings were held by the Audit Committee in the current fiscal year (2022), and the attendance of independent directors is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Independent director	Chin-Chen Chien	7	0	100	Convener, re-elected on June 20, 2020
Independent director	Chun-Hsiung Chu	7	0	100	Re-elected on June 20, 2020
Independent director	Yi-Ching Wu	7	0	100	Re-elected on June 20, 2020
Independent director	Yi-Lang Lin	7	0	100	Took office on June 20, 2020

The state of operations in 2022:

Meeting Date (Period)	Content	Matters Specified in Article 14.5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
January 13,	(1)Approval of the company's 2022 sales budget		Approved by all

Meeting Date (Period)	Content	Matters Specified in Article 14.5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
2022 The 10th meeting of the 5th term	(2)Approved the amendments to the Corporate Governance Best-Practice Principles.		independent directors, and approved by the Board of Directors after discussion.
	(3)Approved the renaming of “Corporate Social Responsibility Best Practice Principles” to “Sustainable Development Best Practice Principles” and amendments to relevant provisions.		
	(4)Approval of bank credit		
February 24,2022 The 11th meeting of the 5th term	(1) Approve the issuance of a Statement of Declaration for the Internal Control System that is effective for the design and implementation of the Company’s internal control system to comply with all applicable laws and regulations.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the 2021 financial statements and consolidated financial statements.	✓	
	(3) Approval of the company’s 2021 business report		
	(4) Approval of the company’s 2021’s appropriation of earnings		
	(5) Amendments to the Procedures for the Acquisition and Disposal of Assets	✓	
	(6) Independence and competency assessment of the Company’s external auditor for 2021	✓	
	(7) S350 rental	✓	
	(8) 8th issuance (1st issuance in 2022) of domestic secured corporate bonds	✓	
	(9) Approval of bank credit.		
	(10) Approved the application and renewal of financing guarantee for the subsidiary.	✓	

Meeting Date	Content	Matters Specified	Qualified Opinions from any

(Period)		in Article 14.5 of the Securities and Exchange Act	Independent Director and Resolutions
April 20, 2022 The 12th meeting of the 5th term	(1) Approved the 6th issuance of domestic unsecured corporate bonds.	√	Approved by all independent directors, and approved by the Board of Directors after discussion.
May 5, 2022 The 13th meeting of the 5th term	(1)Approval of the company’s consolidated financial statements for Q1 of 2022.	√	Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2)Approval of the earnings distribution for Q1 of 2022.		
	(3)Approved to participate in the issuance of common stock for cash by Alloy Tool Steel, Inc.	√	
	(4)Selling of S-tech’s shares.	√	
	(5)Selling of SX-40 forging machine.	√	
	(6)Approval of bank credit.		
	(7)Approved the application and renewal of financing guarantee for the subsidiary.	√	
July 28, 2022 The 14th meeting of the 5th term	(1) Approval of the company’s consolidated financial statements for Q2 of 2022.	√	Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approval of the earnings distribution for Q2 of 2022.		
	(3) Approved to participate in the issuance of common stock for cash by S-Tech Corp.	√	
	(4) Approval of the change in scope of VIM factory land lease.	√	
	(5) Approval of the price adjustment of SX-40 forging machine.	√	
	(6) Approval of bank credit.		
	(7) Approved the application and renewal of financing guarantee for the subsidiary.	√	

Meeting Date (Period)	Content	Matters Specified in Article 14.5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
October 27, 2022 The 15th meeting of the 5th term	(1) Approval of the company's consolidated financial statements for Q3 of 2022.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approval of the earnings distribution for Q3 of 2022.		
	(3) Approved the company's 2023 audit plan.		
	(4) Approval of the selling of Forcera's shares	✓	
	(5) Approved the adjustment of the Company's Internal Control System.	✓	
	(6) Approval of the amendment of the Company's Procedures for Handling the Material Inside Information		
	(7) Approval of the amendment of Rules and Procedures of Board Meetings		
	(8)Approval of the donation	✓	
	(9) Approval of bank credit.		
	(10) Approved the application and renewal of financing guarantee for the subsidiary.	✓	
December 1, 2022 The 16th meeting of the 5th term	(1) Selling of S-tech's shares	✓	Approved by all independent directors, and approved by the Board of Directors after discussion.

Other matters to be recorded:

1. During operations of the Audit Committee, the meeting date, period, content, the dissenting opinion, qualified opinion and major proposals of Independent Directors, and resolution made by the Audit Committee should be specified:
   (I) Conditions described in Article 14-5 of the Securities and Exchange Act: Please refer to the 2022 Functionality of the Audit Committee on pages 57-59.
   (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.
2. Avoidance of involvements in interest-conflicting motions by Independent Directors: None.
3. Communication between Independent Directors and internal/external auditors:

(I) The chief of internal audit sends audit reports of the previous month to members of the Audit Committee, prepares internal audit reports before or during the quarterly audit committee meetings, and immediately reports to the Audit Committee members under special circumstances. There were no special circumstances in 2022. The Company's Audit Committee maintains good communication with the internal audit manager.

(II) In the quarterly audit committee meetings, the Company's CPAs report the quarterly audit results or review of financial statements and other communications stipulated in relevant laws and regulations. For special circumstances, the CPAs will also immediately report to audit committee members. There were no special circumstances in 2022. The Company's Audit Committee maintains good communication with the CPA.

Communication between Independent Directors and internal/external auditors is described in the following table:

Meeting Date (Period)	Communication with Internal Auditors	Communication with External Auditors
February 24,2022 The 11th meeting of the 5th term	1.Review of the internal audit report. 2.Review of the Statement of Declaration for the Internal Control System in 2021.	1.Review of the 2021 financial statements, including any problems or difficulties during the review, and management response. 2.Review of the qualifications, performance and independence of appointed CPAs.
May 5, 2022 The 13th meeting of the 5th term	1. Review of the internal audit report.	None.
July 28, 2022 The 14th meeting of the 5th term	1. Review of the internal audit report.	None.
November 3, 2022 The 15th meeting of the 5th term	1. Review of the internal audit report.	1. Communication with the Company's top management on key audit matters and audit plans in the 2022 Annual Report.

(III) The implementation of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and cause thereof

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
I. Does the company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✔		The Company has established the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," disclosed on the MOPS and company website.	No difference
II. Shareholding structure and shareholders' rights 1. Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? 2. Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? 3. Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✔ ✔ ✔		1. The Company has set up a public relations office, and appointed dedicated personnel to handle shareholder-related matters, with spokespersons, deputy spokespersons and stock affairs agent responsible for effectively responding to shareholder opinions or disputes and other related issues. 2. The Company has appointed stock affairs agent to handle related matters, assisted by the professional stock affairs agency "Registrar & Transfer Agency Department Yuanta Securities Co., Ltd." to effectively keep track of the list of major shareholders, with disclosures in accordance with relevant laws and regulations. 3. The Company's internal control covers risk management at corporate level, and operational level activities, while it has formulated the "Procedures for Supervision of Subsidiaries" to implement risk control mechanisms for subsidiaries. In addition, the Company formulated regulations on purchasing and sales, acquisition or disposal of assets, endorsements/ guarantees, and loaning of funds between affiliates. Those who have transactions with affiliates are treated as independent third parties, in order to eliminate non-arm's-length transactions.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
4. Does the company establish internal rules against insiders trading with undisclosed information?	✔		4. The Company has formulated the “Procedures for Handling Material Inside Information,” “Ethical Corporate Management Best-Practice Principles” and “Code of Ethical Conduct,” prohibiting company insiders from trading securities using information not disclosed to the market for any profit and disclosing it to others.	
III. Composition and Responsibilities of the Board of Directors 1. Does the Board develop and implement a diversified policy for the composition of its members? 2. Aside from establishing the Remuneration Committee and Audit Committee, did the Bank voluntarily create other functional committees?	✔ ✔		1. The Company has stipulated diversified policies for the composition of Board members in the “Corporate Governance Best Practice Principles.” The company's tenth Board of Directors has nine members (including four independent directors), with independent directors accounting for 44%, and one female director. The nine directors have different industry operating experience and have different professional capabilities. This has a complementary effect on the corporate development and business operations, as well as a synergistic effect on future development. Please refer to Notes 1 and 2 for the management objectives and implementation status of the diversification policy of board members. 2. Aside from establishing the Remuneration Committee and Audit Committee in accordance with the law, the Company also voluntarily set up the nomination committee based on its business development. The Audit Committee and Remuneration Committee shall be composed of independent directors, and more than 50% of the Nomination Committee members shall also be composed of independent directors. The functional committee operated smoothly, with sound supervisory capabilities which strengthened Board functions.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
3. Has the TWSE/TPEx-listed bank established a set of policies and assessment tools to evaluate the Board's performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	✔		3. The Company formulated the Rules for Performance Evaluation of the Board of Directors at the 2nd meeting of the 10th term Board of Directors on August 13, 2020. At the end of each year, the Finance Department collects information on Board activities and performs internal board performance evaluation for the Board of Directors, directors, Audit Committee, Remuneration Committee and Nomination Committee. Questionnaires were used for self-evaluation, and the evaluation results were collected and submitted to the Nomination Committee for approval, and reported to the Board of Directors as the basis for review and improvement. The overall Board performance results will be used as reference for selecting or nominating director candidates (including independent directors), and the evaluation results of individual directors will be considered as future reference for determining their individual remuneration. In addition, the aforementioned Regulations clearly stipulate that external evaluations should be performed at least once every three years. (1) Internal evaluation: The Company completed the 2022 self-evaluation of the Board and its members, and the self-evaluation of functional committee members in January 2023, each with a maximum of 100 points. The self-evaluation of the Board and its members were both 98.67 points, respectively, while the self-evaluation of functional committee members was 99.50 points for the Audit Committee, 99.00 points for the Remuneration Committee, and 98.33 points for the Nomination Committee. (2) External evaluation: In August 2022, the Company appointed Taiwan Corporate Governance Association (TCGA) to conduct the external evaluation. We also	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
4. Does the company regularly evaluate the independence of CPAs?	✔		completed self-evaluation, review, and on-site evaluation in November, and obtained the performance evaluation results prepared by TCGA. The results of previous internal and external evaluations were submitted to the 19th meeting of the Board of Directors and the 5th meeting of the 1st term Nomination Committee on February 23, 2023. 4. The Company assesses the CPA independence and competence at least once a year, with indicators including whether there are material indirect financial interests, close business relationships or potential employee relations, whether the CPA acted as a defender, audit fees, or the revision of investigation cases by the competent authority, and interactions with management and internal audit supervisor. It is assessed that the appointed CPAs meet the independence standards. The last evaluations were submitted to the Board of Directors for approval after being reviewed by the Audit Committee on February 23, 2022	
IV. Whether the Bank assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/ supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.)?	✔		On May 6, 2021, GMTC's board of directors appointed the chief corporate governance officer, responsible for handling matters related to the board of directors and shareholders' meetings in accordance with relevant laws and regulations, preparing the minutes of the board of directors' meetings and shareholders' meetings, assist directors when they take office and support further training, information required for directors to execute their business, and assist directors with legal compliance, in order to protect shareholder interests and strengthen board functions.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
V. Does the Company establish communication channels and dedicate section for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	✔		The Company requests the public relations, stock affairs, human resources, sales and procurement departments to communicate with stakeholders based on different situations, and discloses the contact information of the spokesperson and relevant departments on the company website, in order to respond appropriately issues concerned by stakeholders such as corporate social responsibility. The communication with stakeholders in 2022 was reported to the Board of Directors on January13, 2022. For relevant contact information and communication, please refer to the dedicate section for stakeholders on the company website (http://www.gmtc.com.tw/csr_investor.php).	No difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✔		The Company appointed the Registrar & Transfer Agency Department of Yuanta Securities to deal with shareholder affairs.	No difference
VII. Disclosure of information 1. Does the company have a corporate website to disclose both financial standings and the status of corporate governance? 2. Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? 3. Whether the company announces and reports the annual financial report within the time limit at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?	✔ ✔ ✔		1. The company has set up an official website (www.gmtc.com.tw) to disclose both financial standings and the status of corporate governance. 2. In addition to the traditional Chinese website, the Company also set up the simplified Chinese and English website. The Company also appointed designated personnel to handle information collection and disclosure, and created a spokesman system. The investor conferences and related briefings have been webcasted on the company website and MOPS. 3. The company announces and reports the annual financial report within the time limit prescribed by the Securities and Exchange Act at the end of each fiscal year, and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit.	No difference

VIII. Does the company have other information that enables a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/ supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of bank's directors and supervisors)?	✔		1. Employee rights and interests: The Company’s management rules are formulated in accordance with relevant laws and regulations (such as the Labor Standards Act) and the Company’s work rules. The welfare committee has been established, which provide various benefits to reward employees for their hard work. 2. Employee care: Provide multiple channels for employees to express their opinions, in order to create a good working environment. 3. Investor relations: The Company actively ensures and guarantees complete implementation of investor rights, including the voting right for Board members, the right to transfer shares freely equity, the right to share the Company’s earnings, obtain the Company’s material information, and attend shareholders’ meetings. Meanwhile, to ensure the security of stock registration and transfer, and establish a sound channel for investors to express their opinions. 4. Supplier relationship: Suppliers are required to follow the code of conduct of corporate social responsibility, or meet standard requirements, which mainly include issues such as environmental safety and health, ethics and environmental protection. 5. Stakeholders’ rights: The Company’s official website (www.gmtc.com.tw) has a dedicated section for “Investor Services” which discloses information related to the Company’s financial results and business operations, with links to the MOPS as reference for stakeholders. In addition, the company’s stock affairs agency “Registrar & Transfer Agency Department Yuanta Securities Co., Ltd.” also assists in handling relevant issues and opinions of shareholders and stakeholders. Professional lawyers and legal personnel will be appointed to deal with legal aspects, in order to protect stakeholder rights and interests. 6. Directors’ training status: The Company has formulated the “Directions for the Implementation of Continuing Education for Directors” in accordance with the “Sample Template for the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.” Please refer to pages 70-73 for	No difference

VIII. Does the company have other information that enables a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/ supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of bank's directors and supervisors)?	✔		details of relevant education and training. 7. The execution of the risk management policy and risk measurement standards: The Company is committed to its core business management and development, and does not engage in high-risk or high-leverage investments, derivatives, loaning of funds, and endorsements/ guarantees. An internal control system has been established for relevant operations, and the execution status is evaluated through the internal audit system, which achieved successful outcomes. 8. Implementation status of customer strategies: The Company maintains smooth communications and relationships with customers and suppliers. 9. Purchase of liability insurance for directors: The Company purchases liability insurance for directors and independent directors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies" to mitigate and diversify the risk of illegal behaviors that may cause serious harm to the Company and shareholders.	

IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by Taiwan Stock Exchange Corporation Governance Center, and propose enhancement measures for any issues that are yet to be rectified.

According to corporate governance evaluation results in 2022, GMTC mainly focused on two key improvements as follows

(I) Cultivate on sustainable governance, strengthen Board functions, and update the company website to increase information transparency:

The Company was ranked as top 5% TPEx listed companies of the 8th term Corporate Governance Evaluation organized by the Securities and Futures Institute.

1. Strengthening the disclosure of financial and corporate governance related information in both Chinese and English versions on the company website.
2. The Company discloses the communication between independent directors, internal audit managers, and CPAs on the company website. Please refer to pages 60 for details.
3. Evaluate board performance at the end of 2022, and the evaluation results will be reported to the board of directors on February 23, 2023.
4. Implement ethical corporate management with related advocacies, and the implementation status in 2022 was reported to the board of directors on January 12, 2023.
5. Planning and organizing director training courses. Please refer to pages 70-73 for the directors' training status.
6. Establish the rules of appeal: Set up the Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior, and the complaint mailbox: ethics@gmtc.com.tw which is disclosed on the company website.

(II) Corporate social responsibility practices:

1. Voluntary preparation of the corporate social responsibility (CSR) report: Disclose more non-financial information, exercising corporate governance, fostering a sustainable environment, preserving public welfare, protect the rights and interests of stakeholders, and promote corporate sustainability.
2. Maintaining social welfare: Implementing specific policies to protect human rights, and protective measures related to the personal safety of employees and working environment.
3. Protecting the rights and interests of stakeholders: Hold investor conferences, and setting up a dedicate section for stakeholders on the company website to ensure smooth communication channels with stakeholders and disclose the concerned issues and the Company's response. The communication status in 2022 was reported to the Board of Directors on January12, 2023.
4. Sustainable environment: Actively engage in and disclose the Company's policies related to energy-saving and carbon reduction, greenhouse gas emissions and other information.

Looking forward to 2023, GMTC will continue to strengthen corporate governance, board functions, communicate with stakeholders, and regularly update its official website for better information transparency and corporate social responsibility measures, in order to fulfill the commitment of corporate sustainability and providing a friendly environment.

Note 1: Implementation of board member diversification:

Core items for diversification / Director Name	Basic composition					Business management	Leadership and decision-making	Industrial knowledge	Law	Financial accounting	Human resource	Marketing
	Gender	Age Distribution										
		40-49	50-59	60-69	70-79							
Chairman Chiung-Fen Wang	Male		✓			✓	✓	✓	✓			
Director Wen-Yuan Lin	Male			✓		✓	✓	✓				✓
Director Shih-Yi Chiang	Male				✓	✓	✓	✓				
Director Shih-Chieh Chao	Male				✓	✓	✓	✓				
Director Cheng-Hsiang Chen	Male			✓		✓	✓	✓				
Independent Director Chin-Chen Chien	Male			✓		✓	✓	✓		✓		
Independent Director Chun-Hsiung Chu	Male		✓			✓	✓	✓	✓			
Independent Director Yi-Ching Wu	Female	✓				✓	✓	✓		✓		✓
Independent Director Yi-Lang Lin	Male			✓		✓	✓	✓		✓	✓	

Note 2: Management objectives and implementation status of the diversification of board members:

Specific management objectives for diversification	Implementation status
Directors who concurrently serve as the company's manager shall not exceed one-third of directors	Only one director serves as concurrent manager of the company, accounting for 11.11% of the total number of directors, which conforms with the objective of not exceeding one-third of directors.
The Board members shall include at least one female director.	The company's Board members include one female director, which achieved the objective of gender equality.
At least one director should have a professional background in finance or accounting, or management experience in the steel industry.	Among the board members, 3 directors shall have financial accounting backgrounds, 2 directors shall have expertise in law, and all directors shall have industry-related management experience.
Among the board members, the directors who concurrently serve as employees of the company, parent company, subsidiary or sister company shall be less than (including) one-third of directors to achieve the objective of supervision.	2 directors concurrently serve as employees, accounting for 22.22% of directors, with the objective of not exceeding one-third of directors.

Directors' training status in the most recent fiscal year

Title	Name	Training Period		Organizer	Name of Course	Training Hours	Whether Training Courses Meet the Conditions Set Out in Applicable Requirements
		Start Date	End Date				
Representative of juristic (corporate) person director	Chiung-Fen Wang	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/05/11	2022/05/11	Securities and Futures Institute	Group Tax Governance Concepts, Practices and Tools	3.0	Yes
Representative of juristic (corporate) person director	Wen-Yuan Lin	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/08/10	2022/08/10	Securities and Futures Institute	Information Disclosure, Prevention of Insider Trading and Code of Integrity Management	3.0	Yes
Representative of juristic (corporate) person director	Shih-Chieh Chao	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/08/04	2022/08/04	Taiwan Corporate Governance Association	Insights into How Investors Think - Enterprise Sustainable Transition on ESG Investment and Finance	3.0	Yes

Title	Name	Training Period		Organizer	Name of Course	Training Hours	Whether Training Courses Meet the Conditions Set Out in Applicable Requirements
		Start Date	End Date				
Representative of juristic (corporate) person director	Shih-Yi Chiang	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/08/04	2022/08/04	Taiwan Corporate Governance Association	Insights into How Investors Think - Enterprise Sustainable Transition on ESG Investment and Finance	3.0	Yes
Representative of juristic (corporate) person director	Cheng-Hsiang Chen	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/08/04	2022/08/04	Taiwan Corporate Governance Association	Insights into How Investors Think - Enterprise Sustainable Transition on ESG Investment and Finance	3.0	Yes
Independent director	Chin-Cheng Chien	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/05/11	2022/05/11	Securities and Futures Institute	Group Tax Governance Concepts, Practices and Tools	3.0	Yes
		2022/08/10	2022/08/10	Securities and Futures Institute	External innovation and corporate sustainability	3.0	Yes

Title	Name	Training Period		Organizer	Name of Course	Training Hours	Whether Training Courses Meet the Conditions Set Out in Applicable Requirements
		Start Date	End Date				
Independent director	Chun-Hsiung Chu	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/08/12	2022/08/12	Taiwan Corporate Governance Association	Global Minimum Tax and Taiwan's Anti-Tax Avoidance Rules from the Perspective of Directors and Supervisors	3.0	Yes
		2022/11/15	2022/11/15	Securities and Futures Institute	ESG New Economy and New Opportunities for Enterprise Transformation	3.0	Yes
		2022/11/16	2022/11/16	Securities and Futures Institute	How Directors Use OKR to Improve Corporate Governance Efficiency	3.0	Yes
		2022/12/13	2022/12/13	Taiwan Corporate Governance Association	Digital Technology and AI Trends and Risk Management	3.0	Yes
Independent director	Yi-Ching Wu	2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/08/04	2022/08/04	Taiwan Corporate Governance Association	Insights into How Investors Think - Enterprise Sustainable Transition on ESG Investment and Finance	3.0	Yes

Title	Name	Training Period		Organizer	Name of Course	Training Hours	Whether Training Courses Meet the Conditions Set Out in Applicable Requirements
		Start Date	End Date				
Independent director	Yi-Lang Lin	2022/04/22	2022/04/22	Taiwan Institute for Sustainable Energy	Taishin 30-Net Zero Summit Forum	3.0	Yes
		2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes

Chief corporate governance officer's training status in the most recent fiscal year

Title	Name	Training Period		Organizer	Name of Course	Training Hours	Whether Training Courses Meet the Conditions Set Out in Applicable Requirements
		Start Date	End Date				
Chief corporate governance officer	Yu-Chen Li	2022/04/18	2022/04/18	Accounting Research and Development Foundation	Supervision of Directors, Supervisors and Senior Management on the Company's ESG Implementation	3.0	Yes
		2022/05/05	2022/05/05	Taiwan Corporate Governance Association	Analysis of Taiwan's Anti-Tax Avoidance Rules (CFC, PEM and CRS); Impact on Wealth and Inheritance and Response Measures	3.0	Yes
		2022/05/12	2022/05/12	Jointly organized by Taiwan Stock Exchange, Alliance Advisors, and Taiwan Corporate Governance Association	International Twin Summit Forum	3.0	Yes

(IV) Operations of the Remuneration Committee

1. Information of the Remuneration Committee Members

Identity (Note1)		Professional qualifications and experience	Independence Attribute					Number of Holding Concurrent Independent Director Position in Other Public Companies	Remarks
			1	2	3	4	5		
Independent director	Chin-Cheng Chien	Professor of Accounting, National Cheng Kung University CPA (USA) Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Chun Yu Works & Co., Ltd. Director of Soft-World International Corp. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	2	Convener, re-elected on June 20,2020
Independent director	Chun-Hsiung Chu	Attorney Qualification Attorney of Chuan Ying International Law Firm Independent Director of Honey Hope Honesty Enterprise Co., Ltd. Independent Director of D-Link Corp. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	2	Re-elected on June 20,2020
Independent director	Yi-Ching Wu	Lecturer in Mahasarakham University's International Program Chairman of Taiwan Styrene Monomer Corp. Chairman of Hoho International Development Ltd. Independent Director of Chun Yu Works & Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	✓	-	✓	-	✓	1	Re-elected on June 20,2020

Note: The members comply with the following conditions from two years before being elected and appointed, and during his term of office, please mark " " in the appropriate corresponding boxes.

Independence Attribute

(1) The independent director, his/ her spouse, relative within the second degree of kinship, does not serve as a director, supervisor, or employee of the company or any of its affiliates.

(2) The number of shares or shareholdings of the company held by the independent director, his/ her spouse, relative within the second degree of kinship (or by the person under others' names).

(3) Not a director, supervisor, or employee of any company with a special relationship with the company (please refer to Items 5-8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).

(4) The compensation received from providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years.

(5) Not a spouse or a relative within the second degree of kinship to any other director of the Company.

2. Operations of the Remuneration Committee

Remuneration Committee Meetings were convened 4 times in 2022. The attendance record of members are as follows:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate	Remarks
Independent director	Chin-Chen Chien	4	-	100%	Convener, re-elected on June 20, 2020
Independent director	Chun-Hsiung Chu	4	-	100%	Re-elected on June 20, 2020
Independent director	Yi-Ching Wu	4	-	100%	Re-elected on June 20, 2020

Operations of the Remuneration Committee in 2022:

Meeting Date (Period)	Concerned Issues and Follow-up Actions	Resolutions	The Company's Response to the Remuneration Committee's Opinion
January 13, 2022 The 7th meeting of the 4th term	(1) Review of the appointment of new assistant managers (2) Review of the manager's year-end bonus in 2021 (3) Review of the changes in salary structure and salary adjustment for the manager	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.
February 24,2022 The 8th meeting of the 4th term	(1) Review of the 2021 remuneration for directors. (2) Review of the 2021 compensation for employees. (3) Review of the distribution of bonuses for managers in Q4 of 2021. (4) Review of the amendments to the Guidelines for Senior Executive Pensions	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.
May 5, 2022 The 9th meeting of the 4th term	(1) Review of the distribution of 2021 remuneration for managers. (2) Review of the distribution of bonuses for managers in Q1 of 2022.	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.

Meeting Date (Period)	Concerned Issues and Follow-up Actions	Resolutions	The Company's Response to the Remuneration Committee's Opinion
October 27, 2022 The 10th meeting of the 4th term	(1) Distribution of bonuses for managers in Q2 and Q3 of 2022.	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.

Other matters to be recorded:

I. In the event where the Remuneration Committee's proposal is rejected or amended by the Board of Directors, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the bank had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): There were no rejections or amendments to the Remuneration Committee's by the Board of Directors in 2022.

II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: There were no resolution of the Remuneration Committee objected to by members or expressed reservations in 2022.

(V) Operations of the Nomination Committee

On October 28, 2020, the Company established a Nomination Committee for corporate sustainability, assisting the Board on strengthening the management mechanism and corporate governance. The Nomination Committee shall be composed of at least three independent directors, of which more than 50% of the independent directors shall attend the meeting. With authorization from the Board of Directors (below, "the board"), the Nomination Committee shall exercise the due care of a good administrator to faithfully perform the following duties and shall submit its proposals to the board for discussion: 1. Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of members of the board, supervisors and senior executives, and finding, reviewing, and nominating candidates for directors, supervisors, and senior executives based on such standards. 2. Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board, each committee, and each director and senior executive and the independence of the independent directors. 3. Establishing and reviewing on a regular basis programs for director continuing education and the succession plans of directors and senior executives. 4. Establishing corporate governance guidelines of the Company to strengthen the corporate governance system and practices, and protect the rights and interests of stakeholders.

The Chairman of the Nomination Committee, Independent Director Chun-Hsiung Chu, has an expertise in law and corporate governance, while Director Yi-Lang Lin has the expertise in management and human resources, meeting the professional capabilities required by the committee.

Name of Nomination Committee member	Is an Independent Director	Expertise
Chun-Hsiung Chu (Chairperson)	✓	Laws and corporate governance
Chin-Chen Chien	✓	Business management and finance
Yi-Ching Wu	✓	Business management and marketing
Yi-Lang Lin	✓	Business management and human resource
Chiung-Fen Wang		Business management, laws and corporate governance

Two meeting was held by the Nomination Committee in the current fiscal year (2022), and the attendance of members is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Independent director	Chun-Hsiung Chu	1	0	100	Convener, took office on October 28, 2020
Independent director	Chin-Chen Chien	1	0	100	Took office on October 28, 2020
Independent director	Yi-Ching Wu	1	0	100	Took office on October 28, 2020
Independent director	Yi-Lang Lin	1	0	100	Took office on October 28, 2020
Director	Chiung-Fen Wang	1	0	100	Took office on October 28, 2020

The state of operations in 2022:

Meeting Date (Period)	Concerned issues and follow-up actions	Resolutions	The Company’s response to the Nomination Committee’s opinion
January 13, 2022 The 4th meeting of the 1st term	(1)Review of the 2021 Board Performance Evaluation Results (2)Amendments to the Company’s Directions for the Implementation of Continuing Education for Directors	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.

Other matters to be recorded:

I. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company’s response to the remuneration committee’s opinion: None.

II. Resolutions of the nomination committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

(VI) Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TPEx-Listed Companies

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
I. Does the company establish exclusively (or concurrently) dedicated first line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		GMTC established the "Corporate Sustainability Management Committee" on December 16, 2020. The Chairman is the advisory member of the Committee, and the committee meeting shall be chaired by the general manager, while the center supervisors shall review the resolutions of the committee meeting. The board of directors authorized the Corporate Sustainability Management Committee to concurrently promote sustainability in accordance with GMTC's Sustainable Development Best Practice Principles. It authorized the chair of the committee to handle economic, environmental and social issues generated by business activities, as well as to be responsible for the formulation and implementation of sustainable development policies, systems and related management policies and promotion plans, which shall then be reported to the board of directors. The teams on Corporate Governance and Integrity Management, Corporate Sustainability, Value Creation, Social and Employee Care, and Risk Management have been set up under the Corporate Sustainability Management Committee. In addition, relevant unit supervisors were assigned as team conveners to be responsible for formulating promotional strategies and objectives, and then conducting performance evaluations and review according to the competent authority. GMTC also appointed an executive secretary to assist committee members in planning and implementing sustainable development policies. In order to integrate resources and implement corporate sustainable development policies, GMTC's Corporate Sustainability Committee holds at least two meetings every year. In contrast, temporary meetings are held when necessary to review the implementation of and formulation of CSR policies. 1 meeting has been held in 2022. Due to the impact of the COVID-19 pandemic in the first half of 2022, a written report with work implementation status is submitted to each team in 2022. The 2nd meeting will be held on January 9, 2023, with discussions on the work achievements of each group in 2022, work plans and goals for 2023, and the analysis results of major issues. The chair of the Corporate Sustainability Management Committee reports to the board of directors the implementation status on an annual basis, so that the committee can make adjustments with reference to the opinions of the board of directors. The recent	No Difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			implementation status reported to the board of directors are described as follows: January 13, 2022: Communication status with stakeholders in 2021 February 24, 2022: 2021 Implementation of Sustainable Development and 2022 Promotional Plans for Sustainable Development October 27, 2022: Implementation of risk management in 2022	
II. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies? (Note 2)	V		1. This discloses the corporate sustainability performance at GMTC's main bases from January to December 2022. The risk assessment boundary mainly covers GMTC's operations including its operating bases in Taiwan. 2. Based on the GRI Standards, United Nations Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board, the Corporate Sustainability Committee has summarized sustainability issues related to the economy, society, and environment, with reference to issues related to steel industry peers. The Company's sustainability report was prepared according to the materiality principle, communicating with internal and external stakeholders, and assessing ESG issues in consideration of the degree of impact on the organization and stakeholder concern. It also formulated risk management policies for effective identification, evaluation, supervision and control, with specific action plans to reduce the impact of relevant risks. 3. GMTC conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies/ strategies as follows:	No Difference

Major Issues	Risk Assessment Items	Remarks
Economic Risks	Economic Performance	1. The company's senior management regularly discuss the operating status for relevant decision-making 2. Strengthen the link between the reward system and employee performance

Item	Implementation Status					Deviations and Reasons
	Yes	No	Description			
				Integrity Management	The Company has formulated the Ethical Corporate Management Best-Practice Principles and Procedures for Ethical Management, and conducted education and training. In addition, it has set up and announce relevant reporting channels to ensure zero corruption, and avoid any behaviors, such as bribery, which may violate integrity management.	
				Product Quality	1. Annual survey on customer satisfaction 2. Analysis based on the customer complaints handling procedures 3. Deal with product deficiencies according to the anomaly detection system	
				Customer Services	Strategically expand orders of tool steel and functional stainless steel, and set up a dedicated team for implementation, management and improvement	
				Information Security Risk	1. Introduce proper protection mechanisms and monitoring software, and conduct penetration testing on an irregular basis to protect data from unauthorized access 2. Improve worker safety awareness: Conduct information safety education and training courses	
				Supply Chain Management	1. New supplier qualification review and supplier performance evaluation 2. Irregular on-site visits 3. Ensure the recycling rate for H13 steel scrap 4. Provide guidance on improvement of the storage environment for domestic carbon steel/stainless steel suppliers, and prohibit direct contamination with scrap steel and damage soil	
			Social Issues	Talent Recruitment and Retention	1. Provide equal employment opportunities and safeguard the rights and interests of workers 2. Implement various talent cultivation measures and improve employee retention rate 3. Optimize the salary and employee welfare system to maintain corporate competitiveness in the industry 4. Stable promotion system, and arrangement of the right job position best suited for the employees' career development	
				Occupational Safety and Health	1. Passed the ISO 45001:2018 and CNS 45001 certifications to ensure effectiveness of the management system in 2022 2. Implement safety and health education and training. 3. Strengthen independent inspection system 4. Improve the on-site environment 5. Implementation of rewards and punishment	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td rowspan="4">Environmental Issues</td><td>Emissions</td><td rowspan="2">1. Continue to implement the ISO 50001 energy management system to achieve high energy efficiency, energy-saving and carbon reduction
2. ISO 14064-1 Organization-level GHG Inventories
3. Promote the use of low-carbon fuels as substitute for fossil fuels in equipment
4. Build rooftop solar power generation devices for the use of green electricity</td></tr>
<tr><td>Power Management</td></tr>
<tr><td>Waste Management</td><td>1. In accordance with the “Waste Disposal Act”, the disposal of commercial waste is entrusted to a qualified waste management company approved by the competent authority, so as to facilitate waste management
2. Promote reuse of brick scrap, and waste recycling</td></tr>
<tr><td>Water Resource Management</td><td>Continuous monitoring of water consumption by the energy platform to timely fix defects and reduce a waste of water</td></tr>
</table></td><td></td></tr>
<tr><td>III. Environment Issues
(I) Does the company establish proper environmental management systems based on the characteristics of their industries?</td><td>V</td><td></td><td>1. GMTC’s Xinying Plant and Liuying Plant passed the certifications for ISO 14001: 2015 environmental management system, as well as the third-party certification.
2. Xinying Plant conducted annual greenhouse gas inventory according to ISO14064-1 specification.
3. Air pollution, sewage water and waste generated by the plant are handled in accordance with various government regulations.</td><td>No Difference</td></tr>
<tr><td>(II) Does the company endeavor to utilize resources more efficiently and use renewable materials which have a low impact on the environment?</td><td>V</td><td></td><td>1. GMTC established the ISO 50001 energy management system in Xinying and Liuying Plants, and formulated energy-saving plans to promote various measures in the aim to reduce energy consumption in each unit and mitigate the negative environmental impact.
In 2022, GMTC guided to save 1% of electricity in Xinying Plant and Liuying Plant, but actually saved 0.26% electricity at Xinying Plant, and 2.72% at Liuying Plant. GMTC still aims to save 1% energy at the Xinying Plant and Liuying Plant every year in the future. For energy management, in addition to various energy-saving plans, we will also continue to optimize production processes for better production efficiency and low energy consumption. Meanwhile, the rooftop solar</td><td>No Difference</td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			power systems generate and save energy simultaneously, thereby achieving the goal of optimizing energy efficiency. 2. The company uses an electric arc furnace for steelmaking. The raw materials include a large amount of recycled steel scrap combined with iron base alloys. The steel scrap accounts for around 90% of the total input, while the scraps generated during the steelmaking process can be recycled and reused. The finished steel products can be recycled after being sold or used. GMTC strictly abides by the Restrictions of Hazardous Substances Directive (RoHS), substance of very high concern under the REACH Regulation (REACH-SVHC), Labelling and SDS Requirements under MoL's Regulations, no radiation requirements, and U.S. Securities and Exchange Commission conflict-free mineral requirements, in order to reduce environmental impact.	
(III) Does the company assess climate change's current and future risks and opportunities and relevant responsive measures?	V		1. GMTC's Corporate Sustainability Committee is responsible for discussions and management of climate-related risks and opportunities. 2. GMTC used the framework developed by Task Force on Climate-Related Financial Disclosures (TCFD) to disclose climate-related risks and opportunities and outlines the responsive strategies. The main risks and opportunities in 2022 are as follows:	No Difference

Type	Risk Items		Potential Impact of Climate-related Risks on Finance	Opportunities	Potential Impact of Climate-related Opportunities on Finance	Responsive Measures and Their Implementation in 2022
Transition Risks	Policies and Regulations	Carbon Border Tax	Increase in Operating Costs	1. Use low-carbon energy supply and strengthen energy	1. Decrease in operating costs 2. Increase in asset value 3. Increase in	1. Participate in conferences to keep in line with domestic and international trends (such as the Greenhouse Gas Reduction and Management Act,
		Carbon fees	Increase in Operating Costs			

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	

				substitution/ diversification 2. Install green energy equipment 3. Reduce resource consumption through efficient production processes	operating revenue	carbon neutrality and the carbon emission trading scheme) 2. Continue to conduct greenhouse gas inventory in accordance with the ISO 14064-1 standard 3. Continue to implement the ISO 50001 energy management system to achieve high energy efficiency, energy-saving and carbon reduction 4. Installation of rooftop solar power systems for self-build properties to meet the 10% electricity demands of major electricity users 5. Transformation of walking beam furnace, and replacement of heavy oil with natural gas to reduce carbon emissions 6. Construction of the 50-ton steelmaking furnace, process improvement and high efficiency equipment can reduce CO_2 emission intensity
		Major Electricity User Clauses	Increase in Operating Costs			
		Water Consumption Fees	Increase in Operating Costs	Improve Water Management and Increase Water-use Efficiency	Decrease in operating costs	1. Continue to use the energy monitoring platform in order to timely deal with water overuse 2. Ensure the proper rate of water pipes and water

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="2"></td><td></td><td></td><td></td><td></td><td></td><td>circulation equipment in the plant to avoid wasting water</td></tr>
<tr><td>Market</td><td>Market Trends and Changes in End-user Demand</td><td>Product Mix and Changes in the Sources of Income</td><td>Tap into the Green Steel Industry</td><td>1. Increase in operating revenue
2. Increase in operating costs</td><td>1. Improve the competitiveness and steel grade of mold steel, and seize opportunities related to solar energy and electric vehicles
2. Provide end-user application materials with high temperature compatibility and high strength</td></tr>
<tr><td>Substantial Risk</td><td>Timeliness</td><td>Increased Intensity of Extreme Climate Events (Such as Typhoons and Floods)</td><td>Increase in Capital Expenditure Decrease in Operating Revenue (Production Disruption)</td><td>Build Climate Resilience and Enhance Disaster Preparedness</td><td>1. Increase in operating revenue
2. Raise capital to increase climate resilience and reduce the loss caused by operational disruptions</td><td>1. Establish an emergency preparedness team to enable prompt disaster response and reduce disaster losses.
2. Hold emergency preparedness meetings before the rainy season and typhoons.
3. Regularly check rainwater drainage and water pumps.
4. Set up emergency power supply system and water storage tank for backup.
5. Dredging of drainages ditches on a regular basis.</td></tr>
</table>
</td><td></td></tr>
<tr><td>(IV) Whether the company gathers the statistics about the annual greenhouse gas</td><td>V</td><td></td><td><u>(1) Greenhouse gas</u>
1. The Company’s Xinying Plant and Liuying Plant completed Scope 1 and 2 inventories and third-party verifications of ISO 14064-1 system according to the Environmental Protection Administration, while other plants completed self-declaration and</td><td>No Difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>emission, water consumption and gross weight of waste for the past two years, and adopts policies for greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods?</td><td></td><td></td><td>inventory in accordance with the sustainable development road map of the Financial Supervisory Commission. Xinying Plant and Liuying Plant also completed inventory and third-party verification of the ISO 50001 system in 2022.

<u>Greenhouse gas emissions in the last 2 years</u>
Scope: Information on Scope 1 and 2 emissions in 2022 covers the Company and key manufacturing processes (Xinying Plant + Liuying Plant); the information on Scope 1 and 2 emissions in 2021 covers Xinying Plant and Liuying Plant only, and the emission intensity mainly refers to the comparison based on the key manufacturing processes.

<table>
<tr><th colspan="2">Unit: CO_2e (tons)</th><th>2021</th><th>2022</th></tr>
<tr><td rowspan="2">Scope 1</td><td>Key manufacturing processes</td><td>96,133</td><td>108,592</td></tr>
<tr><td>Entire company</td><td></td><td>109,980</td></tr>
<tr><td rowspan="2">Scope 2</td><td>Key manufacturing processes</td><td>80,698</td><td>90,018</td></tr>
<tr><td>Entire company</td><td></td><td>92,642</td></tr>
<tr><td colspan="2">Emission intensity of key manufacturing processes
(CO_2e (tons) / GMTC finished product output (tons))</td><td>2.16</td><td>2.13</td></tr>
</table>

In 2022, the GHG emissions of Scope 1 and Scope 2 totaled 19,861,00,000 tons CO_2e. The CO_2e of electricity consumption in Scope 2 accounted for 45% of the total GHG emissions, while the CO2e of natural gas and fuel oil used in Scope 1 processes accounted for 55% of total GHG emissions. The unit product emission of Xinying Plant and Liuying Plant totaled 2.13 tons CO_2e per GMTC finished product output (tons).

Internally, GMTC promotes GHG reduction measures in the aim to reduce the emission intensity by 1% per unit product every</td><td></td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			year. 2021 GHG emission intensity was 1.44% lower compared to that of the previous year. The main measures in 2022 include renovation of furnaces to replace natural gas with heavy oil, and installation of rooftop solar power generation devices. In addition, we continued to promote various measures for energy conservation and efficient production, in order to reduce carbon emission intensity, and achieve sustainable development. **(2) Water consumption** For process cooling, recycling and domestic water supplies for employees, GMTC mainly uses tap water instead of directly taking groundwater. GMTC has set up rainwater harvesting systems (for irrigation) and water recovery systems based on the concept of water reclamation and reuse to improve water-use efficiency. Water consumption in the last 2 years Scope: Information on water consumption in 2022 covers the Company and key manufacturing processes (Xinying Plant + Liuying Plant); the information on water consumption in 2021 covers Xinying Plant and Liuying Plant only, and the water consumption intensity mainly refers to the comparison based on the key manufacturing processes.	

Unit: million liters		2021	2022
Water consumption	Key manufacturing processes	304.053	341.458
	Entire company		365.783
Water consumption intensity of key manufacturing processes (million liters / GMTC's finished product output (tons))		0.00372	0.00367

GMTC has set up internal water-saving measures to reduce water withdrawal per unit of product by 10% of the level in 2014. In addition to daily water conservation advocacies, GMTC recently promoted the wastewater treatment project, including filtration,

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>recycling, and reuse of wastewater to increase the wastewater reclamation rate to reduce pipeline leakage and avoid wasting water.

GMTC’s water withdrawal was 341.458million liters in 2022, with a water intensity of 0.00367 million liters per ton, which dropped by 1.45% compared with that in 2021, and was 20% lower than the water intensity level in 2014.

<u>(3) Waste:</u>
In accordance with the “Waste Disposal Act”, GMTC’s disposal of commercial waste generated from the manufacturing process is entrusted to a qualified waste management company approved by the competent authority.

GMTC formulated waste disposal procedures in cooperation with the resource recycling company and has set up resource recycling centers in its plants and offices to implement resource recycling and garbage classification to advocate correct environmental protection concepts to employees. The supplier’s packaging materials, including iron drums and space bags, will be reused in the plant if appropriate, but must be scrapped after they are deemed no longer usable.

<u>Waste generation in the past two years</u>
Scope: All factories
<table>
<tr><th>Units: Tons</th><th>2021</th><th>2022</th></tr>
<tr><td>Hazardous waste</td><td>1,203</td><td>1,427</td></tr>
<tr><td>Non-hazardous waste</td><td>24,719</td><td>30,677</td></tr>
<tr><td>Unit product output
(ton / <u>GMTC finished product output (tons)</u>)</td><td>0.32</td><td>0.34</td></tr>
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<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>GMTC has been working towards waste recycling by subsequent treatment, so as to reuse commercial waste and reduce environmental impact. In recent years, the company mainly focused on the recycling of waste bricks and recycling dust from the steelmaking processes, with the hope to achieve the target of increasing the utilization ratio by 1% per year.

In 2022, the total waste output was 32,103 tons, of which reusable waste was 28,847 tons, accounting for 90% of total waste, an increase of 12% from 78% in 2021.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Did the company draft applicable management policies and procedures based on applicable laws and international human rights agreements?</td><td>V</td><td></td><td>The “GMTC Human Rights Policy” abide by the laws and regulations in each of its global bases, and comply with the human rights standards such as the “International Bill of Human Rights,” “International Labor Organization - Declaration on Fundamental and Rights at Work,” and the “Ten Principles of the United Nations Global Compact,” so that employees and third-party personnel are entitled to dignity and respect at work, and preventing human rights violations. The documentations of “Human Rights Policy,” “Work Rules” and “Corporate Social Responsibility Manual” clearly declare the protection of human rights.

GMTC’s Human Rights Policy and specific plans are summarized as follows:

<table>
<tr><th>Human Rights Policy</th><th>Specific Policies</th></tr>
<tr><td>Provision of Safe and Healthy Working Environment</td><td>1. Aim to achieve zero disasters and risk reduction
2. Upgrade on-site equipment to enhance safety and hygiene awareness
3. Strengthen the protection of mechanical equipment against environmental hazards
4. Conduct analysis, investigation and follow-up based on the association between health examination results and the company’s manufacturing operations
5. Promote health promotion activities and encourage employees to participate in maintaining a healthy lifestyle</td></tr>
</table></td><td>No Difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Prevention of Unlawful Discrimination and Ensure Equality in Work Opportunities</td><td>Abide by the local government labor standards, international norms and GMTC’s human rights policies, with standard staff employment procedures to prevent illegal discrimination. The starting salaries are the same between GMTC’s male and female employees with equal seniority and ranks.</td></tr>
<tr><td>Prohibit Child Labor</td><td>According to GMTC’s human rights policy, work rules and social responsibility, the company was never engaged in child labor, so as to protect children’s physical and cognitive growth and development. GMTC only accepts job applications from those aged 18 and older and will check the IDs of the new employees when they are hired to reject the candidates below the age of 18 years old.</td></tr>
<tr><td>Prohibit Forced Labor</td><td>GMTC has strictly abided by the local government labor standards and the company’s human rights policies to respect human rights at the workplace, and prohibits any form of forced labor.</td></tr>
<tr><td>Support Employees in Maintaining Good Physical and Mental Health and Improve Work-life Balance</td><td>In order to encourage employees to participate in workplace social clubs, GMTC’s Employee Welfare Committee has been subsidizing its social clubs every year. In addition, GMTC’s workplace social clubs organized regular activities to improve the employees’ work-life balance.</td></tr>
<tr><td>Regular Review and Evaluation of Related Mechanisms and Behaviors</td><td>GMTC reviews regulations and makes adjustments to relevant systems on a regular basis</td></tr>
</table>

GMTC arranges relevant human rights education and training courses (including the understanding of the Labor Act, and advocacies on the prevention of wrongfully damaging the rights of another and sexual harassment) for new employees, and provides general, occupational safety and health training. In 2022, 102 people were trained, with a total of 408 hours of training, while relevant regulations are disclosed on the MOPS.</td><td></td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
(II) Whether the company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?	V		<u>Employee compensation</u> With the aim to care for employees and their family members, GMTC provides comprehensive employee benefits, incentive compensation bonus system, considerate care, and preferential benefits to enable employees to work at peace of mind and ensure that the employees and families have a comfortable life. GMTC's new employee performance appraisal is based on the employee's educational background, professional knowledge, skills, seniority and experience. In addition to the 3 months probationary period assessment for newly recruited workers, the performance evaluations for all employees are conducted on a monthly basis, with promotions based on the appraisal of their individual performance. In addition, GMTC will allocate year-end bonuses if there is a surplus in the current fiscal year, and plans to distribute dividends in the following year. <u>Employee welfare measures</u> GMTC provides employees with labor and health insurance, retirement pensions, maternity/ paternity leave, and parental leave without pay in accordance with relevant laws, with group insurance for new employees. Colleagues can also pay for preferential group insurance for their family members, so that group insurance coverage covers the employees and their families. In addition, the company also provides employees with comprehensive travel insurance for long business trips, in order to protect employees who are working abroad. To support breastfeeding female employees, GMTC has set up a nursing room to meet the needs of employees, and allows employees to apply for parental leave without pay, with arrangements on job positions after the employees return to work from parental leave. To improve labor relations, GMTC has set up an Employee Welfare Committee (hereinafter referred to as the Welfare Committee), which not only provides employee travel incentives, festival gifts (Spring Festival, Labor Day, and Moon Festival), birthday gifts, wedding gifts and funeral condolences. In order to encourage employees to participate in workplace social clubs, GMTC's Employee Welfare Committee has been	No Difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			subsidizing its social clubs every year, such as running, biking, swimming, bowling, softball, basketball, golf, and badminton clubs. In addition, GMTC's workplace social clubs organized diversified holiday leisure and entertainment activities to improve the employees' work-life balance to promote coworker exchange relationships and coworker friendships. Workplace Diversity and Equality GMTC is committed to supporting workplace diversity and gender parity. GMTC's personnel recruitment and selection is solely based on skills and experience instead of race, class, politics, ideology, religious beliefs, place of origin, place of birth, gender, sexual orientation, age, family status, genetic features, disability or previous labor union membership. In addition, the company has strictly abided by the local government labor standards, and has never engaged in child labor. GMTC actively coordinates and arranges suitable jobs for the disabled from the existing job vacancies, so that the disabled can enter the job market as soon as possible and demonstrate their skills and competencies. In the past years, GMTC's disability inclusion has exceeded legal requirements (1%). In 2022, GMTC hired 12 disabled people, accounting for 1.3% of the total number of employees. Employees' salary, allowance, and bonus standards will not vary under different gender, race, religious beliefs, political beliefs, and marital statuses. The starting salaries are the same between GMTC's male and female employees with equal seniority and ranks. In addition, the average starting salary of the company's grassroots employees is equivalent to the minimum wage in Taiwan. In accordance with the Labor Standards Act, if an employee has to work overtime due to business needs, the company shall pay the employee overtime wages on the basis of the employee's full wage. Employee Compensation is Commensurate with the Company's Performance In 2021, the average salary review of non-managerial personnel charges NT$746,000, with a median of NT$724,000, while in 2022, since employee compensation is commensurate with the company's performance, the average salary review for	

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			non-managerial personnel increased to NT$991,000, with a median of NT$965,000.	
(III) Did the company create a safe and healthy work environment for employees and offer periodic safety and health training to employees?	V		**1. Occupational health and safety management system** GMTC has established the occupational safety and health management system in accordance with the occupational safety and health regulations, providing safe and healthy work conditions while adhering to the occupational safety and health regulations and related requirements, removing hazards, minimizing occupational safety and health risks, and providing consultation of occupational safety and health issues and promoting employee participation. The Company's Xinying Plant and Liuying Plant completed ISO 45001:2018 and CNS 45001 certifications in June 2022, with an expiry date of June 7, 2025. **2. Implementation Status of the Environmental Protection and Occupational Safety and Health Committee** GMTC holds safety and health committee meetings on a quarterly basis. The committee consists of 48 members, including the general manager, labor safety personnel, department chiefs, medical staff, and labor union representatives. Among them, there were a total of 17 representatives of the labor union, accounting for 35% of the committee members. The meeting shall be chaired by the company's senior management, and participated by various department chiefs and members of the safety committee. In addition to describing and reviewing the safety and health matters in the previous quarter, the relevant implementations at the workplace were also discussed in order successfully promote occupational safety and health. **3. Safety and health education and training** Since GMTC believes that most accidents are caused by human error, the company focuses on cultivating employees' knowledge via safety and health education and training. To prevent colleagues and third-party manufacturers from being injured or frightened during work operations, all workers entering the plant must participate in safety and health education and training courses to lower occupational accident rates. (1) New employee training: 48 sessions were held, participated by a total of 102 new employees. (2) On-the-job training: Each unit organizes the on-the-job training courses once a month, which was participated by a total of	No Difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			2,627 employees. (3) Training for cooperative suppliers: Remind suppliers on safety awareness and comply with regulations. 173 sessions were held, with a total of 2,394 participants. (4) Fire safety drills: For employees to be familiar with the notification process and operation of emergency equipment to enhance the employees' skills on emergency response. 6 sessions were held in GMTC's three plants, which were participated by a total of 118 employees.	

4. Regular settings of safety and health operating standards

Regular Settings of Safety and Health Operating Standards	
Fire Safety Training	Once every six months
Work Safety Weekly Inspection	On an irregular basis
Industrial Safety Inspection	Once every month
Environmental Safety Conference	Once every month
Environmental Protection and Occupational Safety and Health Committee	Once every quarter
Health Promotion (blood donation)	Once every quarter
Environment, Safety and Health Lectures	Twice every year
Health Check-up	Once every year
Flu Vaccine	Once every year (in October)

5. Chemicals management

Chemical management includes procurement and disposal. The suppliers are required to provide safety data sheets and hazard

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			labels, and perform inspections in accordance with the Classification and Labeling Requirements for Hazardous Chemicals, Toxic and Concerned Chemical Substances Control Act, and the Regulations Governing Designating and Handling Permission of Controlled Chemicals. Chemicals containing toxic chemical substances listed by the Environmental Protection Administration or chemical ingredients controlled by the Ministry of Labor are prohibited from being purchased, in order to avoid harm to employee health. After chemicals are purchased, each unit carries out chemical inventory preparation, regularly classifies the chemicals used for management, and monitors the operating environment every six months, and after the chemicals are used up, they will be recycled by professional and qualified waste disposal companies. **<u>6. Equipment safety management</u>** In order for effective management, the plant's machinery and equipment are classified into hazardous and general in accordance with relevant laws and regulations. Apart from regular inspections by the inspection agency for hazardous machinery and equipment in accordance with laws and regulations, the plant also conducts self-inspection for the hazardous and general machinery/ equipment before daily operations and monthly and annual inspections. Anomalies are reported immediately for repair and maintenance. Currently, there are 155 units of hazardous machinery/ equipment, including fixed cranes and specific equipment for high pressure gases. **<u>7. Contractor management</u>** For external contractor management, the contractors who enter the factory for construction have the responsibility and obligation on maintaining safety and health on construction sites, machinery and equipment and construction workers. Hence, before entering the factory, the contractors are required to submit the construction application form, list of construction workers, Statement of Commitment to EHS Letter, pre-construction review report, and Notice of Alleged Safety or Health Hazards, and the contractors shall appoint relevant safety and health management personnel to the construction site. All relevant construction workers shall be insured with NT$5 million accident insurance, and take necessary safety and health education and training before entering the factory for construction.	

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			During the construction process, GMTC's safety personnel conduct audits on an irregular basis based on four major aspects, including the on-site construction progress, the construction environment, machinery, and worker protection, and issue a Statement of Deficiencies for any violations. If there are major violations, the contractor shall be penalized according to the penalty standards for violation of contractor regulations. After the construction is completed, GMTC's safety and health personnel will conduct evaluations according to the contractor's safety and health conditions before, during and after construction, which shall be used as reference for the selection of contractors by various units. The company holds a safety and health consultation meeting every six months for on-site or external contractors to advocate on occupational safety and health, with explanations for management matters, in order to prevent the occurrence of occupational accident involving contractors. **8. Emergency response** GMTC has formulated emergency response procedures according to the emergency response regulations, so that employees can report and rescue according to the procedures in the event of emergency or abnormal situation, ensuring the safety of workers and surrounding residents, and prevent further expansion of disaster. With the aim to reduce the risk of personal injury and environmental pollution, GMTC attaches great importance to emergency response drills and training. In 2022, each factory has conducted 6 disaster prevention drills, participated by a total of 118 employees. Since 2017, emergency response drills have also included environmental protection events. The simulation of the air pollution control equipment and abnormal leakage and spillage of waste water or chemicals enable employees become more familiar with emergency response. During on-site operations, if the employees discovered environmental or safety and health hazards in the workplace, they shall report to the unit supervisor or occupational safety and health unit using the environmental safety and health communication form, by telephone, by email, or in person, and request for improvements. If, upon urgent risks and hazards in the environment or during operation, or emergency health issues, and the employee was unable to report to the unit supervisor or occupational safety and health personnel in time, the employee can move to a safe location first, and will not be penalized by the company for this. **9. Safety and Health Management**	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>In 2022, the disabling frequency rate of 3.21 was slightly higher than that in 2021, with a total of 10 cases of occupational accidents, involving 10 employees (which account for 1.0% of the total number of employees at the end of 2022).

For accident injuries, we plan to improve safety and health management based on four aspects, including improvement of mechanical equipment to prevent clamping injury, use of personal protective equipment, strengthen on-site inspections, and perform thematic inspections every month, in order to reduce the occurrence of work-related accidents. After the occurrence of various accident injuries, the responsible units shall immediately make improvements, and report to the Environmental Protection and Occupational Safety and Health Committee about the accident, and require all other units to carry out parallel improvements to reduce the risk of injury.</td><td></td></tr>
<tr><td>(IV) Does the company provide its employees with career development and training sessions?</td><td>V</td><td></td><td>1. Since corporate sustainability depends on the long-term cultivation of talents, GMTC has developed an education and training system according to its strategies, objectives and business plan, and has established the “Regulations Governing Education and Training”. All relevant education and training shall be handled in accordance with the Regulations. GMTC planned annual training courses for each level according to business policies, legal compliance, and employee functions to strengthen the learning efficiency of participants and improve employee quality and benefits of employee development.

2. The education and training system mainly covers 6 major projects as follows: “New Employee Training,” “Basic Professional Skills,” “Project Planning Ability Training,” “Industry-Academia Collaboration,” “Leadership/ Management Skills Training,” “Supervisor Training.”

3. From January to December 2022, there were 189 internal and external training sessions, with a total of 1,744 participants.</td><td>No Difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>

Training Type	**Item**	**Class/ Session**	**Total Training Hours**	**Number of Trainees**
Internal Training	Professional Technology	179	703	929
	Core Technology	61	99	489
External Training	Professional Technology	22	192	326
	License	21	518	290
Total		188	1,512	1,744

</td><td></td></tr>
<tr><td>(V) Whether the company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and labeling for its products and services, and adopts related consumer/customer protection policies and complaining procedures?</td><td>V</td><td></td><td>1. The company has formulated the "Ethical Corporate Management Best-Practice Principles" and "Code of Ethical Conduct", which stipulates that the R&D, procurement, manufacturing, provision or sales of products and services shall be conducted in accordance with relevant regulations and international standards, so as to ensure product and service information transparency and security. The company has also established and disclosed policies to protect the rights of consumers or other interested parties. The policies are implemented during business activities to prevent products or services from having a direct or indirect impact on consumers' rights, health, and safety or other interested parties. The company's customer/ supplier information shall be kept confidential unless it is authorized to be disclosed according to relevant laws and regulations.

2. The Company has established relevant internal regulations. The marketing and labeling of standard products follow international standards, while the customized products follow the specifications agreed by both parties. After-sales and customer complaints service procedures for defective products are provided to protect the rights and interests of customers. In addition, the Company also conducted customer satisfaction surveys to make improvements according to customer opinions, and thereby establish good communication to gain the trust and loyalty of customers.

3. GMTC strictly abides by the Restrictions of Hazardous Substances Directive (RoHS), substance of very high concern under the REACH Regulation (REACH-SVHC), Labelling and SDS Requirements under MoL's Regulations, no radiation</td><td>No Difference</td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			requirements, U.S. Securities and Exchange Commission conflict-free mineral requirements, and the Toxic Substances Control Act (TSCA), in order to meet customer needs and reduce environmental impact and public health hazards. 4. To provide the best customer services, GMTC has established comprehensive internal rules for customer complaint handling, with the aim to formulate effective customer complaint handling procedures to quickly respond to customer complaints through proper channels, thereby improving customer satisfaction.	
(VI) Whether the company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	V		GMTC pursues green procurement, implements the environmental protection 3R principles (Recycle, Reuse, Reduce), and establishes the Supplier Management Procedures. In addition, the company has set up the CSR management system in accordance with Social Accountability 8000 (SA8000) to advocate on the concept of corporate social responsibility, and require key raw material suppliers to sign the CSR Commitments, Declaration of Minerals Conflict-Free, and the Guarantee for Controlled Environmental Substances/ Declaration of RoHS & REACH SVHC Compliance, in order to jointly implement relevant ethical management, labor and human rights regulations to strengthen the balance of the three dimensions of sustainable development - economic, social and environmental. GMTC attaches great importance to social responsibility such as ensuring quality across the supply chain, environmental protection, safety and health. Therefore, the company investigates whether the new supplier of key raw materials has obtained environmental safety and health certifications including ISO 9001, ISO14001 and ISO45001, whether there have been major environmental safety and health accidents in the past three years, and require the new supplier to comply to the "Labor Standards Act" and "Occupational Safety and Health Act," human rights related laws, regulations and enforcement rules. In order for close cooperation between GMTC and the key raw material suppliers and improve supply quality, material sources and services to stabilize supply and lower relevant costs, all of GMTC's key raw material suppliers must comply with the company's Supplier Management Procedures so that raw materials conform with the company's needs and regulatory	No Difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			requirements. In addition to supplier audits on the new suppliers of key raw materials, GMTC also regularly monitors the delivery schedule and quality of suppliers through annual supplier evaluation and other mechanisms for the existing trading partners. In addition, GMTC will also help or guide suppliers towards better quality and environmental protection, in the hope that the joint efforts of upstream and downstream companies can make their supply chains more sustainable. **New Supplier Audit** 1. Supplier information (including quality/ EHS (environmental, health and safety) system inspections) 2. Signing of the Declaration of RoHS and REACH Compliance 3. Signing of the Declaration of Minerals Conflict-Free 4. Signing of the Commitment of Social Responsibility **Supplier Qualification, Monitoring and Evaluation** 1. After the new supplier audit, the new suppliers are required to receive a stage 2 audit, and will be qualified as the company's suppliers after receiving the acceptance report issued by the purchasing unit and passing the quality assurance review. 2. GMTC monitors whether the supplier meets the company's requirements every month based on indicators including the delivery date and supply quality. 3. Every March, GMTC evaluates the quality, delivery date and services of qualified suppliers that have previous year transactions. **Training Suppliers** 1. Since scrap steel is one of GMTC's key raw materials to produce special steel, the company has set up stringent rules for procurement and acceptance. In order to improve the quality of steel scrap supply, GMTC will support and train the suppliers	

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			that are willing to improve self-inspection skills to better understand GMTC's steel scrap grades and specifications and achieve stable supply. 2. GMTC also request for suppliers that store scrap steel directly on the soil ground to improve the on-site storage environment, and lay cement or iron plates to avoid environmental or geological pollution or damage. Improvement of the suppliers' storage environment can reduce dust and impurities from steel scrap, and enhance the quality and purity of steel scrap.	
V. Whether the company prepares the report disclosing the company's non-financial information, such as the corporate sustainability report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit?	V		The Company formulated the 2021 Sustainability Report in accordance with the GRI Standards. A third-party verification company, Afnor Asia Ltd., was entrusted in verification of the Report in accordance with the core options of the GRI standard and AA1000 Assurance Standard (AA1000 AS V3) Type 1 Moderate level assurance, to ensure the quality of the data disclosed via an external verification.	No Difference
VI. If the Company has established a corporate sustainability code of conduct based on "Corporate Sustainability Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the principles and their implementation: The Company has formulated the Corporate Sustainability Code of Conduct, with no discrepancy between the code of conduct and their implementation.				

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	

VII. Other information material to the understanding and promotion of corporate sustainability:

1. Industry-academia collaboration:

(1) In 2022, we will continue to participate in the "Digital Manufacturing Value-added Program - Cultivating Digital Manufacturing Leaders Sub-project" of the Industrial Development Bureau, MOEA, and collaborate with the Department of Chemical and Materials Engineering and the Department of Electrical Engineering of the National University of Kaohsiung. According to the program, GMTC designed relevant training courses, with a total of 36 hours of training. The lecturers from GMTC accounted for 67% of the total number of lecturers. GMTC provided 4 practical topics which invited students to visit the factory to learn about practical processes and contents relevant to the topic. The Company provides summer internships, which not only enables students to understand plant operations, but also allows the company to know about the research topics and available resources allocated to various departments at the universities.

(2) In 2020, in response to Taiwan's New Southbound Policy, GMTC participated in the industry-academia collaboration NCKU-Butterfly Program, a talent cultivation platform, to launch educational exchanges and collaboration between Taiwan and Vietnam, and subsidize National Cheng Kung University to provide scholarships for Vietnamese students. In the first and second semesters of 2022, 4 students have received scholarships, which totaled NT$120,000, as GMTC aims to train professionals and strengthen students' practical skills to implement collaborative teaching and enhance students' career orientation and employability.

(3) In April 2022-March 2023, the new high-grade hot work steel development project from industry-academia cooperation between GMTC and National Taipei University of Technology: "Study of the Synergistic Effect of Nitrogen Content and Austenitizing Temperature on the Phase Change Reaction of Chromium-Molybdenum-Vanadium Alloyed Hot Work Tool Steel and Mechanical Properties" has won the Best Paper Award of Taiwan Society for Metal Heat Treatment.

2. Public welfare / sponsorship activities

(1) GMTC has held blood donation activities every year to give back to society with the vision of social sustainability. In 2022, there were 217 employees who participated in the blood donation activities, which increased by 75% compared to the 124 employees in 2021. The total amount blood donation was 87,500 cc in 2022, , which increased by 73% compared to 50,500 cc in 2021.

(2) To create a premier sporting atmosphere in Taiwan, GMTC will subsidized NT$10 million to the special account of one of Taiwan's professional basketball team TSG GhostHawks under the Ministry of Education in 2022, so as to assist the team's operations, and promote sports activities and development of Taiwan's professional basketball league.

(3) Donation of NT$600,000 to support Kaohsiung City Little League baseball team to participate in the 2022 Colt League World Series in the U.S.

(4) Subsidized NT$200,000 for the 2022 Golf Tournament in Kaohsiung.

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">(5) Donation of NT$300,000 to Ukraine through the Taiwan Foundation for Disaster Relief under the Ministry of Health and Welfare.
(6) Subsidized NT$300,000 for Canada Indigenous Art Exhibition in Tainan Art Museum.
3. Neighborhood activities
(1) Greening and beautification: GMTC's greening and beautification policies mainly focus on adopting the green spaces surrounding Liuying Plant and the industrial park, with a total area of 21,688sqm.
(2) Community assistance: Corresponding to government policies, Taizi Community Development Association, Xinying District, Tainan City has been providing meals for the people aged 65 years old and over living alone, as well as low-income families, single-parent families and socially disadvantaged groups within the community. GMTC maintained good relationships in the local community. Meanwhile, the company has been building a socially responsible corporate image, provided subsidies of NT$50,000 every six months or NT$100,000 every year to supply the meals to Taizi Community Development Association in order to improve neighborhoods.
(3) Offer mangoes to employees to support local pineapple shakya farmers in selling pineapple shakyas: In response to government measures, GMTC has procured 890 boxes of pineapple shakyas from the farmers at total amount of NT$605,000, in order to help the farmers overcome headwinds, and at the same time, contribute to social responsibility. GMTC offered the pineapple shakyas to its employees to share the local high-quality agricultural products.
4. Promote safety and health
(1) Safety and Health Family: In October 2015, GMTC was entrusted by the Tainan City Government Bureau of Labor Affairs to establish the "Safety and Health Family" to provide assistance and consultancy for small and medium-sized businesses with comparatively dangerous work sites, in order to improve the working environment. GMTC aims to improve occupational safety and health and self-management capabilities through the professional assistance of provincial and municipal government consultants. There were 26 companies in GMTC's Safety and Health Family. In 2022, GMTC organized 1 safety and health family activity, and participated in 4 relevant activities.
(2) Safety and Health Technology Center: GMTC participated in the Southern Occupational Safety and Health Center organized by the Taiwan Occupational Safety and Health Management System (TOSHMS), and incorporated the workplace safety and health risk assessment and improvement cases into promotional documents and posters for the members of the Safety and Health Technology Center. In addition, GMTC was also invited by TOSHMS' Southern Occupational Safety and Health Center to share the experience in implementing the occupational safety and health management system in practices and drills.</td></tr>
</table>

(VII) Ethical Corporate Management and Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEx Listed Companies" and Reasons

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
1. Has the ethical corporate management policies been established and approved by the Board of Directors? Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✔		1. On October 28, 2020, the Ethical Corporate Management Best-Practice Principles and Code of Ethical Conduct were formulated in the 3rd meeting of the 10th term Board of Directors, which clearly stipulated that the Company should adhere to the concept of integrity, transparency and responsibility in its ethical management policies, and establish good corporate governance and risk control mechanisms, in order to achieve business sustainability. When signing various contracts with external parties, the Company adheres to the principle of mutual benefit, negotiate reasonable contract contents, and actively fulfills the contractual commitments. Education courses were held for directors, independent directors and managers on November 7, 2022.	No difference
2. Has the company establish a risk evaluation mechanism for unethical conduct, analyze and evaluate operating activities involving highly unethical conduct, and formulate policies to prevent unethical conduct, which at least covers the preventative measures under Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✔		2. The Company encourage employees to report any illegal conduct, unethical behavior, or integrity violations as stipulated in the Ethical Corporate Management Best-Practice Principles.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
3. Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies, with review and amendments on a regular basis?	✔		3. In order to prevent any unethical behavior, the Company has established regulations including the “Ethical Corporate Management Best Practice Principles,” “Code of Ethical Conduct,” “Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior” and “Work Rules” as the basis for its implementation. The Company has established the "Procedures for Handling Material Inside Information," advocating for the prevention of insider trading and ethical corporate management, with education courses for directors, independent directors and managers on November 7, 2022. The Company also conducts education and training on relevant work rules for new employees, and establishes a comprehensive reporting, appealing and punishment system to implement the policies to prevent unethical conduct.	No difference
II. Implementation of ethical management 1. Has the Company assess a trading counterpart’s ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?	✔		1. The Company shall engage in commercial activities in a fair and transparent manner based on the Ethical Corporate Management Best-Practice Principles. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. In the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts. There were no transactions with trading counterparties involved in unethical conduct.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
2. Does the company have a unit that specializes in business integrity? Does this unit report ethical corporate management policies and preventive measures for unethical conduct to the Board of Directors on a regular basis (at least once every year), and supervise the implementation status?	✔		2. In order to implement ethical corporate management, the company has formulated the "Ethical Corporate Management Best-Practice Principles," with a dedicated unit (Accounting and Statistics Office of Financial Department responsible for promoting its implementation. Education courses were held for directors, independent directors and managers on November 7, 2022.	No difference
3. Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	✔ .		3. For matters related to conflicts of interest, the employees shall not only report to the unit supervisor, but also report to the human resource department and Talent Appeal Committee.	No difference
4. Has the company implemented effective accounting and internal control systems for maintaining business integrity? Did the internal audit unit formulate relevant audit plans based on risk assessment results of unethical conduct, with inspection on the implementation of preventing unethical conduct, or are these systems reviewed by external auditors?	✔		4. The Company has established a complete and effective accounting system and internal control system. In addition to internal auditing on a regular basis, the Company also appointed Deloitte Taiwan to conduct regular audits of financial statements.	No difference
5. Did the company provide internal and external training on ethical operation on a regular basis?	✔		5. The Company has established the "Procedures for Handling Material Inside Information," advocating for the prevention of insider trading and ethical corporate management, with education courses for directors, independent directors and managers on November 7, 2022. The Company also conducts education and training on relevant work rules for new employees, and establishes a comprehensive reporting, appealing and punishment system to implement the policies to prevent unethical conduct.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
III. Status of the Company's complaint system				
1. Has the Company defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?	✔		1. The Company has formulated the "Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior" and "Employee Relations Appeals Procedures," and has established a comprehensive complaint system and channels. The website has a dedicate section for stakeholders, with complaint mailbox or contact information of the spokesperson and deputy spokesperson such as emails or telephone number. It also provides corresponding contact windows for different stakeholders, so that reports and complaints can be expressed via multiple reporting channels, and responded by dedicated personnel.	No difference
2. Has the company implemented any standard procedures, follow-up measures after the inspection, or confidentiality measures for handling reported misconducts?	✔		2. The Company has set up clear regulations including the "Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior" and "Employee Relations Appeals Procedures," and will keep confidential and protect the whistleblowers, complainants or investigators. Documentation of case acceptance, investigation processes, investigation results, and relevant documents shall be retained.	No difference
3. Did the company adopt measures that protect the person who reported from improper treatment due to the report?	✔		3. The Company has clearly stipulated in various regulations and measures that in order to protect whistleblowers, complainants or investigators against retaliation, the dedicated unit may appoint the Industrial Safety Division and the Legal Affairs Division to provide suitable management and legal protection for the complainant. For any violation of corporate policies or regulations, the Company shall identify the reasons, with improvements and corresponding preventive measures based on the severity of the case.	No difference

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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>IV. Enhancing Information Disclosure
Has the Company disclosed the Ethical Corporate Management Best Practice Principles and effect of implementation thereof on its website and Market Observation Post System?</td><td>✔</td><td></td><td>The Company has disclosed the “Ethical Corporate Management Best Practice Principles,” “Code of Ethical Conduct” and “Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior,” and disclosed information on ethical corporate management and its effectiveness in the Company’s principles of corporate governance. Meanwhile, the Company also disclosed its Ethical Corporate Management Best Practice Principles on the MOPS. Company Rules:
http://www.gmtc.com.tw/investor_cg_cp.php
Corporate Governance: http://www.gmtc.com.tw/investor_cg_bod.php</td><td>No difference</td></tr>
<tr><td colspan="5">V. If the Company has established ethical management principles based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies,” please describe any discrepancy between the principles and their implementation:
On October 28, 2020, the Company formulated the “Ethical Corporate Management Best Practice Principles” together with the “Code of Ethical Conduct” and the “Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies.” We reviewed the implementation status of the Principles to make improvements accordingly. For the implementation status, there were no deviations from the Principles.</td></tr>
<tr><td colspan="5">VI. Other information material to the understanding of ethical management operation:
1. The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
2. The Company’s “Rules of Procedures for the Board of Directors Meeting” stipulated regulations related to recusal. For those who has a stake in a matter under discussion in the meeting shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director.
3. The Company has set up the “Procedures for Handling Material Inside Information,” which clearly stipulates that directors, supervisors, managerial officers, or employees with knowledge of the Company’s material inside information shall not divulge the information to others, and shall not inquire about or collect any non-public material inside information not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of which they become aware for reasons other than the performance of their duties. On October 27, 2022, the Procedures for Handling Material Inside Information was amended to prohibit directors, managers and</td></tr>
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Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
employees from buying or selling securities using undisclosed information. The aforementioned prohibition ranges from the date the corporate insiders obtained the Company’s financial report or related financial performance content, which includes (but is not limited to) the provision that directors are not allowed to trade the securities of listed companies or other equity-based securities held during the close period from within 30 days before the announcement of the annual financial report to 15 days before the announcement of the quarterly financial report. The amended procedures are disclosed on the Company’s official website for employee compliance, so as to avoid violations or insider trading. The Company arranged the announcement dates of quarterly and annual financial reports at the beginning of the year, and sent email notices in advance on January 19, 2022, April 18, 2022, July 11, 2022, and October 14, 2022 to insiders (including but not limited to directors) to notify them of the announcement date of the financial report and start and end dates of the close period, prohibiting them from trading securities issued by the Company during the close period, in order to prevent insider trading.				

(VIII) Disclosure and search methods of corporate governance best-practice principles and related regulations

1. The Company has formulated the following regulations in accordance with the "Corporate Governance Best-Practice Principles for TPEx-Listed Companies":

a. Rules and Procedure of Shareholders' Meeting
b. Regulations Governing the Supervision and Management of Subsidiaries
c. Procedures for the Acquisition and Disposal of Assets
d. Procedures for the Loaning of Funds and Making of Endorsements/ Guarantees
e. Rules of procedure for meetings of its Board of Directors
f. Rules for the Election of Directors
g. Directions for the Implementation of Continuing Education for Directors
h. The Company's Organization Rules of Audit Committee
i. Procedures for Handling Material Inside Information
j. The Company's Organization Rules of Remuneration Committee
k. Standard Operating Procedures for the Handling of Requests Made by Directors
l. Rules for Performance Evaluation of the Board of Directors
m. Ethical Corporate Management Best Practice Principles
n. Code of Ethical Conduct
o. The Company's Organization Rules of Nomination Committee
p. Sustainable Development Best Practice Principles

2. Search method: The Company's corporate governance best-practice principles are disclosed in the MOPS.

(IX) The other important information that is sufficient to enhance the understanding of corporate governance operations

1. For the management of the Company's internal information, the "Procedures for Handling Material Inside Information" has been formulated, notified to all directors, managers and employees, and disclosed on the internal website together with relevant precautions for all employees to follow, in order to prevent improper information disclosures and to ensure the consistency and accuracy of information released by the Company to the public.

2. When the Company's insiders such as the directors and managers took office, they are provided with the latest version of the "Laws and Precautions Related to the Equity of Insiders of TPEx and OTC Listed Companies" of Taipei Exchange for legal compliance. In addition, the Company's insider shall also issue an acknowledgement of the Securities and Exchange Act and comply with various regulations.

3. Continuing education of managers:

Name	Title	Date	Name of course	Organizer
Yi-Ting Tseng	Accounting Manager	111.12.08-111.12.09	Continuing Education and Training for Appointed Accounting Managers	Accounting Research and Development Foundation

(X) Internal control system implementation status

1. Statement of Internal Control System in 2022

Gloria Material Technology Corp.

Statement of Internal Control System

Date: February 23, 2023

Based on the findings of a self-assessment, Gloria Material Technology Corp. states the following with regard to its internal control system during the year 2022:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purpose is to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets); for the reliability, timeliness and transparency of the report; iii. to comply with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The assessment items adopted by the Principles for the internal control system are based on the process of management and control, and shall comprise the following constituent elements: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring activities. Each element contains several items. For the aforementioned items, please refer to the Principles.

IV. The Company has adopted the aforementioned items to assess the design and operating effectiveness of the internal control system.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations

VI. This Statement is an integral part of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors in their meeting held on February 23, 2023, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Gloria Material Technology Corp.

Chairman: Chiung-Fen Wang (Signed)

General Manager: Yung-Chang Kang

2. If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(XI) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel,

any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

(XII) Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

1. Shareholders Meeting

Meeting Date	Name	Major Content of the Resolution	Status of the Resolution	Implementation Status
2022.05.26	2020 Shareholders Meeting	Proposals for Acceptance and Approval: (1) Rectification of the 2021 business report and financial statements. (2) Rectification of the 2021 earnings distribution	Number of voting rights of attending shareholders: 324,774,669 (1) The motion was approved as proposed by 90.17% of the voting rights of attending shareholders. (2) The motion was approved as proposed by 90.34% of the voting rights of attending shareholders.	(1) Rectification of the 2022 business report and financial statements on May 26, 2022. (2) The ex-dividend date was on March 22, 2022, and cash dividends were distributed on April 12, 2022.
		Discussion Items (1) Amendment of the Company's Articles of Incorporation (2) Amendment of the Rules and Procedures of Shareholders' Meeting. (3) Amendment of the Procedures for the Acquisition and Disposal of Assets	Number of voting rights of attending shareholders: 324,774,669 (1) The motion was approved as proposed by 90.26% of the voting rights of attending shareholders. (2) The motion was approved as proposed by 90.26% of the voting rights of attending shareholders. (3) The motion was approved as proposed by 90.34% of the voting rights of attending shareholders.	(1) The Company's Articles of Incorporation was amended on May 26, 2022, and disclosed on the MOPS. (2) The Rules and Procedure of Shareholders' Meeting was amended on May 26, 2022, and disclosed on the MOPS. (3) Procedures for the Acquisition and Disposal of Assets were amended on May 26, 2022, and disclosed on the MOPS.
		Election Matters: None.		
		Others: None.		

2. Board of Directors

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
2022.01.13	(1) Approval of the appointment of the Company's new assistant managers.	Unanimously approved by all present directors.
	(2) Approved the distribution of 2021 year-end bonuses for managers.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(3) Approved the changes in salary structure and salary adjustment for the manager.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(4) Approval of the Company's 2022 sales budget.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approved the amendments to the company's Directions for the Implementation of Continuing Education for Directors.	Unanimously approved by all present directors.
	(6) Approved the amendments to the Corporate Governance Best-Practice Principles.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approval of the renaming of the Company's "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" and amendments to relevant provisions.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(9) Approval of the application and renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2022.02.24	(1) Approved the 2021 remuneration for directors.	Unanimously approved by all present directors.
	(2) Approved the 2021 compensation for employees.	Unanimously approved by all present directors.
	(3) Approved the distribution of bonuses for managers in Q4 of 2021.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
	(4) Approve the issuance of a Statement of Declaration for the Internal Control System that is effective for the design and implementation of the Company's internal control system to comply with all applicable laws and regulations. .	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approval of the Company's 2021 financial statements and consolidated financial statements.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approval of the Company's 2021 business report	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approval of the Company's appropriation of earnings in Q4 of 2021.	Unanimously approved by all present directors.
	(8) Approval of the ex-dividend date and payment date in 2022.	Unanimously approved by all present directors.
	(9) Approval of the amendments to the Company's Articles of Incorporation.	Unanimously approved by all present directors.
	(10) Approved the amendments to the Rules and Procedure of Shareholders' Meeting.	Unanimously approved by all present directors.
	(11) Approved the amendments to the Procedures for the Acquisition and Disposal of Assets.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(12) Approved the amendments to the Guidelines for Senior Executive Pensions.	Unanimously approved by all present directors.
	(13) Approved the convening of the 2022 Annual Shareholders Meeting.	Unanimously approved by all present directors.
	(14) Approved the proposal right in the 2022 Annual Shareholders' Meeting for shareholders holding 1% of total issued shares.	Unanimously approved by all present directors.
	(15) Approved the independence and competency assessment of the Company's external auditor for 2021.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(16) Approved the S350 rental.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(17) Approval of the 8th issuance (1st issuance in 2022) of domestic secured corporate bonds.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
	(18) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(19) Approval of the application and renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2022.04.20	(1) Approval of the 6th issuance of domestic unsecured corporate bonds.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2022.05.05	(1) Approval of the distribution of 2021 remuneration for managers.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(2) Approval of the distribution of bonuses for managers in Q1 of 2022.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(3) Approval of the company's consolidated financial statements for Q1 of 2022.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(4) Approved the earnings distribution for Q1 of 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approval of the Company's participation in the issuance of common stock for cash by Alloy Tool Steel, Inc.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approval of the selling of S-tech's shares.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(7) Approval of the selling of SX-40 forging machine.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approval of the amendments to the Rules and Procedure of Shareholders' Meeting.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(9) Approval of the Company's greenhouse gas inventory, inspection schedule and planning	Unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
	(10) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(11) Approval of the application and renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2022.07.28	(1) Approval of the earnings distribution for Q2 of 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(2) Approval of the company's consolidated financial statements for Q2 of 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approval of the Company's participation in the issuance of common stock for cash by S-Tech Corp.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(4) Approval of the change in scope of VIM factory land lease.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(5) Approval of the price adjustment of SX-40 forging machine.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(9) Approved the financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2022.10.27	(1) Approval of the distribution of bonuses for managers in Q2 and Q3 of 2022.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(2) Approval of the company's consolidated financial statements for Q3 of 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approved the company's earnings distribution for Q3 of 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
	(4) Approved the company's 2023 audit plan.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approval of the selling of Forcera's shares	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approve the adjustment of the Company's Internal Control System.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approval of amendment of the Company's Procedures for Handling Material Inside the Information	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approval of the amendment of Rules and Procedures of Board Meetings	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(9) Approval of the donation	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(10) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(11) Approved the financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2022.12.01	(1) Approval of the selling of S-tech's shares.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2023.01.12	(1) Approval of the Company's 2023 sales budget.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(2) Approval of the conversion of the Company's 6th unsecured convertible bonds into common shares and new share issuance date	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approved the distribution of 2022 year-end bonuses for managers.	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
	(4) Approval of the change in remuneration for managers	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(5) Approval of the selling of S350 forging plant and finishing plant	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(6) Approval of the purchasing of shares of Hoyang	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(7) Approval of the amendments to "Corporate Governance Best Practice Principles".	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
2023.02.23	(1) Approval of the distribution of 2022 remuneration for directors.	Unanimously approved by all present directors.
	(2) Approved the 2022 compensation for employees.	Unanimously approved by all present directors.
	(3) Approve the issuance of a Statement of Declaration for the Internal Control System that is effective for the design and implementation of the Company's internal control system to comply with all applicable laws and regulations.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(4) Approval of the company's 2022 financial statements and consolidated financial statements.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approval of the company's 2022 business report.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approval of the amendment of Procedures for the Loaning of Funds and Making of Endorsements/ Guarantees.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approval of the election of directors.	Unanimously approved by all present directors.
	(8) Approval of the lifting of non-competition restrictions on the newly elected directors and their representatives.	Unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolution of the Board of Directors and Audit Committee
	(9) Approval of the proposal and nomination right in the 2023 Annual Shareholders' Meeting for shareholders holding 1% of total issued shares.	Unanimously approved by all present directors.
	(10) Approved the convening of the 2023 Annual Shareholders Meeting.	Unanimously approved by all present directors.
	(11) Approval of the Company's general pre-approval policy for providing non-assurance services	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(12) Approved the independence and competency assessment of the Company's external auditor for 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(13) Approve the adjustment of the Company's Internal Control System.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(14) Approval of the donation	The motion was unanimously approved as proposed by all other present directors upon the deputy chairperson's inquiry.
	(18) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(19) Approved the financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

(XIII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIV) Resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

V. Information on CPA professional fees

(I) Information on CPA professional fees

Unit: NT$ thousand

Name of Accounting firm	Name of CPA	Period Covered by CPA's Audit	Audit fee	Non-Audit Fee	Total	Remarks
Deloitte Taiwan	Ming-Hsien Liu	2022.01.01~2022.12.31	$4,920	$1,063(Note)	$5,983	-
	Yung-Hsiang Chao	2022.01.01~2022.12.31				

Note: NT$383 thousands for transfer pricing public fee, NT$120 thousands for corporate bond review opinion, NT$30 thousands for a salary review, and NT$530 thousands for auditor's travel allowance and typing service fees.

(II) Change of accounting firm that resulted in the reduction of audit remuneration from the previous year; disclose the amount and percentage of audit remuneration before and after the change and the cause of such change: None.

(III) If the audit remuneration was reduced by more than 10% from the previous year, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: : None.

VI. Change of CPA:

(I) About the Former CPA

Replacement Date	Approved by the Board of Directors on November 4, 2021		
Replacement reasons and explanations	The Company cooperated with Deloitte Taiwan's internal rotation, from the third quarter of 2021, the CPA will be Yung-Hsiang Chao and Ming-Hsien Liu in place of Yung-Hsiang Chao and Meng-Chieh Chiu.		
Describe whether the Company terminated or the CPA did not accept the appointment	Client / Status	CPA	Consignor
	Appointment terminated automatically	N/A	N/A
	Appointment rejected (discontinued)	N/A	N/A
Other issues (except for unqualified issues) in the audit reports within the last two years	N/A		

<table>
<tr><td>Replacement Date</td><td colspan="3">Approved by the Board of Directors on November 4, 2021</td></tr>
<tr><td rowspan="6">Differences with the company</td><td rowspan="4">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial statement</td></tr>
<tr><td></td><td>Audit scope or steps</td></tr>
<tr><td></td><td>Other</td></tr>
<tr><td>None</td><td colspan="2">✓</td></tr>
<tr><td>Remarks</td><td colspan="2"></td></tr>
<tr><td>Other Revealed Matters
(Disclosures Specified in Article 10.6.1.4~10.6.1.7 of the Standards)</td><td colspan="3">N/A</td></tr>
</table>

(II) About Successor CPAs

Name of accounting firm	Deloitte Taiwan
Name of CPA	CPAs Ming-Hsien Liu and Yung-Hsiang Chao
Date of appointment	Approved by the Board of Directors on November 4, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

(III) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

VII. Information on Service of the Company's Chairman, President, and Financial or Accounting Managers at the Accounting Firm or Its Affiliates: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Changes in stake of directors , supervisors, managers or major shareholders

Title	Name	2022		As of April 13, 2023	
		Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease
Chairman	Taiwan Steel Group United Co., Ltd.	-	(3,550,000)	-	(2,500,000)
	Representative: Chiung-Fen Wang	-	-	-	-
Director	Taiwan Steel Group United Co., Ltd.	-	(3,550,000)	-	(2,500,000)
	Representative: Wen-Yuan Lin	-	-	-	-
	Representative: Shih-Yi Chiang	-	-	-	-
	Representative: Shih-Chieh Chao	-	-	-	-
	Representative: Cheng-Hsiang Chen	-	-	-	-
Independent director	Chin-Chen Chien	-	-	-	-
Independent director	Chun-Hsiung Chu	-	-	-	-
Independent director	Yi-Ching Wu	-	-	-	-
Independent director	Yi-Lang Lin	-	-	-	-
President	Yung-Chang Kang	-	-	-	-
Executive Vice President/ Financial Manager	Yu-Chen Li	-	-	-	-
Vice President	Li-Ling Chen	(90,000)	-	-	-
Vice President	Mei-Ling Huang(Note 1)	-	-	-	-
Assistant V.P.	Chih-Hui Hsüeh (Note 2)	-	-	-	-
Assistant V.P.	Chun-Che Chien	-	-	(35,000)	-
Assistant V.P.	Yung-Chin Lin	161,324	-	(20,000)	-
Deputy Assistant V.P.	Ming-Hung Chuang	(49,000)	-	(20,000)	-
Deputy Assistant V.P.	Mei-Hsia Li	67,906	-	(56,000)	-
Deputy Assistant V.P.	Ying-Jen Chen	(44,000)	-	(20,000)	-
Deputy Assistant V.P.	Yung-Hsin Chen(Note3)	132,021	-	-	-

Title	Name	2022		As of April 13, 2023	
		Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease
Deputy Assistant V.P.	Chien-Chun Tung	-	-	-	-
Deputy Assistant V.P.	Ching-Fu Wang	(35,000)	-	(2,000)	-
Deputy Assistant V.P.	Yen-Chao Lin	73,034	-	(12,000)	-
Deputy Assistant V.P.	Che-Liang Kuo	-	-	-	-
Deputy Assistant V.P.	Chung-Yi Wang	-	-	-	-
Deputy Assistant V.P.	Chang-Shan Lu	-	-	-	-
Deputy Assistant V.P.	Chien-Ching Chou (Note4)	-	-	-	-
Deputy Assistant V.P.	Kuo-Hsien Wang (Note 5)	-	-	-	-
Deputy Assistant V.P.	Lin-Yan-Jun (Note 6)				
Accounting Manager	Yi-Ting Tseng	82,000	-	-	-

Note 1: Took office on December 8, 2020. Resigned on January 1,2023.
Note 2: Took office on January 13, 2022.Resigned on August 31,2022.
Note 3: Took office on January23, 2018. Retired on August 31,2022
Note 4: Took office on January 13, 2022.Resigned on January 1,2023.
Note 5: Took office on March 16,2022. Resigned on August 6,2022.
Note 6: Took office on May 9, 2022.Resigned on January 1,2023.

(II) Information on counterparties that are related parties of equity transfer/ equity pledge of directors, supervisors, managers or major shareholders: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

Name	Shareholding (Note 1)		Spouse & Minor Shareholding		Total shareholding in the name of others		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Kings Asset Management Co., Ltd.	32,068,000	6.47%	-	-	-	-	(Note 2)		
Chiung-Fen Wang (Note 2)	10,000	0.00%	-	-	-	-	(Note 2)		
Taiwan Steel Group United Co., Ltd.	19,636,000	3.96%	-	-	-	-	(Note 2)		
J.P. Morgan Chase Bank in custody for J.P. Morgan Securities plc	17,797,376	3.59%	-	-	-	-	None	None	
HSBC Bank in custody for Morgan Stanley & Co. International Plc	17,049,346	3.44%	-	-	-	-	None	None	
Taiwan Smart Fund, Allianz	11,500,000	2.32%	-	-	-	-	None	None	
Hoyang Investment Co., Ltd.	9,517,044	1.92%	-	-	-	-	(Note 2)		
HSBC (Taiwan) Commercial Bank Co., Ltd in custody for POINT 72 Alliance Co., Ltd. Investment Account	8,424,000	1.70%	-	-	-	-	None	None	
Norges Bank investment account held in Custody of Citibank	7,477,052	1.51%	-	-	-	-	None	None	
President Black Horse Fund	6,100,000	1.23%					None	None	
J.P. Morgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund	5,366,640	1.08%	-	-	-	-	None	None	

Note 1: March 27, 2023 is the book closure date. The shareholding ratio is calculated by deducting 6,329,000 shares of treasury stock..

Note 2: The same representative of Kings Asset Management Co., Ltd., Taiwan Steel Group United Co., Ltd., and Hoyang Investment Co., Ltd.

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company

March 28, 2022

Invested enterprise	Gloria Investments Limited		Ownership held by GMTC's directors or supervisors (direct or indirect)		Total Investment	
	Shares	%	Shares	%	Shares	%
Ho yang Investment Co., Ltd.	14,005,660	46.69%	8,447,170	28.16%	14,005,660	46.69%
FAITH ENTERPRISES LTD.	6,000,000	96.05%	-	0.00%	6,000,000	96.05%
Guangzhou Goldway Special Metal Co., Ltd.	-	0.00%	USD2,837 thousand HKD700 thousand	100%	USD2,837 thousand HKD700 thousand	100%
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	-	0.00%	USD3,000 thousand	100%	USD3,000 thousand	100%
Tianjin Goldway Special Metal Co., Ltd.	-	0.00%	USD3,300 thousand	100%	USD3,300 thousand	100%
Xian Goldway Special Metal Corp. Ltd.	-	0.00%	USD2,000 thousand	100%	USD2,000 thousand	100%
Golden Win Steel Industrial Corp.	18,726,481	46.13%	2,000	0.00%	18,726,481	46.13%
RAINBOW SHINES LIMITED	-	0.00%	3,122,222	96.90%	3,122,222	96.90%
Golden Win Steel Industrial Corp. (Vietnam)	-	0.00%	USD3,000 thousand	100%	USD3,000 thousand	100%
ALLOY TOOL TEEL.INC	4,300,000	100.00%	-	0.00%	4,300,000	100%
All Win Enterprises Ltd.	18,000,000	100%	-	0.00%	18,000,000	100%
G-Yao Enterprises Ltd.	-	0.00%	USD18,000 thousand	100%	USD18,000 thousand	100%
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	-	0.00%	USD18,000 thousand	100%	USD18,000 thousand	100%
Rong Yang Investment Corp.	5,000,000	100.00%			5,000,000	100.00%
GLORIA MATERIAL TECHNOLOGY JAPAN	180	100.00%			180	100.00%
S-TECH CORP	18,850,037	12.36%	32,100,000	21.05%	50,950,037	33.42%

Four. Capital Raising Activities

I. Capital and Shares

(I) Source of capital

1. The formation of capital

March 27, 2023

Year/ month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares (thousand)	Amount (NT$ thousand)	Shares (thousand)	Amount (NT$ thousand)	Source of capital	Capital Increase by Assets Other Than Cash	Other
112.03	10	800,000	8,000,000	501,966	5,019,660	A total of 45,230 thousand common shares already converted.	0	Note

Note 1: As of March 27, 2023, there were a total of 45,230 thousand common shares already converted.

Type of	Authorized capital stock			Remarks
Stock	Issued Shares	Un-issued Shares	Total	
Common shares	501,965,992 (Note 1)	298,034,008	800,000,000	Shares of TPEx listed companies

Note 1: As of March 27, 2023, there are still 6,329,000 shares of treasury stock.

2. General information about the reporting system: None.

(II) Shareholder structure

March 27, 2023

Item	Governmental institutions	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Foreign Persons	Total
Number of participants	2	8	259	51,655	168	52,092
Shareholding	933,000	10,675,000	142,139,254	221,061,591	127,157,147	501,965,992
%	0.19%	2.13%	28.32%	44.04%	25.33%	100.00%

(III) Diffusion of ownership

1. Common stock

March 27, 2023

Class of Shareholding	Number of Shareholders	Shareholding	Percentage (%) (Note)
1 ~ 999	27,474	1,996,502	0.4
1,000 ~ 5,000	18,368	36,714,569	7.31
5,001 ~ 10,000	2,808	22,097,159	4.4
10,001 ~ 15,000	950	12,034,523	2.4
15,001 ~ 20,000	599	11,164,575	2.22
20,001 ~ 30,000	596	15,388,300	3.07
30,001 ~ 40,000	298	10,753,115	2.14
40,001 ~ 50,000	206	9,572,527	1.91
50,001 ~ 100,000	389	28,465,441	5.67
100,001 ~ 200,000	206	29,059,007	5.79
200,001 ~ 400,000	102	29,315,649	5.84
400,001 ~ 600,000	44	21,595,205	4.3
600,001 ~ 800,000	20	13,548,867	2.7
800,001 ~ 1,000,000	11	10,083,000	2.01
Over 1,000,001	56	250,177,553	49.84
Total	52,127	501,965,992	100

2. Preferred Shares: None.

(IV) Major Shareholders

March 27, 2023

Name	Shareholding	%
Kings Asset Management Co., Ltd.	32,068,000	6.47%
Taiwan Steel Group United Co., Ltd.	19,636,000	3.96%
J.P. Morgan Chase Bank in custody for J.P. Morgan Securities plc	17,797,376	3.59%
HSBC Bank in custody for Morgan Stanley & Co. International Plc	17,049,346	3.44%
Taiwan Smart Fund, Allianz	11,500,000	2.32%
Hoyang Investment Co., Ltd.	9,517,044	1.92%
HSBC (Taiwan) Commercial Bank Co., Ltd in custody for POINT 72 Alliance Co., Ltd. Investment Account	8,424,000	1.70%
Norges Bank investment account held in Custody of Citibank	7,477,052	1.51%
President Black Horse Fund	6,100,000	1.23%
J.P. Morgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund	5,366,640	1.08%

(V) Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

<table>
<tr><th colspan="3">Item</th><th>2021</th><th>2022</th><th>Current financial data up to the date of publication of the Annual Report (Note)</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest (NT$)</td><td>29.75</td><td>38.10</td><td>63.20</td></tr>
<tr><td colspan="2">Lowest (NT$)</td><td>15.15</td><td>20.10</td><td>34.90</td></tr>
<tr><td colspan="2">Average (NT$)</td><td>24.73</td><td>30.05</td><td>44.57</td></tr>
<tr><td rowspan="2">Net Worth Per Share</td><td colspan="2">Before distribution (NT$)</td><td>19.60</td><td>23.05</td><td>-</td></tr>
<tr><td colspan="2">After distribution (NT$)</td><td>18.20</td><td>20.55</td><td>-</td></tr>
<tr><td rowspan="2">Earnings per share</td><td colspan="2">Weighted average shares (1,000 shares)</td><td>442,337</td><td>482,022</td><td>-</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>1.70</td><td>4.20</td><td>-</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividends (NT$)</td><td>1.40</td><td>2.50</td><td>-</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Stock Dividends Appropriated from Retained Earnings</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Stock Dividends Appropriated from capital surplus</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">P/E ratio</td><td>14.55</td><td>7.15</td><td>-</td></tr>
<tr><td colspan="2">Price-dividend ratio</td><td>17.66</td><td>12.02</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>5.66%</td><td>8.32%</td><td>-</td></tr>
</table>

Note 1: Setting forth the highest and lowest market price per share of common stock for each fiscal year, and calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the shareholders' meeting held in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/Earnings Ratio = average share market price / earnings per share.

Note 6: Price/Dividend Ratio = average market price / cash dividends per share.

Note 7: Cash Dividend Yield = cash dividends per share / average share market price.

Note 8: The net worth per share and earnings per share shall be data from the CPA's audit (review) as of the date of publication of the annual report; while the other columns shall include data as of the current year up to the date of publication of the annual report.

Note 9: Up to the date of publication of the Annual Report, the financial results of the first quarter of 2022 has not yet been approved by the CPA.

(VI) Dividend Policy and Implementation

1. Dividend policies:

The amendment of the Company's Articles of Incorporation has been passed by resolution of the shareholders' meeting on August 23, 2021. The dividend policies are stipulated as follows:

Article 26-1

The Company’s surplus earning distribution or loss off-setting proposal may be proposed at the close of each quarter. If there is a surplus in the quarterly accounts of the Company, the tax shall be paid to make up for the losses, 10% shall be reserved as a statutory surplus reserve, and in accordance with the law, the special surplus reserve shall be increased or rotated. If there is a surplus still, the BOD shall prepare the surplus distribution case with the previous annual accumulation of undistributed surplus. If such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the board of directors. If such surplus earning is distributed, it shall be presented in the shareholders’ meeting for resolution.

If there is a surplus in the Company’s final accounts, the tax shall be paid to make up for the losses, 10% shall be reserved as a statutory surplus reserve, and special surplus reserve shall be recognized based on business requirements and legal compliance. If there is a surplus still, the BOD shall prepare the surplus distribution case to accumulate undistributed surplus at the beginning of the year. If such surplus earning is distributed, it shall be presented in the shareholders’ meeting for resolution.

In accordance with Paragraph 5 of Article 240 of the Company Act, the Company may, by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the Company, have the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of cash and reported to the shareholders’ meeting.

Corresponding to future expansion plans during growth stage, surplus earnings shall be first distributed in the form of cash, followed by the distribution of stock dividends.

2. Distribution of dividend proposed in the current shareholders’ meeting:

The distribution of earnings in 2022 by resolution of the Board of Directors are as follows (April 13, 2023):

a. Cash dividend: At NT$2.50 per share as cash dividend, giving a total of NT$1,239,092,480.

If the number of outstanding shares was subsequently affected by the conversion of convertible corporate bonds and purchase of company shares, or the transfer and cancellation of treasury shares, the Chairman is authorized to adjust the allotment of shares and dividend payout ratio. The Board of Directors decides the allotment of shares, dividend date and cash dividend payment date.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: There is no need to disclose estimations for 2022 as the 2022 financial forecast has not yet been disclosed.

(VIII) Employee compensation and the remuneration for directors

1. The Company's Articles of Incorporation has been passed by resolution of the shareholders' meeting on August 23, 2021. The employee compensation and remuneration for directors are stipulated as follows:

Article 26: If the company earns a profit in the current year, the proportion of the employees' compensation shall not be less than 1%, and a resolution shall be made by the Board of Directors whether to issue shares or cash distribution, with the issuance of the object containing a certain condition for the subsidiary employees. The proportion of the directors' compensation shall not be higher than 5%. The distribution of compensation for employees and directors shall be reported to the shareholders meeting.

However, a reserve is allotted to be used to make up for the accumulated losses, and the balance shall be handled according to the proportion in the preceding paragraph for the compensation of employees and directors.

2. The estimated amount of compensation for employees, directors, and supervisors for the current period shall be calculated based on number of employee shares of stock considering any accounting discrepancy be tween the actual distributed amount of employee stock dividend and estimated figure: Any major changes in the amount of payment by resolution of the Board of Directors shall be adjusted in the annual expenditures, and any discrepancies will be considered an accounting estimation subject for approval during the Shareholders' meeting and to be adjusted in the annual report. For the distribution of employee compensation, the number of stock dividends is determined by dividing the amount of dividends by the resolution of the shareholders meeting by the fair value of the stock. The fair value of the stock refers to the closing price on the day before the resolution of the shareholders' meeting (after considering ex-rights and ex-dividends).

3. Remuneration distribution approved by the Board (February 23, 2023)：

a. Allotment of employee compensation, cash/ stock dividends, and remuneration for directors

(1) Employee compensation: NT$50,000,000.

(2) Remuneration for directors: NT$25,000,000.

b. The proposed allotment of shares for employee compensation: 0 shares, which account for 0% of the capital increase by surplus earnings.

(All employee compensation is paid in cash).

c. EPS calculated based on the proposed allotment of shares for employee compensation and remuneration of directors and supervisors: **2.50**

(Employee compensation and the remuneration for directors and supervisors are expenditures, and employee compensation shall be paid in cash).

4. The actual earnings distribution of compensation for employees , directors , and supervisors in the previous fiscal year

Unit: NT$ thousand

Item	The actual distribution of compensation in 2022	The monetary amount in 2021	Discrepancy
Employee compensation	20,000	20,000	-
Remuneration for directors and supervisors	14,000	14,000	-

(IX) Share buy-back

(1) Share buy-back that have been executed

Buy-back batch	1st	2nd	3rd	4th
Purpose of share buy-back	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buy-back period	July 25, 2008 to September 19, 2008	September 27, 2012 to October 8, 2012	May 25, 2018 to June 27, 2018	March 23, 2020 to May 22, 2020
Buy-back Interval Price	NT$20.44 - NT$40.00	NT$21.00 - NT$43.00	NT$18.00 - NT$29.65	NT$9.91 - NT$24.58
Type and quantity of shares repurchased	10,000,000 shares (common shares)	1,831,000 shares (common shares)	10,000,000 shares (common shares)	6,329,000 shares (common shares)
Amount of shares repurchased	NT$289,820,200	NT$51,707,235	NT$190,694,207	NT$99,735,910
Ratio of shares repurchased to estimated share buy-back (%)	100%	18.31%	100%	63.29%
Number of shares retired and transferred	10,000,000 shares	1,831,000 shares	10,000,000 shares	0
Accumulated number of outstanding shares	0	0	0	6,329,000 shares
Ratio of accumulated number of outstanding shares to the total number of issued shares (%)	0%	0%	0%	0%

(2) In progress: None.

II. Corporate Bonds:

Bond Type	1st Secured Ordinary Corporate Bond Issued in 2011	6th Issuance of GMTC's Domestic Unsecured Corporate Bonds
Issue Date	From November 29, 2021 to November 29, 2028	From August 15, 2022 to August 15, 2025
Face value	NT$1 million	NT$100,000
Place of issue and trading	Taiwan	Taiwan
Par Value	Bonds are fully distributed pursuant to their par value	Bonds are distributed at a price equal to 101% of their par value
Total	NT$1.5 billion	NT$3 billion
Interest rate	Annual interest of 0.65%	Coupon rate of 0%
Tenure	7 years	3 years
Guarantor	Hua Nan Commercial Bank Co., Ltd.	N/A
Trustee	Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.
Underwriter	Hua Nan Commercial Bank Co., Ltd.	Mega Securities Co., Ltd.
Attorney	Hung Jen-Chieh Attorneys at Law	
CPA	Deloitte Taiwan	Deloitte Taiwan
Bond repayment method	Bonds will be redeemed at par value on maturity Since the issuance of corporate bonds, the calculation of interest shall be conducted based on coupon rates and paid once a year in accordance with the simple interest formula.	Within five business days after the maturity date, the Company will make bond repayment in one lump sum by cash based on the face value of the bond plus interest compensation (101.5075% of face value; real rate of return of 0.5%).
Outstanding principal	NT$1.5 billion	NT$1,467 million
Terms of redemption/ prepayment	None	Please refer to the procedures for the issuance and conversion of the Company's 6th domestic unsecured convertible bonds
Restrictions	None	Please refer to the procedures for the issuance and conversion of the Company's 6th domestic unsecured convertible bonds
Name of the credit rating institute, the date of the rating and the credit rating result on the corporate bonds	Taiwan Ratings twAA+ in June 24, 2021	N/A

Bond Type		1st Secured Ordinary Corporate Bond Issued in 2011	6th Issuance of GMTC's Domestic Unsecured Corporate Bonds
Other Equity	The amount of common shares, overseas depositary receipts, or any other securities already converted (exchanged or subscribed) up to the date of publication of the annual report	None	As of March 27, 2023, there were a total of 45,230,001 common shares already converted.
	The issuance and conversion (exchange or subscription) rules	None	Please refer to the procedures for the issuance and conversion of the Company's 6th domestic unsecured convertible bonds
Issuance and conversion, exchange, or subscription rules, the possible dilution conditions and influence on shareholders' interests caused by the terms of issuance		None	None
Name of the custodian for the exchanged items		None	None

Information on Convertible Bonds

Bond Type		6th Issuance of GMTC's Domestic Unsecured Corporate Bonds	
Item / Year		2022	Current fiscal year up to Arpil 13, 2023
Market price of convertible bond	Highest	111.80	182.00
	Lowest	97.00	105.95
	Average	102.11	130.72
Conversion price		33.90	33.90
Issue (handling) date and conversion price at the time of issuance		August 15, 2022/33.9	33.9
Conversion method		Delivery of new shares	Delivery of new shares

III. Preferred Shares: None.

IV. Global Depository Receipts (GDR): None.

V. Employee Stock Warrants: None, as all of the Company’s employee stock warrants have expired.

VI. New Restricted Employee Shares: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. The Status of Implementation of Capital Allocation Plans: The Company’s issuance of securities have all been executed, with no evidence of non-efficiency.

Five. Operational Highlights

I. Business Activities

(I) Scopes of the business

1. The main operational categories of the company:

1-1. Special steel materials: Smelting, manufacturing, processing and sales of special steel, alloy steel, superalloy, carbon steel and their raw materials.

1-2. Other business items:

a. Designing, manufacturing, sales and installation of steel production equipment (steelmaking, forging, rolling and finishing equipment, and its components).
b. Design, manufacturing, sales, and installation of transmission, brakes, bodies, engines, suspension systems of various vehicles (including railway vehicles), and their components.
c. Design, manufacturing, sales and installation of nuclear power plant mechanical equipment, aerospace components and maintenance equipment, incinerator equipment and its components.
d. Consulting services for the aforementioned related construction projects.
e. Manufacturing, processing and sales of steel structures.
f. Import and export of related products and raw materials.

2. The percentage of consolidated sales in the last two years:

Year	2021	2022
Special steel material	95%	97%
Other	5%	3%
Total	100%	100%

3. Current products

3-1. Special steel materials: Smelting, manufacturing, processing and sales of special steel, alloy steel, superalloy, carbon steel and their raw materials.

3-2. Other business items:

a. Designing, manufacturing, sales and installation of steel production equipment (steelmaking, forging, rolling and finishing equipment, and its components).
b. Design, manufacturing, sales, and installation of transmission, brakes, bodies, engines, suspension systems of various vehicles (including railway vehicles), and their components.
c. Design, manufacturing, sales and installation of nuclear power plant

mechanical equipment, aerospace components and maintenance equipment, incinerator equipment and its components.

d. Consulting services for the aforementioned related construction projects.
e. Manufacturing, processing and sales of steel structures.
f. Import and export of related products and raw materials.

4. New product and technological development projects:

4-1. Development aspects of new steel types:

- Development of high-purity optical grade mirror stainless steel, which is mainly used in the precision plastic injection molding industry. We will dedicate efforts to replacing competing products of foreign steel mills, and improving the Company’s own technology in Taiwan and cost competitiveness.
- We will continue to expand mold applications for the end users of high-end hot work steel.

4-2. Development aspects of the new manufacturing process to strengthen competitiveness:

In response to upcoming trial testing of the 50-ton steelmaking furnace, the two factories have already expanded production equipment, and relevant adjustments are already in place for manufacturing their respective competitive products. As for the manufacturing process, we focus on the precision of production logistics, shortening the processing time, eliminating unnecessary waste, and stabilizing production quality, in order to strengthen the competitiveness of the new product line.

(II) Industry Overview

1. Industry status and development:

In 2022, global steel demand increased due to geopolitical uncertainties and the slowdown of the COVID-19 pandemic, driving the recovery in the oil and gas, automotive, and machine tool industries, further boosting demands in the special steel market.

Alloy tool steels are mostly used in transportation-related molds, fixtures, and cutting tools, which accounted for 56% of total applications, while industrial applications and daily consumer goods represented 22% and 15%, respectively. The energy cost of European steel plants has risen along with the lifting of lockdown measures in various countries and increased application in industries, while the recent geopolitical tension has not yet eased. As such, the steelmaking cost has also risen, and the import cost is lower than that of self-manufacturing costs, reducing the willingness for self-manufacturing. This led to order transfer to steel mills in Asia, and greatly boosted alloy tool steel demand in Asia.

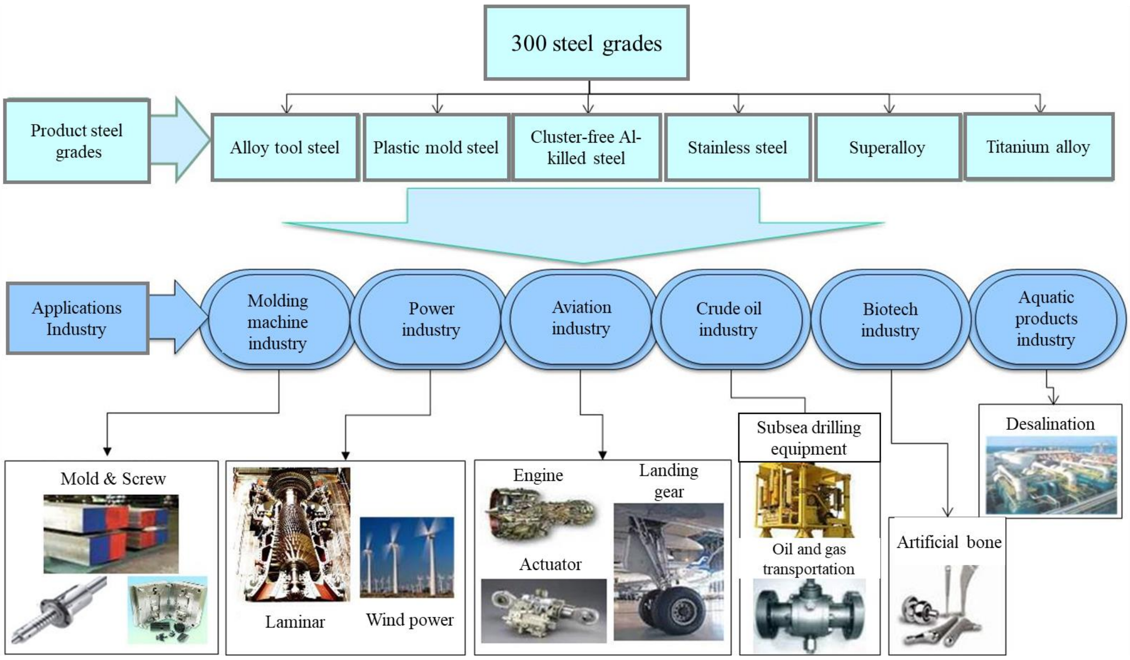
2. Product development:

Given the stable development of GMTC's products, cluster-free AI-killed steel materials are the Company's main niche product, while the other niche products include high-alloy tool steel, stainless steel, high-strength low-alloy steel, and iron-based superalloys.

For industrial applications, we focus on aerospace, energy, oil and gas, molds and tooling, machinery, and military force industries, with three major product groups including high-end tool steel, functional products, and commercial-grade alloy steel, entailing steady growth

In the future, the Company will continue to expand the application of high-end hot work steel in end-user molds, while its new product development plan covers high-purity optical mirror polished stainless steel, which is mainly used in the precision plastic injection molding industry, with the aim to replace competitive steel products in overseas factories, and improve the Company's own technology and cost competitiveness in Taiwan.

3. Industry relevance of upstream, midstream and downstream companies



4. Competition:

a. International market

Long steel products are mainly produced in Asia, as more than 50% of the top 20 major steel mills are from the Asia region, of which China and India are low-price competitors.

Non-tariff measures are mainly imposed in Southeast Asia and South Asia as high entry barriers to protect their domestic producers. Therefore, GMTC obtained international certifications such as the BIS certification in India and

JIS certification in Japan, and established a subsidiary in Japan to mitigate political and economic risks and strengthen market development. Affected by geopolitical uncertainties, the production capacities of steel mills in Europe and the U.S. have switched to military supply, and the steel market exhibits robust growth thanks to increasing import demand for civil and infrastructure has increased, coupled with a significant rise in demand for aerospace and oil and gas products.

b. Domestic market

The machinery industry is a major industry in China, and its quality has been renowned in the world, with outstanding results during the COVID-19 pandemic. GMTC has long been a supplier of materials required for machinery equipment parts in Taiwan’s machinery industry. In addition, with the Company’s localization strategy, it has benefited from transfer orders to Asia from other countries around the world.

(III) Technology and R&D Overview

1. Ratio of R&D expenses to consolidated operating revenue

Year	2021	2022
R&D expenses (NT$ thousand)	55,341	39,940
Ratio of R&D expenses to operating revenue	0.63%	0.32%

2. Future research and development plans

We see rising demands for cost-effective steel in response to the development of electric vehicles, smart machinery, large-sized high-performance marine vessels, high-rise buildings, and the aviation industry, while the supply chain system and business operation models were severely affected by the global impact of inflation and Russia-Ukraine war. Therefore, in 2022, GMTC’s R&D unit will focus on “high-end hot work tool steel” for related physical infrastructure, with the aim to gain product competitiveness and strengthen technical capabilities in domestic industries.

In addition, GMTC will continue to integrate the R&D resources for cooperation among industries, academia, and the government. Corresponding to the global aerospace, energy, and high-value precision molds industries, GMTC plans to continue to develop new steel grades and introduce the following new production processes for the long-term strategy in 2023:

a. Introduction of new steel grades for high-end plastic molding steel
b. Development of the new 50T furnace melting process

c. Introduction of new continuous casting processes

Secondly, for the R&D and layout of certified materials in the long term, we will continue to focus on the system certification of factories, and develop processes that meet market demands and customer needs by use of VIM / VAR/ ESR secondary refining technology and subsequent forging, in order to enhance the quality and increase the variety in size of existing steel products.

(IV) Long and short-term business development plans

1. Short-term development plan

a. Expand international channels, build a large distributor network locally, and increase the total sales volume.

b. Adjust product mix to keep in line with the rising trend of alloy steel and maximize profits.

c. Keep track of changes in international trade barriers.

d. Production and sales planning of the product mix of the two factories, in order to increase production capacity, and accelerate sales growth momentum.

e. Develop international OEM cooperation.

2. Long-term development plan

a. Formulating the strategy to achieve a leading market share in the Asian tool steel market.

b. Expansion in 6 multi-functional stainless steel products and expand global market share.

c. Uphold the concept of green manufacturing, improve the manufacturing process to achieve energy conservation and carbon reduction, and continue to implement ESG policy.

d. Development of three major product groups, including high-end tool steel, functional products and commercial-grade alloy steel, in order to achieve steady growth.

II. Market and Sales Overview

(I) Market analysis

1. Sales areas of the main product

The main products include stainless steel, alloy tool steel, high-speed steel, quenched and tempered steel, and super-clean steel.

The product types include round bars, flat bars, and square bars. Domestic and foreign sales accounted for 21% and 79% respectively of total sales volume.

The main exporting countries in 2022 are as follows:

The Americas: Including countries such as the U.S., Canada, and Mexico.

Europe: Including countries such as the U.K., Italy, Poland, Germany, Austria, and France.

Asia: Including countries such as China, Japan, South Korea, Singapore, Thailand, Vietnam, and India.

The remaining countries are distributed in Australia and Africa.

2. Market share

According to SMR, the global alloy tool steel production was 2 million tons. In 2019, GMTC's global market share for alloy toolbar steel was about 2%-3%, and it is one of the major alloy tool steel suppliers in Asia as its production ranked 14th in the world.

3. Market supply and demand status, future growth and the competitive niche

a. Supply

According to the World Steel Association, global crude steel production was approximately 1,796 million tons in 2022, and is expected to remain flat or increase slightly in 2023. Long stainless steel products in the global market are estimated at 4.05 million tons in 2020. In addition, the global output of alloy tool steel bars is around 1.9-2 million tons. Despite a stable supply market, we see fierce market competition. Therefore, we believe that it is required to develop high-grade and high-value products to seize profits with the correct raw material procurement strategies, as well as accelerate the expansion of sales scale and deepen its penetration of existing markets in response to price competition.

In 2022, the steel market gradually recovered due to the slowdown of the COVID-19 pandemic and rising market demand. In response to market fluctuations in 2023, the Company plans to stabilize orders through distribution channel management, adjustment of raw materials and inventory, and quick response to systems establishment and relevant knowledge.

b. Demand

Recently, the oil price hike has gradually driven up demands in the oil and gas industry. In addition, we see robust growth in the steel market thanks to the recovery in the aerospace industry, China's steel output cuts, and rising steel demands in various countries owing to the promotion of infrastructure construction. GMTC continues to actively implement strategies including lean production, strategic procurement of raw materials, and expanding tool steel market share. It also focuses on specific products, optimizes equipment, expands production capacity, and develops green energy, so as to continue to create synergy between production and sales. Meanwhile, we will focus on three major growth engines: high-end tool steel, functional stainless steel, and commercial-grade alloy steel, in order to seize market opportunities and expand its market share.

c. Competitive niche

(1) GMTC is one of the major alloy steel plants in Asia:

GMTC has long been obtaining certifications of niche products, and corresponding to a significant recovery in the aerospace, energy, and oil and gas industries, we also provided competitive products, actively developing high-end tool steel products to tap into high-end applications in Europe, the U.S., and Japan.

(2) Sound and stable corporate structure

Since TSC acquired GMTC, it has actively strengthened its management level, with various improvements including the transformation of production lines, renovation and upgrading of old equipment, and addition of high-quality equipment, focusing on the optimization of specific products. In addition to the existing markets including the energy, aerospace, and oil and gas industries, we have also expanded capacity in the machinery and automotive industry, investing in new equipment, and continued to create synergy between production and sales, working towards long-term competitiveness and sustainable development.

4. Favorable and unfavorable factors of long-term development

a. Favorable factors

(1) Honored the ISO 9001 quality system certification, as well as the SGS ISO 14001, OHSAS 18001, CNS 15506, AEO and other environmental safety and health system certifications.

(2) Certified as qualified material suppliers from the world’s major power system manufacturers, including GEPS, Siemens Westinghouse Power Company (SWPC), Siemens AG of Germany, and Hitachi of Japan. There were more than 150 certified items.

(3) Obtained the Aerospace QMS AS9100 certification, and was certified as a qualified material supplier for Boeing and major global aerospace parts manufacturers in countries such as Europe.

(4) Gradual expansion in the Asian market, with products sold to nearly 50 countries around the world.

(5) GMTC’s laboratory has been certified by major international companies, and ranked first for blind proficiency testing in Asia.

(6) Rolling control of the inventory of spare materials and reduction of alloy element costs for accurate control of production costs.

(7) Sound financial structure and good rating.

(8) Strong R&D capabilities for high-grade special steel.

b. Unfavorable factors and contingency measures

Countries around the world are gradually lifting border restrictions along with the slowdown of the COVID-19 pandemic, which brings about a significant rise in demands for household/ industrial products and infrastructure. All major industries are gradually returning to the growth trajectory. However, we still need to pay attention to geopolitical uncertainties and climate change issues as follows:

(1) The continuation of trade protectionism led to fierce product

competition in various countries:

European countries rely on third-country steel imports due to steel production restrictions, and the U.S. has agreed to end the U.S. Section 232 tariffs on steel and aluminum, yet the tariffs still apply to other countries. Meanwhile, the countries in Southeast Asia, Central, and South America, and India continue to impose various import barriers, which may continue to affect profits from steel products and raise operating costs.

(2) Taiwan has faced challenges in global trading due to the creation of regional customs unions.

China has led 15 member countries (including ASEAN member countries) to form RCEP. Taiwan was excluded due to political factors, and its competitiveness and deployment in the Southeast Asian market may be affected in terms of tariffs. We hope that Taiwan can successfully join the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) in order to gradually resolve the predicament in global trade.

(3) Environmental issues

The effects of global warming have become more severe, and energy conservation and carbon reduction have become the sustainable development trend in global industries. Meanwhile, countries around the world have formulated specific schedules and policies for net zero CO_2 emissions. Considering the high CO_2 emission of the steel industry, we see rising operating costs, and in face of the global trend of net zero emissions, GMTC will actively seize opportunities despite various challenges. In addition, the Company will support a circular economy by use of natural resources, strengthening its competitiveness via energy management, and fulfilling its environmental responsibilities as a corporate citizen.

GMTC will continue to implement lean production, with alloy steel procurement strategies, focusing on specific products, optimizing equipment, expanding production capacity, and developing green energy, so as to continue to create synergy between production and sales. In 2023, GMTC’s 50-ton smelting furnace will be put into production, which will boost steel bar production, and promote steady sales growth in the future. Meanwhile, we will also develop three major product groups, including high-end tool steel, functional products and commercial-grade alloy steel to ensure steady growth.

(II) Main products' important functions and production process

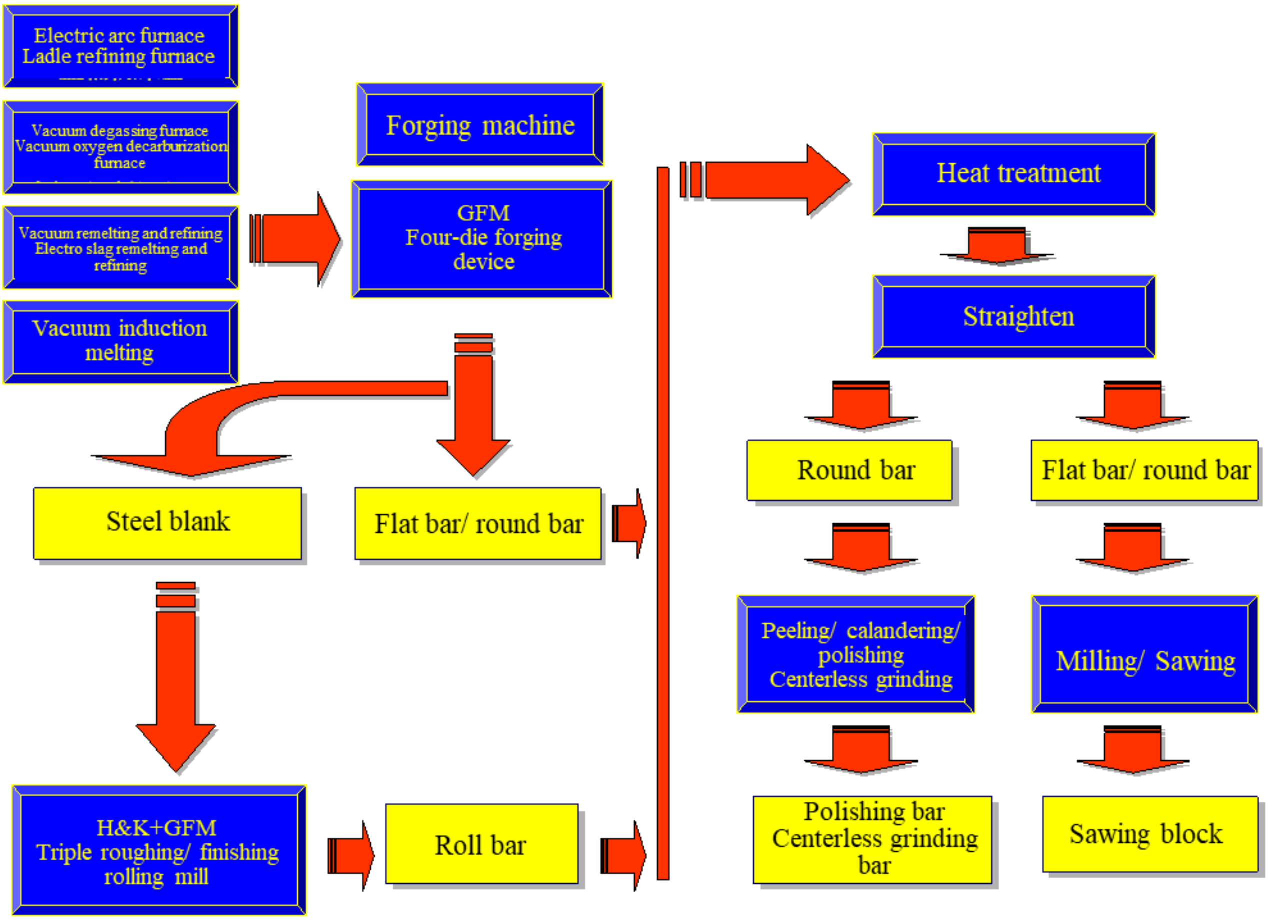
1. Main products' important functions

Product		Function
High-functional materials	Nickel-based superalloy	Suitable for high-temperature and high-strength structural components of aircraft engines and turbine generators, as well as corrosion-resistant components in the petrochemical industry.
	Titanium alloy	Golf heads, medical materials, chemical pipes and fittings, PCB electroplating equipment components, and structural components of civil engineering.
	Special materials with high toughness and high ductility (300M(VAR)、9310(VAR)、D6AC..)	Suitable for high-strength structural components of aircraft (such as landing gear).
High-functional materials	Functional Stainless Steel (VAR)	Ship shafts, ball screw flap actuators for missiles, aircraft impellers, precision fasteners, and ball valves.
	Super-Clean Steel (ESR)	Widely used in IC packaging molds, optical lens molds, aluminum extrusion molds, die casting molds, hot forging molds, turbine blades, and various high-tech materials such as extra-fine thread.
High alloy steel	High Speed Tool Steel (EH9)	Suitable for manufacturing general cutting tools and various wear-resistant impact tools, such as: milling cutters, drills, and punches of the cutting tool industry; forging die and punch die in the forging industry; mold and screw die in the mold & die industry.
	Cold work tool steels (ED11)	Suitable for making wear-resistant and non-deformation cold work molds and sharp-edged cold cutting tools, such as: punches and intermediate rolls for cold rolling in the tool industry; the mold in the wire cutting industry; rolling knife and forming wheel in the steel pipe industry; thread rolling dies, screw heading dies, and wire drawing dies in the screw industry.
	Cold work tool steels (ES3)	Suitable for making wear-resistant and non-deformation cold work tools, such as: punches and measuring tools in the tool industry; forming wheels in the steel pipe industry; cutting taps and cutting tools in the cutting tool industry.
	Hot work tool steel (ED61)	Suitable for making tools that must maintain high hot hardness, such as: extrusion dies in the aluminum extrusion industry; forging dies in the forging industry; die casting molds in the die casting industry.

Product		Function
Low alloy steel	Carbon tool steel (EK2)	Suitable for cutting tools and molds with less stringent requirements, such as: mold filling nozzle in the mold industry; oil seal mold in the hydraulic machine industry; watch case mold in the watch case industry.
	Aluminum chromium molybdenum alloy steel (SACM645)	Suitable for making plastic machinery barrels and ball screws.
	Nickel-chromium-molybdenum alloy steel (SNCM220)	Gears, shafts, automotive and motorcycle parts and various carburizing and surface hardening parts, such as: gears, shafts, forging materials in the forging industry; ball screws and steel pipe roll forming machine in the machine industry.
Low alloy steel	Nickel-chromium-molybdenum alloy steel (SNCM439)	Gears, shafts, heavy duty screws, automotive and motorcycle parts, and other mechanical parts, such as cushion mold in the extrusion industry; crankshaft tip in the plastic machines industry.
	Chrome-Molybdenum Alloy Steel (SCM415)	Gears, shafts, heavy duty screws, automotive and motorcycle parts, and other mechanical parts, such as: forging materials, pins, and hand tools in the forging industry; gears and shafts in the automotive industry; shafts, components and gears in the industrial machinery industry; shafts in the hydraulic industry.
Low alloy steel	Chrome-Molybdenum Alloy Steel (SCM440)	Gears, shafts, heavy duty screws, automotive and motorcycle parts, and other mechanical parts, such as: large columns, ball screws, and feed pipe in the plastic machinery industry; forging materials, hand tools, screws and nuts in the forging industry; gears, shafts, and crankshafts in the automotive and motorcycle industry.
	Bearing steel (SUJ2)	Wide range of applications such as bearings, shafts, cutters, machine columns, among which bearings are the typical application.
Stainless steel	Stainless steel (SUS303)	Suitable for processing into mechanical parts and structural components that require corrosion resistance, such as: ball screws, shafts, bolts and other accessories under mass production.
	Stainless steel (SUS304)	Suitable for household hardware, automotive, medical equipment, construction equipment, and hardware accessories, such as: shafts, bolts, and valves.
	Stainless steel (SUS316)	Suitable for photography equipment, tableware, papermaking and textile equipment, such as shafts, bolts, valves, and processing accessories.

Product		Function
	Stainless steel (SUS410)	Suitable for heavy duty parts that require corrosion resistance, high strength, and high toughness, such as: valves, shafts, accessories, machines, and shipbuilding components, turbine blades.
Other	Powdered high speed steel	Cutting tools - special purpose drills, end mills, cutting taps, hob cutters, scrapers, broaches; stamping tools - cold forming, powder forming, precision punching and shearing applications; mold applications - cold and warm forging dies, hexagon plastic molds; other applications - cutting knives, cold rolls, and IC packaging molds.
	High-Grade Steel	Suitable for shafts, precision balls, transmission components, mechanical components, medical equipment, aerospace components, ball screws, auto parts, high-pressure water jets, glass embossing rolls, and glass molds.

2. Production process



(III) Supply of main products

Name of the main products	Main source of supply	Supply status
Stainless steel blanks	UK, Sweden, India	GMTC maintained stable and long-term relationship with the raw material suppliers, with sufficient supply of each production source, and no raw material shortage for production.
Carbon steel blanks	Japan	
Low alloy steel blanks	China, Japan	
Scrap steel (Note 1)	Taiwan	
Ferrochrome (Note 2)	Kazakhstan, Turkey, Albania	
Ferromolybdenum	Chile, Korea	
Ferrovanadium	Austria, China, Korea	
Ferro Tungsten	China, Russia	
Nickel	Australia	

Note 1: Including punch material, iron particles and thin steel sheets.

Note 2: Including high/ low-carbon ferrochrome

(IV) Based on the number of customers and their purchase amount and ratio that accounted for more than 10% of the total sales in the past two years, any changes that had occurred are explained as follows.

1. Major customers: The Company has no customers that accounted for more than 10% of total sales in the past two years.
2. Main suppliers:

2021					2022				
Item	Name	Amount	Ratio over purchase amount of whole year	Relation with issuer	Item	Name	Amount	Ratio over purchase amount of whole year	Relation with issuer
1	None	-	-	None	1	Company A	784,229	12%	None
2	Other	5,625,364	100%	None	2	Other	5,936,982	88%	None
Purchase amount		5,625,364			Purchase amount		6,721,211		

Reason for change:

a. The purchase ratio of Company A in 2021 was 6%; therefore, it was not included in the suppliers with purchases reaching 10%.

In 2022, Company A had a greater advantage over other suppliers with its shorter lead time, such that the purchase amount was increased, and its purchase ratio increased to 12% in 2022.

(V) Analysis of production value in the last two years - consolidated

Units: NT$ thousand; tons

Product	2021			2022		
	Capacity	Output	Output Value	Capacity	Output	Output Value
High alloy steel	39,762	38,226	3,394,596	46,296	35,141	2,955,204
Low alloy steel	7,677	7,837	539,801	9,454	10,001	853,300
Stainless steel	37,613	32,311	3,528,677	39,192	41,042	5,102,769
Other	17,756	7,551	165,645	2,350	6,931	125,961
Total	102,808	85,925	7,628,719	97,292	93,115	9,037,234

(VI) Analysis of sales value and output in the last two years - consolidated

Units: NT$ thousand; tons

Product	2021				2022			
	Import		Export		Import		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
High alloy steel	9,285	1,002,069	36,073	3,536,563	5,538	604,857	35,807	3,922,332
Low alloy steel	5,532	350,000	4,601	422,443	4,971	312,849	6,831	945,848
Stainless steel	17,293	1,972,548	29,966	4,394,067	17,054	2,413,791	37,508	6,974,652
Other	9,570	476,557	717	232,886	9,108	351,199	510	207,046
Total	41,680	3,804,386	71,357	8,585,959	36,671	3,682,696	80,656	12,049,878

Note: The write-offs in the 2021 financial statement was NT$(3,619,401) thousand, and the write-offs in the 2022 financial statement was NT$(3,367,257) thousand are not included.

III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels

Year		2021	2022	April 13, 2023
Number of employees	Direct staff	592	732	736
	Indirect staff	526	440	430
	Total	1,118	1,172	1,166
Average age		39.72	40.95	40.80
Average length of service		12.41	12.89	12.87
Education level distribution ratio	PhD	0.18%	0.17%	0.17%
	Masters	11.00%	11.18%	11.07%
	University (College)	48.39%	45.39%	46.23%
	High school	37.30%	40.27%	39.54%
	Below high school	3.13%	2.99%	3.00%

IV. Disbursements for environmental protection

(I) Losses and total expenditures due to environmental pollution in the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
2021	2021/2/5	Huan-Shi-Fei-Tsai-Zi No. 110020446 110020447 110020448 110020449	Item 1, Paragraph 1, Article 31 of the Waste Disposal Act; Item 1, Paragraph 1, Article 36 of the Waste Disposal Act and Item 1, Paragraph 1, Article 6 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste; Paragraph 1, Article 36 of the Waste Disposal Act and Item 4, Paragraph 1, Article 6 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste; Paragraph 1, Article 36 of the Waste Disposal Act and Item 1, Paragraph 1, Article 10 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste.	Article 31: Enterprises of a certain scale that are designated and officially announced by the central competent authority shall perform the following matters within a certain time period demanded by the official announcement: I. Operations may begin only after the review and approval of an industrial waste disposal plan submitted to the special municipality, county or city competent authority or the organization commissioned by the central competent authority; this regulation shall also apply to the modification of matters related to the production and disposal of industrial waste. Article 36: The methods and facilities for the storage, clearance and disposal of industrial waste shall be in compliance with the regulations of the competent authority.	(1) The R-1301 storage area does not conform to the approved layout in the Waste Disposal Management Plan. (2) D-0299 waste vacuum storage bags were stored in the D-1801 storage area, and have not been stored separately in accordance with the characteristics of its major components. (3) D-0902, D1703, R-1703, D-1504, R-0701, D-2406, R-1301, D-0803 and other general industrial waste storage areas are marked in Chinese in a prominent place with the name of the waste they contain.	NT$60,000	None	(1) The change of permit is consistent with the current status (2) Strengthen classified management (3) Re-marked (4) Change storage location	NT$30,000

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
				Article 6: Methods for the storage of general industrial waste shall comply with the following regulations: i. General industrial waste shall be stored separately in accordance with the characteristics of its major components. IV. Storage locations, containers, and facilities shall be marked in Chinese in a prominent place with the name of the waste they contain. Article 10: Storage facilities shall be established for general industrial waste according to the characteristics of its major components. Apart from those items officially announced by the central competent authority, general industrial waste storage facilities shall also comply with the following regulations: I. There shall be equipment or measures to prevent the inflow or infiltration of surface water, rainwater, or groundwater.	(4) R-1301 uses open-air storage without equipment or measures to prevent the inflow or infiltration of surface water, rainwater, or groundwater.				

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
2021	2021/2/5	Huan-Shi-Fei-Tsai-Zi No. 110020450	Paragraph 1, Article 36 of the Waste Disposal Act, and Paragraphs 1 and 2, Article 6 and Item 1, Paragraph 1, Article 10 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste.	Article 36: The methods and facilities for the storage, clearance and disposal of industrial waste shall be in compliance with the regulations of the competent authority. Article 6: Methods for the storage of general industrial waste shall comply with the following regulations: II. Storage locations, containers, and facilities shall be kept clean and intact, may not emit airborne, fugitive, or seeping waste, may not pollute the ground, and may not emit a noxious odor. Article 10: Storage facilities shall be established for general industrial waste according to the characteristics of its major components. Apart from those items officially announced by the central competent authority, general industrial waste storage facilities shall also comply with the following regulations: I. There shall be equipment or measures to prevent the inflow or infiltration of surface water, rainwater, or groundwater.	R-0402 slide from storage area to open-air storage vehicle routes without equipment or measures to prevent the inflow or infiltration of surface water, rainwater, or groundwater.	NT$40,000	None	(1) Improve cleaning efficiency of the sweeper. (2) Strengthen advocacies and conduct random inspections. Improvement notices for the anomalies detected, and a review report for the inspection deficiencies. (3) Immediately appoint personnel for cleanup.	NT$36,000

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
	2021/4/21	Huan-Shi-Fei-Tsai-Zi No. 110041728	Paragraph 1, Article 36 of the Waste Disposal Act, and Paragraphs 1 and 2, Article 6 of the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste.	Article 36: The methods and facilities for the storage, clearance and disposal of industrial waste shall be in compliance with the regulations of the competent authority. Article 6: Methods for the storage of general industrial waste shall comply with the following regulations: II. Storage locations, containers, and facilities shall be kept clean and intact, may not emit airborne, fugitive, or seeping waste, may not pollute the ground, and may not emit a noxious odor.	The steelmaking furnace ballast from Tong Yah's R-1210 chip electric arc furnace was temporarily deposited on the ground, but the storage space was not kept clean, and the iron sheet at the west fence was severely damaged, which led to overflowing ballast, contaminating the ground.	NT$80,000	None	(1) Immediately clean up the contaminated ground caused by overflowing ballast. (2) Strengthen and repair the damaged iron sheet to its original condition.	NT$12,000

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
2022	2022/9/14	Huan-Kung-Ku-Tsai-Zi No. 111090156	Based on Item 2 of Article 23 of Air Pollution Control Act; Item 2 of Paragraph 1 of Article 4, and Paragraphs 2 and 3, Article 6 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, penalties are imposed in accordance with Item 4, Paragraph 4 of Article 62 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, and Article 3 and Appendix 1 and 2 of the Guidelines for Fixed Pollution Sources in Public and Private Premises that Violate the Air Pollution Control Act and Level of Penalties.	Article 4 Public or private premises that pile fugitive dust shall establish or adopt one of the following facilities in order to effectively suppress the fugitive emission of particulate pollutants: II. Apart from entrances and exits, the periphery of a piling area must be enclosed with dustproof screens or partition walls with an overall height of at least 1. 25 times the design or actual pile height. When the facilities in subparagraphs 2 through 5 of the foregoing paragraph have been adopted, isolation equipment and spill-prevention bases shall be installed so as to prevent the falling or spilling of the piled materials outside of the piling area. Article 6 A public or private premise using vehicles to transport fugitive dust shall establish or adopt the following facilities to effectively suppress the fugitive emission of particulate pollutants: II. Routes and spaces within public or private premises where transport vehicles may pass must be paved with concrete, asphaltic concrete, or	Article 4 (I) Dustproof screen or partition walls did not fully enclose the piling area. Article 6 (II) The routes paved with concrete have a color difference from the road. (III) The automated car wash platform has been repaired, yet the vehicle body has not been properly washed, and fugitive particulate pollutants on the surface of the vehicle has been brought out the public or private premise.	NT$800,000	None	1. Renovate the fences and barriers around the material storage area. 2. Strengthen road sweeper cleaning and repair potholes in the road. 3. Improve the rinsing function in the automated car wash platform, and strengthen road sweeper cleaning.	NT$150,000

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
				steel plates, and may not have a color difference from the road. However, such spaces may be covered with coarse-grade aggregate or particulate matter when they are located in piling areas or mine or quarry areas, and sprayed with water during the operating period to keep the surface moist. III. The vehicle body and tires of such a transport vehicle must be washed using pressurized washing equipment before the vehicle leaves the public or private premise, and no fugitive particulate pollutants may adhere to the surface of the vehicle. The entrance and road surface extending 10 m beyond the entrance of a public or private premise may not have fugitive particulate pollutants carried by transport vehicles. In the case of the applicable targets listed under serial number 1-5 in Attached Table 1, automatic vehicle washing equipment must be installed at transport vehicle entrances and exits.					

(II) Countermeasures

1. Except for the related improvement plans for environmental pollution in 2021-2022, please refer to pages 151-156 for details of the improvement measures.
2. In addition to normal environmental protection expenditures such as waste disposal, the estimated annual capital expenditures for environmental protection in the future are as follows:

Year	2023	2024	2025
Content	Procurement of pollution prevention equipment	Procurement of pollution prevention equipment	Procurement of pollution prevention equipment
Improvement status	In compliance with relevant laws	In compliance with relevant laws	In compliance with relevant laws
Expenditure	NT$20 million	NT$20 million	NT$20 million

3. The impact of improvement

Year	2023	2024	2025
Impact on net profit	None	None	None
Impact on competitive position	Corporate image	Corporate image	Corporate image

4. Failure in taking responsive action: None.

(III) Working environment and employee safety protection measures and emergency procedures for major industrial safety accidents

1. Safety and health management is the responsibility of enterprises to provide care for employees and the society, creating a safe, healthy and comfortable working environment. Through continuous improvement of the safety and health management system, the Company implements safety/ health education and training with the participation of all employees. It also promotes health care activities for the health care of employees, and implements review and improvement to prevent occupational accidents.
2. Environmental safety policies

   Meet the environmental obligations, with the participation of all employees; promote green businesses to achieve corporate sustainability.

   Continuous improvement to mitigate environmental impact; build a safe and healthy

environment to promote health protection.
Cherish life and create corporate value.

3. Due to the nature of the industry, the workers at the manufacturing site are mainly male. As such, all of the target workers related to occupational disasters are male. We attach great importance to every incident of public injury, minor injury and false alarm. In addition to the accident investigations in accordance with the Regulations Governing the Handling of Investigation Procedures for Accidents, the units with the same environment or mechanical equipment will also be improved. In the future, mechanical equipment improvements will mainly focus on safety and health management, and involves five aspects: pinch point hazard protection, traffic accident advocacy, increased pinch point education and training, on-site advocacy of occupational safety, and thematic audits on a monthly basis, in order to reduce the occurrence of public injuries.

V. Labor Relations

(I) Welfare measures

1. Employee welfare measures

GMTC established the Employee Welfare Committee on July 5, 1999, and S-Tech Corp. established the Employee Welfare Committee on September 14, 2004 to engage in the planning and implementation of employee welfare activities. The current employee welfare measures and implementation status are as follows:

a. Employees are entitled to labor insurance, health insurance and group insurance, injury and illness subsidies, funeral condolences, and wedding gifts. The amount ranges between NT$3,000-NT$50,000.

b. Birthday gifts, festival gifts and domestic and foreign travel subsidies each year.

c. Childbirth subsidy and annual health checkup.

d. There are several clubs, and the Welfare Committee will subsidize various activities every year, in order to help ease the tension of employees at work, and cultivate good living habits.

e. In terms of catering, all employees can select from a variety of dishes, including meat and vegetarian meals.

f. For foreign workers, staff dormitories are provided, with festivals and condolences for the national holidays in the foreign workers' countries of origin.

g. Sign contracts with a number of catering or daily necessities stores, so that employees can enjoy preferential prices as members by showing their employee ID cards.

2. Employee education and training

GMTC Group attaches great importance to cultivating talents, and has established the "Regulations Governing Education and Training." All relevant education and training shall be handled in accordance with the Regulations.

Training type	**Item**	**Class/ session**	**Total training hours**	**Number of trainees**
Internal training	Professional technology	179	703	929
	Core technology	61	99	489
External training	Professional technology	22	192	36
	License	21	518	290
Total		188	1,512	1,744

3. Retirement system

The employee retirement system and pension payments are handled in accordance with the Labor Standards Act and Labor Pension Act.

The provisions on employee pension stipulated in the Labor Standards Act is a defined benefit plan. The employee's pension payment is calculated based on the bases given for each full year of service rendered, and six months of average wage at the time of retirement. The employee's pension payment is calculated based on the length of service and six months of average wage at the time of retirement. Employee pensions are allocated based on 2-2.93% of the total monthly wage, which are deposited into a special bank account in Taiwan by name of the Supervisory Committee of Labor Retirement Reserve. As of December 31, 2022, GMTC's defined benefit plan is expected to allocate NT$6,084 thousand in 2022. As of December 31, 2022, GMTC's defined benefit plan is expected to expire in 2026-2030.

GMTC's pension system is subject to the Labor Pensions Act, which is a defined contribution plan managed by the government. Since July 1, 2005, employees subject to the pension system of the Labor Pensions Act shall contribute 6% monthly wage as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance. GMTC's recognized expenses of NT$ 40,802 thousand for the defined contribution plan in 2022, and NT$ 40,557 thousand in 2021.

The contribution and recognition in retirement system of foreign subsidiaries are handled in accordance with local laws and regulations.

4. Working environment and employee safety protection measures

GMTC attaches great importance to the safety and health of employees, with comprehensive rules and implementation for the traffic safety of employees travelling to and from work, pre-employment physical examination and regular health check-up, safety education and advocacies, maintenance and repair of machinery/ equipment, and workplace safety procedures.

5. Employee behavior and the code of ethical conduct

a. Employees shall abide by the following codes of practice:

(1) Perform duties in compliance with all regulations and work procedures, and follow the manager's orders, command and supervision.

(2) Punch (swipe) cards for employee attendance within the specified time. This shall not apply for those approved to have special reasons.

(3) All documentations shall be cleaned up before leaving work.

(4) Employees shall separate business and personal matters, be cautious in words and deeds, perform duties with integrity, get rid of all bad habits, work harmoniously, respect each other, and maintain the Group's image.

(5) Employees shall be responsible for their own duties, as responsibilities are delegated to units at different levels. In addition, relevant departments shall maintain close contacts, and work together to complete the tasks in order to facilitate their business implementation.

(6) For simultaneous orders or commands by two managers, the orders of the higher level manager shall prevail.

(7) Apart from working hours, employees shall follow the tasks assigned by the manager, and shall not be excused unless otherwise there are health or other legitimate reasons.

(8) Attach importance on workplace cleanliness and safety.

(9) Be humble, courteous and friendly to customers or guests instead of being egotistical, arrogant, or irresponsible.

(10) Avoid the use of official telephone for private purposes, and make small talk on the phone.

(11) No chatting or reading books unrelated to work during working hours.

(12) Before carrying public properties outside the Company, employees shall fill in the public properties form and approved by the unit supervisor, and the public properties shall be inspected by guards.

b. Employees must not violate the following:

(1) Employees shall not, without approval, engage in businesses and positions outside the Group which may affect the performance of labor agreement.

(2) The employees shall not disclose the Group’s confidential information to the public, even after the employees have resigned.

(3) Employees shall not swagger and swindle, and take the advantage of the Group’s power for their own benefits and harm others.

(4) The files and material documents under management shall be handled properly in the event of unusual accident.

(5) The Group's documents and certificates are not allowed to be copied or lend out to others without approval of the supervisor.

(6) Employees shall not arbitrarily read the material documents, and e-mails of others.

(7) Employees are not allowed to engage in private fraud, and is responsible for rectifying acts of laziness or dereliction of duty that may harm the Company’s interests.

(8) Employees shall not bring illegal, dangerous, flammable and non-essential items to the workplace.

(9) Outsiders are not allowed to enter the workplace without the approval of the supervisor.

(10) Employees shall dedicate efforts on accuracy when performing duties, and shall not, without reason, evade or delay duties.

(II) List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken:

GMTC has always values employees and attaches great importance to employee development. Therefore, we always maintained harmonious labor-management relations, with no important damages caused by labor disputes.

VI. Cyber Security Management

(I) State clearly the cybersecurity risk management structure, cybersecurity policy, specific management plan, and resources invested in the management of cybersecurity:

1. Management architecture of cyber security risk: IT department is in charge of establishing the cyber security policy, preventing and processing cyber security incidents, executing cyber security tasks, and establishing「Cybersecurity response team」in response to architectures of cyber security incidents in the company.
   a. Members of Cybersecurity response team are comprised of IT staffs, responsible for reporting and processing cyber security incidents in the company.
   b. Manager of members of Cybersecurity response was held by IT manager, who is charged with reviewing response operation and reporting to parental unit。
   c. Internal control system and related policy are be audited and improved regularly, to provide a safe information system without interruption.
2. To ensure the security of the Company's own information assets, the Company has formulated the Cyber security policy (including computer system, network, data, equipment, employee, antivirus system, hacker attack and defense) and the emergency response operation.
3. Specific management plan:
   a. Security education and training
   b. Safety management of computer system
      (1) Operating procedure and responsibility of the system
      (2) Safety management of online operation
      (3) Prevention of computer virus and malware
      (4) Safety management of software access
      (5) Safety management of computer media
      (6) Safety management of data and media exchange
   c. Safety management of Internet
      (1) Planning and management of network security
      (2) Safety management of internal network
      (3) Safety management of external network
   d. System access control
      (1) Access control policy。
      (2) Supervision of system access and apply
   e. Safety management of physical equipment surroundings and environment
   f. Emergency response operation of cyber security incidents

4. Resources devoted to the cyber security: The company review equipment, service, human resource every year for the arrangement of related resources.

(II) State clearly any losses, possible impacts, and countermeasures caused by significant cybersecurity incidents in the year prior to the annual report publication date; if they cannot be reasonably estimated, an explanation must be made as to the fact that they cannot be reasonably estimated:None

VII. Important contracts

Company Name	Type of contract	Client	Contract Duration	Contract content	Restrictions
GMTC	Syndicated Loan Agreement	Syndicated banks: Chang Hwa Bank and other 10 banks	January 9, 2019 ~ January 9, 2024	GMTC uses land and factory buildings as collateral, with Chang Hwa Bank as security agent for the syndicated facility of NT$4.2 billion.	GMTC shall maintain the following financial ratios and standards during the contract period: 1. The current ratio shall be no less than 100%. 2. The debt ratio shall be no more than 180%. 3. The interest coverage shall be no less than 3 times.
GMTC	Syndicated Loan Agreement	Syndicated banks: The First Bank and other 11 banks	December 27, 2019 ~ December 27, 2024	GMTC uses land, plant, machinery and equipment as collateral, with the First Bank as security agent for the syndicated facility of NT$6.2 billion.	GMTC shall maintain the following financial ratios and standards during the contract period: 1. The current ratio shall be no less than 100%. 2. The debt ratio shall be no more than 180%. 3. The interest coverage shall be no less than 3 times.

Six. An Overview of the Company's Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

Condensed balance sheet (Consolidated) - International Financial Reporting Standards

Unit: NT$ thousand

Year/ Item		Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		8,314,176	7,738,806	7,504,588	8,959,772	11,977,337	
Property, plant and equipment		10,173,805	9,750,862	9,796,116	8,469,983	8,307,632	-
Other assets		1,517,731	2,505,454	3,200,629	4,708,413	4,974,026	-
Total Assets		20,005,712	19,995,122	20,501,333	22,138,168	25,258,995	-
Current liabilities	Before distribution	6,289,589	3,184,607	3,260,528	4,487,803	4,897,028	-
	After distribution	6,495,120	3,412,975	3,440,691	5,118,373	6,136,120	-
Non-current Liabilities		4,962,577	8,012,359	8,469,112	8,139,271	9,229,687	-
Total Liabilities	Before distribution	11,252,166	11,196,966	11,729,640	12,627,074	14,126,715	-
	After distribution	11,457,697	11,425,334	11,909,803	13,257,644	15,365,807	-
Equity attributable to owners of the parent		8,097,468	8,148,094	8,122,849	8,949,999	10,534,547	-
Share Capital		4,667,360	4,667,360	4,667,360	4,567,360	4,571,224	-
Capital surplus		2,070,301	2,071,444	2,078,810	2,027,062	2,178,236	-
Retained earnings	Before distribution	2,020,178	2,092,333	2,132,362	2,658,896	4,050,413	-
	After distribution	1,814,647	1,863,965	1,952,199	2,028,326	2,811,321	-
Other equity		(11,164)	(73,014)	(43,838)	(69,395)	(43,415)	-
Treasury stock		(649,207)	(610,029)	(711,845)	(233,925)	(221,911)	-
Non-controlling interest		656,078	650,062	648,844	561,095	597,773	-
Total Equity	Before distribution	8,753,546	8,798,156	8,771,693	9,511,094	11,132,280	-
	After distribution	8,548,015	8,569,788	8,591,530	8,880,524	9,893,188	-

Note 1: The 2017-2021 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2023 that have not yet been signed and checked by certified accountants.

Condensed income statement (Consolidated) - International Financial Reporting Standards

Unit: NT$ thousand except for EPS amounts

Year/ Item	Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
	2018	2019	2020	2021	2022	
Operating revenues	10,276,140	10,561,734	7,640,497	8,770,944	12,365,317	-
Gross margin	1,479,612	1,538,875	1,090,729	2,338,770	3,955,630	-
Net operating income	432,296	484,135	130,964	1,074,052	2,414,961	-
Non-operating income and expenses	(99,723)	(132,561)	145,285	(55,857)	177,560	-
Pre-tax profit	332,573	351,574	276,249	1,018,195	2,592,521	-
Net profit for continuing operations	242,348	254,501	257,911	837,300	2,098,015	-
Loss from discontinued operation	-	-	-	-	-	-
Current net profit	242,348	254,501	257,911	837,300	2,098,015	-
Other comprehensive income (net after tax)	(32,311)	(68,576)	76,483	(25,623)	17,397	-
Total income for the period	210,037	185,925	334,394	811,677	2,115,412	-
Net profit attributable to equity holders of the Company	243,213	279,759	217,695	751,575	2,018,769	-
Net profit (loss) attributable to non-controlling interests	(865)	(25,258)	40,216	85,725	79,246	-
Total comprehensive income attributable to equity holders of the Company	202,924	215,836	297,573	713,859	2,048,066	-
Total comprehensive income attributable to non-controlling interests	7,113	(29,911)	36,821	97,818	67,346	-
Earnings per share	0.55	0.64	0.50	1.70	4.52	-

Note 1: The 2017-2021 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2023 that have not yet been signed and checked by certified accountants.

Condensed balance sheet (Standalone) - International Financial Reporting Standards

Unit: NT$ thousand

Year/ Item		Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
		2018	2019	2020	2021	2022	-
Current asset		5,796,023	5,215,722	4,958,303	6,998,872	9,241,599	-
Property, plant and equipment		8,046,353	7,792,688	7,929,943	8,046,454	7,897,662	-
Intangible asset		-	-	-	-	-	-
Other assets		2,723,343	3,748,010	4,462,457	5,945,152	6,587,934	-
Total Assets		16,565,719	16,756,420	17,350,703	20,990,478	23,727,195	-
Current liabilities	Before distribution	4,412,587	1,664,268	1,779,440	3,983,403	4,468,821	-
	After distribution	4,618,118	1,892,636	1,959,603	4,613,973	5,707,913	-
Non-current Liabilities		4,055,664	6,944,058	7,448,414	8,057,076	8,723,827	-
Total Liabilities	Before distribution	4,055,664	6,944,058	7,448,414	8,057,076	8,723,827	-
	After distribution	4,055,664	6,944,058	7,448,414	8,057,076	8,723,827	-
Equity attributable to owners of the parent		-	-	-	-	-	-
Share Capital		4,667,360	4,667,360	4,667,360	4,567,360	4,571,224	-
Capital surplus		2,070,301	2,071,444	2,078,810	2,027,062	2,178,236	-
Retained earnings	Before distribution	2,020,178	2,092,333	2,132,362	2,658,897	4,050,413	-
	After distribution	1,814,647	1,863,965	1,952,199	2,028,327	2,811,321	-
Other equity		(11,164)	(73,014)	(43,838)	(69,395)	(43,415)	-
Treasury stock		(649,207)	(610,029)	(711,845)	(233,925)	(221,911)	-
Non-controlling interest		-	-	-	-	-	-
Total Equity	Before distribution	8,097,468	8,148,094	8,122,849	8,949,999	10,534,547	-
	After distribution	7,891,937	7,919,726	7,942,686	8,319,429	9,295,455	-

Note 1: The 2018-2022 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2023 that have not yet been signed and checked by certified accountants.

Condensed income statement (Standalone) - International Financial Reporting Standards

Unit: NT$ thousand except for EPS amounts

Year/ Item	Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
	2018	2019	2020	2021	2022	-
Operating revenues	9,029,897	9,401,840	6,407,393	7,820,211	11,265,158	-
Gross margin	1,024,761	1,067,224	676,417	1,803,507	3,296,103	-
Net operating income	261,602	326,467	(7,285)	732,913	2,014,786	-
Non-operating income and expenses	38,792	16,071	220,231	123,188	416,482	-
Pre-tax profit	300,394	342,538	212,946	856,101	2,431,268	-
Net profit for continuing operations	243,213	279,759	217,695	751,575	2,018,769	-
Loss from discontinued operation	-	-	-	-	-	-
Current net profit (loss)	243,213	279,759	217,695	751,575	2,018,769	-
Other comprehensive income (net after tax)	(40,289)	(63,923)	79,878	(37,716)	29,297	-
Total income for the period	202,924	215,836	297,573	713,859	2,048,066	
Net profit attributable to equity holders of the Company	-	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to equity holders of the Company	-	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.55	0.64	0.5	1.70	4.52	-

Note 1: The 2017-2021 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2023 that have not yet been signed and checked by certified accountants. Ming-Hsien Liu

(III) The names of appointed certified accountants and their audit opinions in the last 5 years

Year	Name of accounting firm	Name of CPA	Audit opinion
2018	Deloitte Taiwan	Chen-Tsai Tsai, Yung-Hsiang Chao	Unqualified opinion
2019	Deloitte Taiwan	Chen-Tsai Tsai, Yung-Hsiang Chao	Unqualified opinion
2020	Deloitte Taiwan	Yung-Hsiang Chao, Meng-Chieh Chiu	Unqualified opinion
2021	Deloitte Taiwan	Ming-Hsien Liu, Yung-Hsiang Chao	Unqualified opinion
2022	Deloitte Taiwan	Ming-Hsien Liu, Yung-Hsiang Chao	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(I) Financial analyses (consolidated)

Item		Financial analyses for the past 5 fiscal years (Note 1) 2018	2019	2020	2021	2022	Current financial data up to the date of publication of the Annual Report (Note 2)
Financial Structure	Debt-asset Ratio	56.24	56.00	57.21	57.04	55.93	-
	Ratio of long-term capital to property, plant and equipment	134.82	172.40	176.00	208.39	245.10	-
Solvency	Current Ratio	132.19	243.01	230.16	199.65	244.58	-
	Quick Ratio	51.97	90.59	89.54	79.26	112.59	-
	Times Interest Earned	3.07	2.90	2.84	8.14	16.15	-
Operating Performance	Average Collection Turnover (Times)	5.03	5.33	4.57	4.94	5.36	-
	Average number of days	73	68	80	74	68	-
	Inventory turnover rate (Times)	1.85	1.86	1.41	1.30	1.43	-
	Average Payment Turnover (Times)	16.82	19.34	19.47	14.78	12.43	-
	Average days of sale	197	197	258	281	255	-
	Property, plant and equipment turnover rate (Times)	1.02	1.06	0.78	0.96	1.47	-
	Total asset turnover rate (Times)	0.53	0.53	0.38	0.41	0.52	-
Profitability	Return on Assets (%)	1.91	2.01	1.87	4.46	9.43	-
	Return on Equity (%)	2.72	2.90	2.94	9.16	20.33	-
	Pre-tax net profit to paid-in capital ratio (%)	7.13	7.53	5.92	22.29	56.71	-
	Profit margin before tax (%)	2.36	2.41	3.38	9.55	16.97	-
	Earnings per share (NT$)	0.55	0.64	0.5	1.7	4.52	-
Cash Flow	Cash Flow Ratio (%)	10.47	47.32	41.86	-	34.66	-
	Cash Flow Adequacy Ratio (%)	68.23	82.50	57.87	40.27	47.94	-
	Cash Flow Reinvestment Ratio (%)	1.99	4.67	3.98	(0.65)	3.39	-
Leverage	Operating Leverage	5.53	4.74	11.51	2.21	1.57	-
	Financial Leverage	1.59	1.62	-	1.15	1.08	-

Analysis of significant changes in financial ratios over the last two years (20% change):

In 2022, as the COVID-19 pandemic mitigated, the industries of aerospace, oil and gas, and automotive recovered significantly. In addition, due to the external factors of the infrastructure in the U.S., the production reduction of giant manufacturers affected by the Russo-Ukrainian War, the production reduction of the steel industry in China, etc. along with the Company's adjustment of the sales strategy and active expansion of tool steel market share with the implementation of lean production and alloy purchase strategy, the Company was able to control the cost properly, thereby increasing the product profit. Accordingly, the Company's profitability and solvency increased in 2021.

Note 1: The 2017-2021 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2023 that have not yet been signed and checked by certified accountants.

Note 3: Operating Leverage and Cash Flow Ratio are negative .

(II) Financial analyses (Standalone)

Item		Financial analyses for the past 5 fiscal years (Note 1)					Current financial data up to the date of publication of the Annual Report(Note 2)
		2018	2019	2020	2021	2022	
Financial Structure	Debt-asset Ratio	51.12	51.37	53.18	57.36	55.60	-
	Ratio of long-term capital to property, plant and equipment	151.04	193.67	196.36	211.36	243.85	-
Solvency	Current Ratio	131.35	313.39	278.64	175.70	206.80	-
	Quick Ratio	49.82	110.04	96.61	64.52	89.54	-
	Interest Coverage Ratio	3.89	3.63	2.85	8.29	16.10	-
Operating Ability	Average Collection Turnover (Times)	6.68	6.97	6.28	6.87	6.67	-
	Average collection days for receivables	55	52	58	53	55	-
	Inventory turnover rate (Times)	2.38	2.43	1.77	1.60	1.67	-
	Average Payment Turnover (Times)	18.96	21.98	20.81	14.88	12.27	-
	Average days of sale	153	150	207	228	218	-
	Property, plant and equipment turnover rate (Times)	1.14	1.19	0.82	0.98	1.41	-
	Total asset turnover rate (Times)	0.54	0.57	0.56	0.38	0.41	-
Profitability	Return on assets (%)	2.08	2.30	1.82	4.41	9.60	-
	Return on Equity (%)	2.97	3.44	2.68	8.8	20.72	-
	Pre-tax net profit to paid-in capital ratio	6.44	7.34	4.56	18.74	53.19	-
	Profit margin before tax (%)	2.69	2.98	3.40	9.61	17.92	-
	Earnings per share (NT$)	0.55	0.64	0.50	1.70	4.52	-
Cash Flow	Cash Flow Ratio (%)	9.53	77.20	52.70	-	40.03	-
	Cash Flow Adequacy Ratio (%)	62.47	69.91	43.70	37.57	45.14	-
	Cash Flow Reinvestment Ratio (%)	1.35	4.42	2.80	(0.66)	3.92	-
Leverage	Operating Leverage	4.77	4.08	-	2.13	1.61	-
	Financial Leverage	1.66	1.66	0.06	1.19	1.09	-

In 2022, as the COVID-19 pandemic mitigated, the industries of aerospace, oil and gas, and automotive recovered significantly. In addition, due to the external factors of the infrastructure in the U.S., the production reduction of giant manufacturers affected by the Russo-Ukrainian War, the production reduction of the steel industry in China, etc. along with the Company's adjustment of the sales strategy and active expansion of tool steel market share with the implementation of lean production and alloy purchase strategy, the Company was able to control the cost properly, thereby increasing the product profit. Accordingly, the Company's profitability and solvency increased in 2021.

Note 1: The 2018-2022financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2023 that have not yet been signed and checked by certified accountants.

Note 3: Operating Leverage and Cash Flow Ratio are negative .

1. Financial Structure

(1) Debt-asset ratio = Total Liabilities / Total Assets

(2) Ratio of long-term capital to property, plant and equipment = (Total Equity + Non-current Liabilities) / Net worth of property, plant and equipment

2. Solvency

(1) Current Ratio = Current Assets / current liabilities

(2) Quick Ratio = (Current Assets – Inventory – Prepaid Expenses) / Current Liabilities

(3) Interest Coverage Ratio = Income before income tax and interest expenses / Current Interest Expenses

3. Operating Ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = Net sales / Average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days for receivables = 365 / Receivables turn over rate

(3) Inventory turnover rate = Cost of sales / Average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average days of sale = 365 / Inventory turnover rate

(6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment

(7) Total asset turnover rate = net sales / average total assets

4. Profitability

(1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets

(2) Return on equity = net income / average total equity

(3) Profit margin before tax = net income / net sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)

(3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)

6. Leveraging:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income

(2) Financial leverage = operating income / (operating income / interest expenses)

III. Audit Committee's report for the most recent year's financial statement

Audit Committees' Review Report

The Board of Directors made the Company's 2022 business report, consolidated financial statements, standalone financial statements, and appropriation of earnings. The Audit Committee approves the above-mentioned business report, consolidated financial statements, standalone financial statements and appropriation of earnings in accordance with Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act, and it is considered that there is no disagreement, please review it.

Gloria Material Technology Corp.

Convener of Audit Committee： Chin-Chen Chien

April 13, 2023

IV. The financial statement for the most recent fiscal year, certified by a CPA

Please refer to pages 194 ~ 287.

V. The standalone financial statement for the most recent fiscal year, certified by a CPA

Please refer to pages 288 ~ 376

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Seven. A Review and Analysis of the Company's Financial Position and Financial Performance, and a Listing of Risks

I. Financial position (Consolidated)

Unit: NT$ thousand

Item	2022	2021	Amount of increase (decrease)	% change
Current asset	11,977,337	8,959,772	3,017,565	33.68
Non-current asset	13,281,658	13,178,396	103,262	0.78
Total Assets	25,258,995	22,138,168	3,120,827	14.10
Current Liabilities	4,897,028	4,487,803	409,225	9.12
Non-current Liabilities	9,229,687	8,139,271	1,090,416	13.40
Total Liabilities	14,126,715	12,627,074	1,499,641	11.88
Total equity	11,132,280	9,511,094	1,621,186	17.05

Analysis of the Increase/ Decrease: The change in current assets reached 20%, which was mainly due to the significant growth of the revenue in 2022, relatively high net cash inflow and increase of cash and cash equivalents.

II. Financial performance analysis (Consolidated)

Unit: NT$ thousand

Item	2022		2021		Amount of increase (decrease)	% change
	Amount	%	Amount	%		
Net Operating Revenue	12,365,317	100	8,770,944	100	3,594,373	40.98
Gross margin	3,955,630	32	2,338,770	27	1,616,860	69.13
Operating expenses	(1,540,669)	(12)	(1,264,718)	(15)	(275,951)	(21.82)
Operating Income	2,414,961	20	1,074,052	12	1,340,909	124.85
Non-operating income and expenses	177,560	1	(55,857)	(1)	233,417	(417.88)
Income tax expense	(494,506)	(4)	(180,895)	(2)	(313,611)	173.37
Current net profit	2,098,015	17	837,300	9	1,260,715	150.57
Other comprehensive income	17,397	0	(25,623)	0	43,020	(167.90)
Net income attributable to equity holders of the Company	2,018,769	16	751,575	9	1,267,194	168.61
Net income attributable to non-controlling interests	79,246	1	85,725	1	(6,479)	(7.56)
Total comprehensive income attributable to equity holders of the Company	2,048,066	17	713,859	8	1,334,207	186.90
Total comprehensive income attributable to non-controlling interests	67,346	0	97,818	1	(30,472)	(31.15)

Analysis of the Increase/ Decrease: Increase in operating revenue: It mainly benefited from the factors of high demand for steel in the market, U.S. 232 tariff exemption and the increase of the USD exchange rate, such that the price increased, and the operating revenue in 2022 increased significantly. Increase in gross margin: The Company implemented lean production and alloy purchase strategy, such that cost was controlled properly, and the product profit increased significantly. Increase in operating expenses: It was mainly due to the selling expenses. Increase in operating income, net income, net income attributable to equity holders of the Company: During the pandemic period, the Company adjusted the sales strategy swiftly and actively expanded the tool steel market share along with the decrease of the marine transportation cost, such that the operating performance increased. Increase in non-operating revenue: It was mainly due to the gain from the disposal of shares, gain from foreign exchange and rental revenue, etc. Increase in income tax expense: It was mainly due to the increase in profit, such that the income tax increased. Increase in other comprehensive income and total comprehensive income: It was mainly due to increases in the remeasurement gains and losses from the defined benefit plan, as well as the increase in translation gains of financial statements for foreign subsidiaries this year.

III. Cash flow analysis

(I) Cash flow analysis for 2022 (consolidated)

Unit: NT$ thousand

Beginning cash balance (A)	Net cash flow from operating activities (B)	Cash outflow (C)	Net cash flow balance (A)+(B)-(C)	Cash shortage contingency plan	
				Investment plan	Wealth management plan
1,225,981	1,697,191	414,579	2,508,593	-	-

Analysis of changes in cash flow in the current year: 1. Net cash inflow from operating activities of NT$1,697,191 thousand: Mainly due to the significant growth of the revenue in 2022 2. Net cash outflow from investing activities of NT616,238 thousand: Mainly due to plant expansion, equipment purchasing and repair. 3. Net cash inflow from financing activities of NT$167,808 thousand: Mainly due to the issuance of corporate bonds.

(II) Cash flow forecast analysis for the next year (consolidated)

Unit: NT$ thousand

<table>
<tr><th rowspan="2">Beginning cash balance
(A)</th><th rowspan="2">Net cash flow from operating activities (B)</th><th rowspan="2">Cash inflow
(C)</th><th rowspan="2">Net cash flow balance
(A)+(B)-(C)</th><th colspan="2">Cash shortage contingency plan</th></tr>
<tr><th>Investment plan</th><th>Wealth management plan</th></tr>
<tr><td>2,508,593</td><td>130,072</td><td>1,989,296</td><td>4,627,961</td><td>-</td><td>-</td></tr>
<tr><td colspan="6">Cash flow forecast analysis for the next year:
1. Net cash inflow from operating activities of NT$130,072 thousand: Mainly due to continual growth in sales turnover and profits.
2. Net cash outflow from investing activities of NT$490,594 thousand: Mainly due to purchasing of fixed assets.
3. Net cash inflow from financing activities of NT$2,479,890 thousand: Mainly due to the borrowing of long-term and short-term loans.</td></tr>
</table>

IV. Major capital expenditures during the most recent fiscal year

(I) The status and source of major capital expenditures during the most recent fiscal year

Item	Source	The planned date of completion/ annual report	Capital needed	Actual or current use of capital						
			Total	2017	2018	2019	2020	2021	2022	2023
50T oven	Regulatory capital/ medium- and long-term loans	Q4 of 2023	4,495,000	190,288	179,405	707,581	761,852	922,463	462,951	413,221
Subtotal			4,495,000	190,288	179,405	707,581	761,852	922,463	462,951	413,221

(II) Expected benefits

Increasing production capacity to achieve balance between all production lines, in order to support future operational growth requirements, and enhance the Company’s competitiveness and market share.

V. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year

Unit: NT$ thousand

Investment company	Shareholding %	Company reinvestment policy	Current profit or loss	Reason for profit or loss	Improvement plan	Investment plans for the coming year
Hoyang Investment Co., Ltd.	33.69%	Deployment of investment	9,453	Increased profits by proper investments	None	None
FAITH ENTERPRISES LTD.	96.05%	Global sales	83,475	Proper operating and marketing policies	None	None
Golden Win Steel Industrial Corp.	46.13%	Diversified management	145,860	Proper operating and marketing policies	None	None
S-Tech Corp.	14.02%	Diversified management	146,431	Proper operating and marketing policies	None	None
ALLOY TOOL STEEL.INC	100.00%	Global sales	34,950	Proper operating and marketing policies	None	None
All Win Enterprises Ltd.	100.00%	Global sales	98,203	Proper operating and marketing policies	None	None
Rong Yang Investment Corp.	100.00%	Deployment of investment	257	Increased profits by proper investments	None	None
GLORIA MATERIAL TECHNOLOGY JAPAN	100.00%	Global sales	(718)	Recognize expense	None	None
Forcera Materials Co., Ltd.	10.46%	Diversified management	47,774	Proper operating and marketing policie	None	None

VI. Risk analysis and other important matters

(I) Risk analysis

1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate up to the date of publication of the Annual Report, and response measures to be taken in the future
   a. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate:

Gloria Material Technology Corp. – Consolidated

Unit: NT$ thousand

Item	2022	Ratio of profits (losses) to net operating revenue in 2022	Ratio of profits (losses) to pre-tax profit in 2021
Net interest expenses (expense - revenue)	164,957	1.33%	6.36%
Net foreign exchange earning (gains - losses)	96,452	0.78%	3.72%

The Company's capital expenditures are mainly based on mid- and long-term funds, while short-term borrowings are used to support the purchasing of materials and the shipment cycle. In 2022, the global political and economic situation changed violently, including the consecutive occurrences of the risks of the Russo-Ukrainian War, Shanghai city lockdown, Chinese military exercise around the sea area of Taiwan, U.K. Prime Minister policy dispute, China’s 20th National Congress demonstrating President Xi’s full authority, U.S. expansion of chip control, U.S. government’s midterm election with two distinctively separated parties, and China’s lifting of its dynamic-zero case policy. Such changes lead to significant fluctuation in the stock and exchange markets. All major central banks worldwide also accelerated the increase of interest rates and expanded the tight currency policy. In March 2022, U.S. Federal Reserve System (Fed) officially announced the increase in the interest rate and implemented the shrink of the balance sheet in June. Consequently, the whole-year increase of interest rate reached 4.25%, in order to suppress demand against inflation. In general, for 2023, the interest rate increase cycle of countries around the globe may come to an end; however, there is still concern about the slowing down of inflation from its peak to stabilization. Accordingly, the interest rate is expected to be maintained at a relatively high level for a longer period.

The Company's foreign exchange rate policy mainly adopts natural hedging, and in accordance with the changes in the Company's position and international financial market trend, the Company started to engage in the trading of new financial derivatives, including forward foreign exchange, to reduce exchange risks. In 2022, the USD Index increased by 7.9%, and other major currencies of EUR and GBP dropped significantly. TWD rate went up first and then dropped with a whole-year drop exceeding NT$3, which was the second-highest decrease since the exchange rate liberalization in 1989. The Company was able to operate stably with a proper exchange rate strategy, such that the net exchange gain increased to NT$96,452 thousands.

After the global pandemic, there are challenges to economic recovery. High-interest rates can cause a decrease in consumption activities, and companies may face a profit decline. In addition, the geopolitics risks for Ukraine and Russia, East Asia countries, the U.S., and China are still high. The Company will continue to monitor the global political and economic situation changes to reduce any impact on the operation and profit of the Company.

2. The company's policy regarding high risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions in the current fiscal year up to the date of publication of the Annual Report; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

   a. GMTC did not engage in high risk or highly leveraged investments in 2021.

   b. Please refer to p.270-271 of the 2022Annual Report for the endorsements/ guarantees of the Company and its subsidiaries in 2022.

   c. The trading of derivatives is handled in accordance with the Procedures for the Acquisition and Disposal of Assets, in the aim to mitigate foreign exchange risks. In addition, the Company will closely monitor market changes, with conservative trading strategies for derivatives.

3. R&D to be carried out in the future, and further R&D expenditures expected

   a. Project name: Development of new steel grades for high-end plastic molding steel

      (1) Total R&D expenditure: Approximately NTD 10,000 thousands.
      (2) Estimated closing date: March 31, 2024
      (3) Current status: Alloy composition under design
      (4) The main factors affecting successful R&D in the future:

      The main applications of the high-end plastic molding steel planned in this project are for optical-grade injection molding products, and the requirements for material cleanness, post-polishing surface roughness, corrosion resistance and thermal conductivity are high. Accordingly, the alloy composition design and secondary refining process (ESR/VAR) are key to the preliminary success. In addition, subsequent heat treatment and forging pass for effective control of structure segregation, along with the setting of proper quenching and tempering conditions to reach uniformity in hardness and mechanical property, are the main challenges for development.

      Physical mold and product verification will be performed with the industrial users, and material microstructure and characteristic analysis will be conducted together with the academic sector. The lean manufacturing parameters are the key factors to R&D success.

   b. Project name: 50T melting process technology development

      (1) Total R&D expenditure: Approximately NTD 15,000 thousands.
      (2) Estimated closing date: December 31, 2023
      (3) Current status: Process criteria under study and analysis
      (4) The main factors affecting successful R&D in the future:

   To cope with the new 50T equipment trial production planning in 2023, GMTC's R&D and production units will form a dedicated project team to adjust the melting condition parameters for each step via the selection of different characteristic steel types for target tests to pursue a competitive process. In addition, the Company will also focus on the improvement of energy use efficiency to contribute efforts to global energy saving and carbon reduction. To cope with the new equipment learning curve, how to effectively integrate the machine operation and adjust the most optimal criteria for different states is the most important factor for R&D success.

4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response in the current fiscal year up to the date of publication of the Annual Report: None.

5. Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response in the current fiscal year up to the date of publication of the Annual Report: None.

6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response in the current fiscal year up to the date of publication of the Annual Report: None.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: None.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: Please refer to page 178 of this Annual Report.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: None.

10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: None.

11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: None.

12. Litigious and non-litigious matters in the current fiscal year up to the date of publication of the Annual Report: None.

13. Other important risks, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: None.

(II) Other important matters

Risk management refers to identifying and evaluating potential risks, with appropriate countermeasures to monitor changes in the internal/ external environment, and comply to the responsive measures. The risk management execution and responsible units are as follows:

1. Strategic and operational risk: Each plant shall implement various control systems

based on their business authority and responsibilities, with regular analysis and evaluation in accordance with relevant laws, policies and changes in the market, such as:

   a. Each business group in the business unit shall hold regular division meetings every week or every month.
   b. The production management unit and development unit regularly convene quality control meetings every month.
   c. The environmental safety unit holds environmental safety meetings on a quarterly basis.
   d. The corporate management center collects domestic and foreign information to respond to unexpected strategic and operational risks, and assist various departments in implementing contingency measures.
   e. The meetings shall discuss various business achievements and possible risk crisis for management and control.

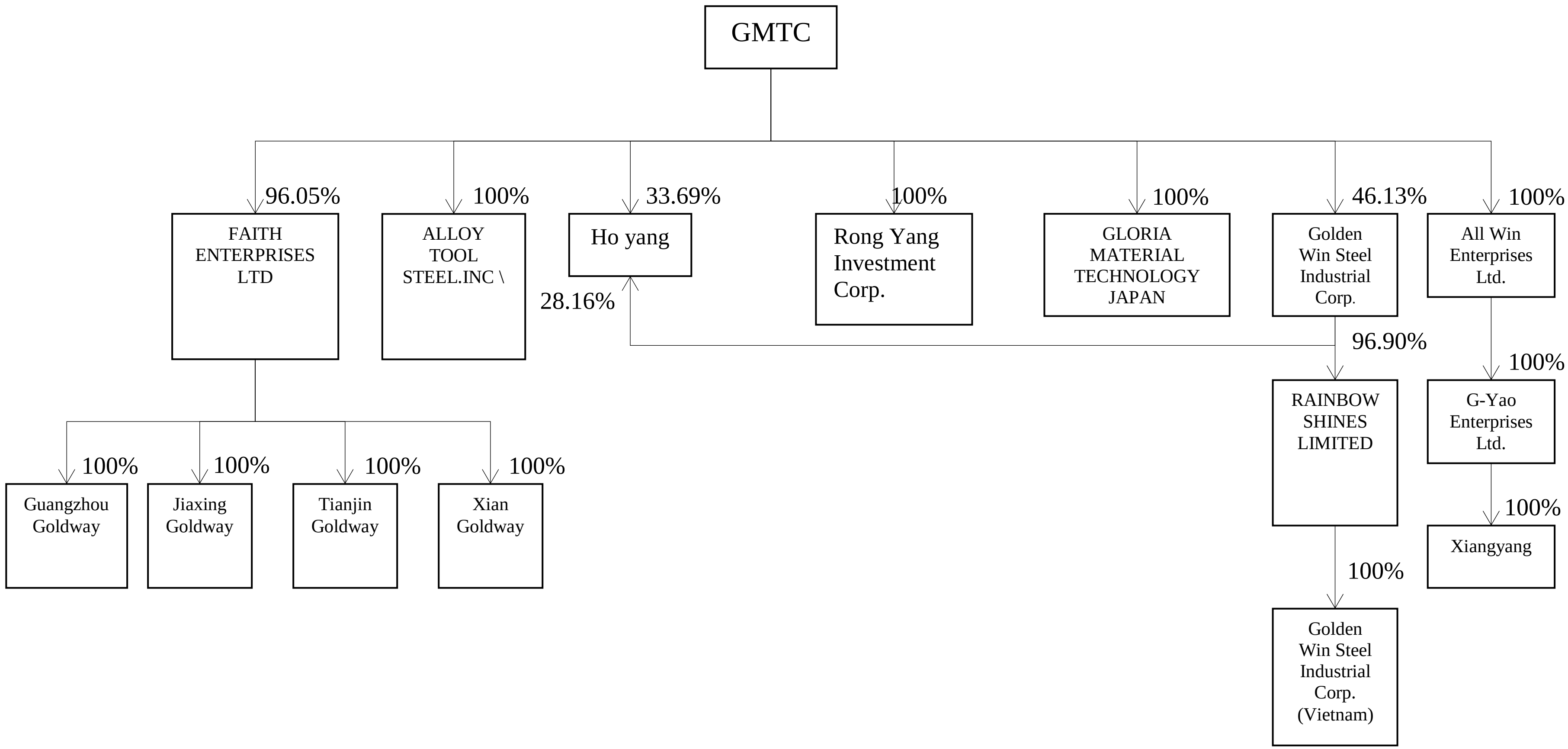
2. Financial risk: The financial department formulates various control systems, evaluates and analyzes changes in the financial market, and reports financial information at monthly meetings, with management and control of potential risks. For example:
   a. The regular meetings for gross margin variance and overdue receivables are held every month.
   b. Meetings were held on an irregular basis to discuss the adoption of new accounting principles, in order to alleviate doubts about the Company's financial report.
3. IT risk: The IT department formulates various control systems, analyze and evaluate the IT security policies, and continue to take responsive measures as follows:
   a. Implement appropriate access authorization and protection based on information confidentiality in order to reduce data exposure.
   b. Continue to introduce advanced IT security solutions to effectively protect, manage and monitor the systems, host and network behavior.
   c. Improve endpoint security protection capabilities to reduce end-user risks.
   d. Organize education and training on an irregular basis to promote new knowledge and increase employee awareness of IT security.
   e. Carry out disaster recovery drills for major systems (such as ERP Database) on a regular basis, so that operations can be quickly restored and ensure continued company operations when a disaster occurs.
4. The audit unit continuously review the aforementioned risk management and control status via risk assessment.

Eight. Special Disclosure

I. Information related to the Company's affiliates

(I) Consolidated Business Report of affiliate companies

1. Organizational Chart of affiliate companies as of December 31, 2021



2. Basic Information of affiliate companies

March 28, 2022

Investment company	Date of incorporation	Address	Paid-in Capital	Main business items
Hoyang Investment Co., Ltd.	2011.04.12	Taiwan	NT$300,000 thousand	Investment
FAITH ENTERPRISES LTD.	1998.10.19	SAMOA	USD$6,247 thousand	Investment and trading
Guangzhou Goldway Special Metal Co., Ltd.	1998.11.12	Guangzhou, China	RMB$24,856 thousand	Production and sales of alloy steel
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	2013.05.28	Zhejiang, China	RMB$22,124 thousand	Production and sales of alloy steel
Tianjin Goldway Special Metal Co., Ltd.	2014.07.15	Tianjin, China	RMB$26,719 thousand	Production and sales of alloy steel
Xian Goldway Special Metal Corp. Ltd.	2012.10.16	Xi′an, China	RMB$12,660 thousand	Production and sales of alloy steel
Golden Win Steel Industrial Corp.	1996.09.12	Taiwan	NT$405,976 thousand	Rolling, processing and trading of special steel, carbon steel, superalloy materials
RAINBOW SHINES LIMITED	2014.02.09	SAMOA	NT$94,308 thousand	Investment and trading
Golden Win Steel Industrial Corp. (Vietnam)	2014.10.15	Vietnam	VND$48,151,100 thousand	Production and sales of alloy steel
ALLOY TOOL STEEL.INC	1974.05.21	USA	USD$1,800 thousand	Production and sales of alloy steel
All Win Enterprises Ltd.	2011.02.21	Seychelles	NT$535,163 thousand	Investment and trading
G-Yao Enterprises Ltd.	2011.02.24	Mauritius	NT$535,163 thousand	Investment and trading
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	2011.04.15	Zhejiang, China	RMB$115,067 thousand	Sales of special steel and alloy steel, manufacturing and trading of steel materials
Rong Yang Investment Corp.	2021.10.22	Taiwan	NT$50,000 thousand	Investment
GLORIA MATERIAL TECHNOLOGY JAPAN	2021.12.20	Japan	JPY 9,000 thousand	Production and sales of alloy steel

3. Shareholders presumed to have control and subordinate relationship with the same information: N/A.
4. The overall relationship between business enterprises covered by the industry:

a. Gloria Material Technology Corp. is the manufacturer for steel products sold in Taiwan and around the world.

b. Hoyang Investment Co., Ltd. and Rong Yang Investment Co., Ltd. mainly focus on the investment business.

c. FAITH EASY ENTERPRISES LTD. cooperates with the investment of third-area companies, with investments of triangular trade and other businesses in China.

d. GMTC's distributors in China include Guangzhou Goldway Special Metal Co., Ltd Zhejiang Jiaxing Goldway Special Metal Co., Ltd., Tianjin Goldway Special Metal Co., Ltd. and Xian Goldway Special Metal Corp. Ltd.

e. Golden Win Steel Industrial Corp. is GMTC's main distributor in Taiwan, mainly engaged in the sales of rolling, processing and trading of special steel, carbon steel, superalloy materials.

f. Rainbow Shines Limited is a third-area company that cooperates with investments of triangular trade and other businesses in Vietnam.

g. Golden Win Steel Industrial Corp. (Vietnam) is mainly engaged in the sales of special steel and alloy steel.

h. Alloy Tool Steel Inc. is GMTC's invested company in the U.S., mainly engaged in the sales of alloy steel.

i. All Win Enterprises Ltd. cooperates with G-Yao Enterprises Ltd. to invest in third-area companies in China, triangular trade and other businesses.

j. Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd. is mainly focused in the sales of special steel and alloy steel, and the manufacturing and trading of steel materials.

k. GLORIA MATERIAL TECHNOLOGY JAPAN is GMTC's invested company in the Japan, mainly engaged in the sales of alloy steel.

5. Relationship between the directors, supervisors and general manager of the enterprise

March 28, 2022

Company Name	Title	Name or representative	Shares owned	
			Shares	Shareholding %
Hoyang Investment Co., Ltd.	Chairman	Representative of Gloria Material Technology Corp.: Chiung-Fen Wang	14,005,660	46.69%
	Director	Representative of Gloria Material Technology Corp.: Cheng-Hsiang Chen	14,005,660	46.69%
	Director	Golden Win Steel Industrial Corp.	8,447,170	28.16%
	Supervisor	Representative of S-Tech Corp.: Yu-Chen Li	4,047,170	13.49%
FAITH ENTERPRISES LTD.	Chairman	Representative of Gloria Material Technology Corp.: Chiung-Fen Wang	6,000,000	96.05%
Guangzhou Goldway Special Metal Co., Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD2,837 thousand HKD700 thousand	100%
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD3,000 thousand	100%
Tianjin Goldway Special Metal Co., Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD3,300 thousand	100%
Xian Goldway Special Metal Corp. Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD2,000 thousand	100%
Golden Win Steel Industrial Corp.	Chairman	Hui-Chang Shao	6,223,161	15.33%
	Director	Representative of Gloria Material Technology Corp.: Yung-Chang Kang	18,726,481	46.13%
	Director	Chien-Chung Huang	52,000	0.13%
	Supervisor	Chi-Chih Chen	379,193	0.93%

Company Name	Title	Name or representative	Shares owned	
			Shares	Shareholding %
RAINBOW SHINES LIMITED	Chairman	Representative of Golden Win Steel Industrial Corp.: Hui-Chang Shao	3,122,222	96.90%
Golden Win Steel Industrial Corp. (Vietnam)	Chairman	Representative of Rainbow Shines Limited: Hsin-Shih Chen	USD3,000 thousand	100%
	Manager	Hui-Chang Shao	0	0%
	Supervisor	Chien-Chung Huang	0	0%
ALLOY TOOL STEEL.INC	Chairman	Chiung-Fen Wang	0	0%
	Supervisor	Representative of S-Tech Corp.: Yu-Chen Li	0	0%
	Manager	Li-Ling Chen	0	0%
All Win Enterprises Ltd.	Chairman	Gloria Material Technology Corp. Representative: Chiung-Fen Wang	USD18,000 thousand	100%
G-Yao Enterprises Ltd.	Chairman	Representative of All Win Enterprises Ltd.: Chiung-Fen Wang	USD18,000 thousand	100%
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	Chairman	Representative of G-Yao Enterprises Ltd.: Chiung-Fen Wang	USD18,000 thousand	100%
Rong Yang Investment Corp.	Chairman	Gloria Material Technology Corp. Representative: Chiung-Fen Wang	5,000,000	100%
GLORIA MATERIAL TECHNOLOGY JAPAN	Chairman	Gloria Material Technology Corp. Representative: Chiung-Fen Wang	180	100%

6. Operation status of affiliate companies

December 31, 2021
Unit: NT$ thousand except for EPS amounts

Investment company	Paid-in Capital	Asset	Liabilities	Net worth	Operating revenue	Operating Income	Current income	Earnings per share
Hoyang Investment Co., Ltd.	300,000	350,210	3,720	346,490	0	0	9,453	0.32
FAITH ENTERPRISES LTD.	201,948	714,874	3,897	710,977	78,472	7,148	83,475	NA
Guangzhou Goldway Special Metal Co., Ltd.	111,238	298,794	111,854	186,940	228,578	23,964	13,318	NA
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	99,014	365,584	107,402	258,182	510,540	53,350	42,229	NA
Tianjin Goldway Special Metal Co., Ltd.	119,576	202,870	45,641	157,229	178,366	16,358	12,115	NA
Xian Goldway Special Metal Corp. Ltd.	56,657	211,718	104,752	106,966	229,827	27,203	16,555	NA
Golden Win Steel Industrial Corp.	405,976	1,450,155	358,300	1,091,855	1,439,840	164,094	148,358	3.65
RAINBOW SHINES LIMITED	94,308	92,037	3,496	88,541	0	-4,351	-3,108	NA
Golden Win Steel Industrial Corp. (Vietnam)	94,080	117,757	26,621	91,136	134,033	3,233	816	0.08
ALLOY TOOL STEEL.INC	56,484	376,622	168,716	207,906	435,606	47,423	34,950	8.13
All Win Enterprises Ltd.	535,164	809,559	167,670	641,889	860,256	51,194	98,203	NA
G-Yao Enterprises Ltd.	535,164	566,642	0	566,642	0	0	45,070	NA
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	535,164	1,069,984	506,050	563,934	371,897	7,499	45,042	NA
Rong Yang Investment Corp.	50,000	45,342	100	45,242	0	-240	257	0.05
GLORIA MATERIAL TECHNOLOGY JAPAN	2,232	1,531	179	1,352	0	-702	-718	-3,988.89

(II) Relational Business Consolidated Financial Statements: The entities required to be included in the Consolidated FS of the Affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Gloria Material Technology Corp. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10. Consequently, Gloria Material Technology Corp. does not prepare a separate set of Consolidated FS of Affiliates.

(III) Relational Report:

1. Relationship between the subordinate company and the controlling company

The Company is a subordinate company of Taiwan Steel Group United Co., Ltd., and Kings Asset Management Co., Ltd. is the controlling company of Taiwan Steel Group United Co., Ltd. The details are described as follows:

Name of controlling company	Reasons for control	The controlling company’s details of shareholding and pledges			Any directors, supervisors or managerial officers appointed by the controlling company	
		Shareholding	Percentage	Number of shares under pledge	Title	Name
Taiwan Steel Group United Co., Ltd.	The company obtains a majority of directorships of another company	19,636,000	3.91	3,248,000	Chairman	Chiung-Fen Wang
					Director	Wen-Yuan Lin
					Director	Shih-Yi Chiang
					Director	Shih-Chieh Chao
					Director	Cheng-Hsiang Chen
Kings Asset Management Co., Ltd.	The controlling company of Taiwan Steel Group United Co., Ltd.	32,068,000	6.39	30,068,000	Chairman	Chiung-Fen Wang

2. Business transactions between the subordinate company and the controlling company

a. Purchase (sale) of goods: None.

b. Property transactions: None.

c. Financing: None.

d. Asset leasing: None.

e. Other significant business transactions: None.

3. Endorsements and guarantees between the subordinate company and the controlling company

4. Other matters with a significant effect on their finances and business: None.

II. Transaction about the company’s private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

April 13, 2023

Company Name	Paid-in Capital	Source	Company shareholding %	Date of Acquisition/ Disposal	Number and amount of shares acquired	Number and amount of shares disposed	Investment gains and losses	GMTC’s number of shares and amount as of the publication date of the annual report	Pledge status	The Company’s endorsements/ guarantees for its subsidiaries	The Company’s loaning of funds to subsidiaries
Golden Win Steel Industrial Corp.	NT$405,976 thousand	Company-owned shares	46.13%	2022	95,000 shares 1,943 thousand	1,994,000 shares 58,885 thousand	13,625 thousand	7,692 shares NT$288 thousand	None	None	None
				2023	42,000 shares 1,695 thousand	44,000 shares 2,192 thousand	574 thousand				
Hoyang Investment Co., Ltd.	NT$300,000 thousand	Company-owned shares	46.69%	2022	1,260,000 shares 29,941 thousand	500,000 shares 16,696 thousand	3,272 thousand	9,374,044 shares NT$249,524 thousand	None	None	None
				2023	-	170,000 shares 9,375 thousand	4,836 thousand				

IV. If any of the situations listed in Article 36, Paragraph 3, Item 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one:

None.

V. Other matters that require additional description

(I) Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

When applying accounting policies of the Company and its subsidiaries, those that cannot easily obtain related information from other sources requires management to make relevant judgements, estimates and assumptions based on historical experience and other factors. The actual results may differ from the estimates.

The Company and its subsidiaries have considered the economic impact of COVID-19 pandemic in the major accounting estimates, with continual reviews of the accounting estimates and basic assumptions by management. If the changes in accounting estimates only have an effect in the current period, it shall be recognized in the period of the change; and if the changes in accounting estimates have an effect in both the current period and future periods, it shall be recognized in both the period of change and future periods.

(II) Key Performance Indicator (KPI) in steel industry

As a capital-intensive industry, the financial ratios in the balance sheet, and the profits and cost control in the income statement have become the special key performance indicators in the steel industry, and in particular the special steel industry. The debt-asset ratio of the Company and its subsidiaries in 2022 and 2021 were 55.93% and 57.04%, respectively; the ratio of long-term capital to property, plant and equipment in 2022 and 2021 was 245.10% and 208.39%, respectively. In terms of profitability, the return on assets, return on equity and profit margin before tax were 9.43%,20.33% and 16.97%, respectively in 2022; and 4.46%, 9.16% and 9.55%, respectively in 2021.

GMTC will commit to maintaining excellent long-term profitability and robust financial structure, and will save costs and restrict orders for better quality of shipped products in times of recession, in order to increase the capacity for rising orders during economic recovery.

Gloria Material Technology Corp.

Chairman: Chiung-Fen Wang

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

GLORIA MATERIAL TECHNOLOGY CORP.

By

CHIUNG-FEN WANG
Chairman

February 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gloria Material Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Gloria Material Technology Corp. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group’ s consolidated financial statements for the year ended December 31, 2022 is as follows:

Occurrence of Sales Revenue

The sales revenue of the Group mainly comes from the production and sale of special steel products such as high-functional materials, alloy steel and stainless steel. The products are utilized in various industries such as energy, aerospace, oil and gas, water, biomedicine, machine tools, molds and shipping. The revenue coming from products for specific industries is material to the consolidated financial statement as a whole and is significant to the Group’ s business performance. Since sales to specific industries is the primary risk, we considered the occurrence of revenue as a key audit matter.

The audit procedures we performed included the following:

1. We obtained an understanding of and evaluated the accounting policies for the recognition of sales revenue.

2. We obtained an understanding of and tested the operating effectiveness of the internal controls in relation to the occurrence of sales revenue.

3. We selected samples of and performed tests on sales revenue transactions for the year ended December 31, 2021. We checked the relevant internal and external documents and confirmed that the products have been delivered. We also checked for discrepancies between the counterparty of the transaction and the counterparty of payment and for any abnormalities in the amounts collected after the reporting period.

Other Matter

As stated in Note 26, the Group lost its control over S-tech Corp. on August 23, 2021. The Group did not include the assets and liabilities in the consolidated financial statements as of December 31, 2021. Sales revenue and comprehensive income included in the consolidated financial statements was NT$538,075 thousand and NT$32,724 thousand, representing 6.1% of the Group’ s total sales revenue and 4.0% of comprehensive income for the year ended December 31, 2021, respectively. We did not audit the financial statements of S-tech Corp. The financial statements of S-tech Corp. was audited by other accountant; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. We did not audit the financial statements of some investees accounted for using the equity method. The financial statements of the aforementioned investees accounted for using the equity method were audited by other accountant; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. The total amount of investments in these investees accounted for using the equity method was NT$290,931 thousand and NT$348,581 thousand, representing 1.2% and 1.6%, of the Group’ s total assets as of December 31, 2022 and 2021, respectively, and the amount of the Group’ s total share of comprehensive income of such associates was NT$40,153 thousand and NT$(1,686) thousand, representing 1.9% and (0.2%), of the Group’ s total comprehensive income for the year ended December 31, 2022 and 2021, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion with other matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Min-Hsien Liu and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,508,593	10	$ 1,225,981	6
Financial assets at fair value through profit or loss - current (Note 7)	52,879	-	72,498	-
Notes receivable (Note 9)	227,332	1	295,363	1
Trade receivables (Notes 9 and 30)	2,316,468	9	1,773,659	8
Other receivables (Note 30)	103,352	1	117,649	-
Inventories (Note 10)	6,418,021	25	5,350,025	24
Other current assets (Notes 16, 30 and 31)	350,692	1	124,597	1
Total current assets	11,977,337	47	8,959,772	40
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	230,853	1	300,238	1
Investments accounted for using the equity method (Note 12)	380,361	2	458,981	2
Property, plant and equipment (Notes 13, 30 and 31)	8,307,632	33	8,469,983	38
Right-of-use assets (Note 14)	125,205	-	154,911	1
Investment properties (Notes 15 and 31)	613,930	2	348,345	2
Deferred tax assets (Note 24)	142,243	1	122,722	1
Prepayments for equipment (Note 30)	3,320,249	13	2,974,012	13
Other non-current assets (Notes 16 and 31)	161,185	1	349,204	2
Total non-current assets	13,281,658	53	13,178,396	60
TOTAL	$ 25,258,995	100	$ 22,138,168	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 31)	$ 1,586,969	6	$ 1,533,876	7
Short-term bills payable (Note 17)	40,000	-	320,000	1
Notes payable	395	-	195	-
Trade payables (Note 30)	746,383	3	605,745	3
Other payables (Notes 19 and 30)	730,912	3	543,894	2
Current tax liabilities	465,763	2	122,746	1
Lease liabilities - current (Notes 14 and 30)	6,687	-	6,616	-
Current portion of long-term borrowings (Notes 17 and 31)	1,211,877	5	1,290,052	6
Other current liabilities	108,042	-	64,679	-
Total current liabilities	4,897,028	19	4,487,803	20
NON-CURRENT LIABILITIES				
Bonds payable (Notes 18 and 31)	4,337,043	17	1,410,890	6
Long-term borrowings (Notes 17 and 31)	4,034,901	16	6,286,254	28
Deferred tax liabilities (Note 24)	148,223	1	114,214	1
Lease liabilities - non-current (Notes 14 and 30)	39,931	-	69,480	-
Net defined benefit liabilities - non-current (Note 21)	133,870	1	148,756	1
Other non-current liabilities (Note 20)	535,719	2	109,677	1
Total non-current liabilities	9,229,687	37	8,139,271	37
Total liabilities	14,126,715	56	12,627,074	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	4,571,224	18	4,567,360	20
Capital surplus	2,178,236	9	2,027,062	9
Retained earnings				
Legal reserve	914,627	4	843,957	4
Special reserve	103,107	-	187,212	1
Unappropriated earnings	3,032,679	12	1,627,728	7
Total retained earnings	4,050,413	16	2,658,897	12
Other equity	(43,415)	-	(69,395)	-
Treasury shares	(221,911)	(1)	(233,925)	(1)
Total equity attributable to owners of the Company	10,534,547	42	8,949,999	40
NON-CONTROLLING INTERESTS (Note 11)	597,733	2	561,095	3
Total equity	11,132,280	44	9,511,094	43
TOTAL	$ 25,258,995	100	$ 22,138,168	100

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

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 30)	$ 12,365,317	100	$ 8,770,944	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 30)	(8,409,687)	(68)	(6,432,174)	(73)
GROSS PROFIT	3,955,630	32	2,338,770	27
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(1,037,694)	(8)	(924,891)	(10)
General and administrative expenses	(463,947)	(4)	(316,147)	(4)
Research and development expenses	(39,940)	-	(55,341)	(1)
Expected credit loss reversed	912	-	31,661	-
Total operating expenses	(1,540,669)	(12)	(1,264,718)	(15)
PROFIT FROM OPERATIONS	2,414,961	20	1,074,052	12
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 30)				
Interest income	6,154	-	1,893	-
Other income	148,871	1	123,070	1
Other gains and losses	148,852	1	(50,743)	-
Finance costs	(171,111)	(1)	(142,578)	(2)
Share of profit of associates	44,794	-	12,501	-
Total non-operating income and expenses	177,560	1	(55,857)	(1)
PROFIT BEFORE INCOME TAX	2,592,521	21	1,018,195	11
INCOME TAX EXPENSE (Note 24)	(494,506)	(4)	(180,895)	(2)
NET PROFIT FOR THE YEAR	2,098,015	17	837,300	9
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	1,550	-	(34,017)	-
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(35,487)	-	16,086	-

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Share of the other comprehensive income/(loss) of associates accounted for using the equity method	$ 8,998	-	$ (9,712)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(310)	-	6,804	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	42,646	-	(3,567)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	-	-	(1,217)	-
Other comprehensive income/(loss) for the year, net of income tax	17,397	-	(25,623)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,115,412	17	$ 811,677	9
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 2,018,769	16	$ 751,575	9
Non-controlling interests	79,246	1	85,725	1
	$ 2,098,015	17	$ 837,300	10
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 2,048,066	17	$ 713,859	8
Non-controlling interests	67,346	-	97,818	1
	$ 2,115,412	17	$ 811,677	9
EARNINGS PER SHARE (Note 25)				
Basic	$4.52		$1.70	
Diluted	$4.22		$1.70	

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

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company																	
		Capital Surplus								Retained Earnings			Other Equity					
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets	Employee Share Options	Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interests in Subsidiaries	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	$ 4,667,360	$ 221,392	$ 1,462,657	$ 353,747	$ 3,502	$ 4,925	$ 18,283	$ 794	$ 13,510	$ 817,117	$ 190,348	$ 1,124,897	$ (39,023)	$ (4,815)	$ (711,845)	$ 8,122,849	$ 648,844	$ 8,771,693
Appropriation of 2020 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	-	26,840	-	(26,840)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	(3,136)	3,136	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(180,163)	-	-	-	(180,163)	-	(180,163)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	751,575	-	-	-	751,575	85,725	837,300
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	(27,475)	(6,909)	(3,332)	-	(37,716)	12,093	(25,623)
Cancellation of treasury shares	(100,000)	(4,743)	-	(85,951)	-	-	-	-	-	-	-	-	-	-	190,694	-	-	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(926)	(926)	(823)	(1,749)
Disposal of the Company's shares held by subsidiaries	-	-	-	35,203	-	-	-	-	-	-	-	-	-	-	270,468	305,671	471,959	777,630
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,843	-	-	-	-	-	-	-	-	-	-	-	6,843	-	6,843
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,007,863)	(1,007,863)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	-	-	(18,283)	-	-	-	-	(32,718)	-	-	-	(51,001)	51,001	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	15,183	-	-	-	-	-	17,684	32,867	(32,867)	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	15,316	-	(15,316)	-	-	-	-
Issuance of ordinary shares for cash by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	296,075	296,075
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,951	36,951
BALANCE AT DECEMBER 31, 2021	4,567,360	216,649	1,462,657	309,842	3,502	4,925	-	794	28,693	843,957	187,212	1,627,728	(45,932)	(23,463)	(233,925)	8,949,999	561,095	9,511,094
Appropriation of 2021 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	-	70,670	-	(70,670)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	(84,105)	84,105	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(630,570)	-	-	-	(630,570)	-	(630,570)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	2,018,769	-	-	-	2,018,769	79,246	2,098,015
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	-	-	1,095	38,375	(10,173)	-	29,297	(11,900)	17,397
Conversion of corporate bonds to ordinary shares	3,864	-	9,400	-	-	(501)	-	-	-	-	-	-	-	-	-	12,763	-	12,763
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	(16,883)	(31,883)
Disposal of the Company's shares held by subsidiaries	-	-	-	7,812	-	-	-	-	-	-	-	-	-	-	27,014	34,826	40,681	75,507
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,905	-	-	-	-	-	-	-	-	-	-	-	6,905	-	6,905
Equity component of convertible bonds issued by the Group	-	-	-	-	-	114,739	-	-	-	-	-	-	-	-	-	114,739	-	114,739
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	-	-	-	12,819	-	-	-	-	-	-	-	12,819	79	12,898
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	2,222	-	(2,222)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,585)	(54,585)
BALANCE AT DECEMBER 31, 2022	$ 4,571,224	$ 216,649	$ 1,472,057	$ 324,559	$ 3,502	$ 119,163	$ -	$ 13,613	$ 28,693	$ 914,627	$ 103,107	$ 3,032,679	$ (7,557)	$ (35,858)	$ (221,911)	$ 10,534,547	$ 597,733	$ 11,132,280

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

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,592,521	$ 1,018,195
Adjustments for:		
Depreciation expense	426,836	450,556
Amortization expense	712	1,106
Expected credit loss reversed	(912)	(31,661)
Net loss on fair value changes of financial assets at fair value through profit or loss	12,611	49,500
Finance costs	171,111	142,578
Interest income	(6,154)	(1,893)
Dividend income	(8,380)	(5,763)
Share of profit of associates	(44,794)	(12,501)
Gain on disposal of property, plant and equipment	(5,642)	(4,338)
Expenses arising from property, plant and equipment	82,617	78,050
Gain on disposal of investments accounted for using equity method	(160,573)	(3,565)
Write-down of inventories	39,517	29,793
Net loss/(gain) on foreign currency exchange	83,872	(18,823)
Others	(36,333)	(1,454)
Changes in operating assets and liabilities		
Notes receivable	68,460	(34,702)
Trade receivables	(536,899)	(723,109)
Other receivables	14,297	(64,835)
Inventory	(1,109,229)	(1,708,897)
Other current assets	1,562	(203,074)
Notes payable	200	2,052
Trade payables	140,301	679,924
Other payables	163,606	201,784
Other current liabilities	43,363	19,892
Net defined benefit liabilities	(13,336)	(14,610)
Cash generated from (used in) operations	1,919,334	(155,795)
Interest received	6,154	1,893
Dividends received	17,561	7,456
Interest paid	(127,820)	(133,882)
Income tax paid	(118,038)	(56,917)
Net cash generated from (used in) operating activities	1,697,191	(337,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(59,157)	(130,125)
Proceeds from disposal of financial assets at fair value through other comprehensive income	93,054	252,255
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,392
Purchase of financial assets at amortized cost	(229,112)	-

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets at fair value through profit or loss	$ (12,604)	$ (472,116)
Proceeds from sale of financial assets at fair value through profit or loss	19,612	179,520
Acquisition of associates	(51,964)	-
Proceeds from disposal of associates	350,599	9,390
Proceeds from disposal of subsidiary (Note 26)	-	(276,474)
Payments for property, plant and equipment	(921,757)	(813,942)
Proceeds from disposal of property, plant and equipment	6,922	4,684
Increase in other non-current assets	-	(260,044)
Decrease in other non-current assets	188,169	-
Net cash used in investing activities	(616,238)	(1,503,460)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	153,741
Repayments of short-term borrowings	(37,694)	-
Proceeds from short-term bills payable	-	270,000
Repayments of short-term bills payable	(280,000)	-
Proceeds from issuance of bonds	3,024,680	1,470,334
Proceeds from long-term borrowings	1,153,400	1,426,010
Repayments of long-term borrowings	(3,489,816)	(2,134,721)
Repayment of principal of lease liabilities	(12,281)	(11,407)
Proceeds from other non-current liabilities	460,699	-
Repayments of other non-current liabilities	-	(258)
Cash dividends paid to owners of the Company	(623,665)	(163,928)
Proceeds from disposal of the Company's shares by subsidiary	75,507	777,630
Acquisition of additional interests in subsidiaries	-	(46,469)
Proceeds from disposal of subsidiaries	-	1,751
Payments for buy-back of the Company's shares as treasury shares by subsidiary	(31,883)	(1,749)
Cash dividends paid by subsidiaries	(71,139)	(22,309)
Proceeds from issuance of ordinary shares for cash by subsidiaries	-	296,075
Net cash generated from financing activities	167,808	2,014,700
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	33,851	(14,227)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,282,612	159,768
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,225,981	1,066,213
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,508,593	$ 1,225,981

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

(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

Gloria Material Technology Corp. (the "Company") was incorporated in the Republic of China (ROC) in March 1993 and its shares have been trading on the Taiwan Stock Exchange since October 1998. The Company mainly engaged in the production and sale of special steel, carbon steel, alloy steel, super alloy and smelting of the raw materials of these products.

Taiwan Steel Group United Co., Ltd. is the parent company of the Company, and the ultimate parent company of the Company is Kings Asset Management Corp.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. ADMIT OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities.

See Note 11 and Table 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in Associates

An associate is an entity over which the Group has significant influence and which is a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If corporate assets can be allocated to cash-generating units on a reasonable and consistent basis, corporate assets are allocated to the individual cash-generating units and, conversely, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses excluded any dividends, interest earned on such financial assets. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

l. Provisions

Provisions which derived from environmental cleanup are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

<u>Revenue from sale of goods</u>

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 924	$ 905
Checking accounts and demand deposits	1,819,587	1,225,076
Cash equivalents		
Time deposits	100,000	-
Repurchase agreements collateralized by bills	588,082	-
	$ 2,508,593	$ 1,225,981

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0.001%-1.05%	0.001%-0.75%
Repurchase agreements collateralized by bills	0.90%-0.92%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 52,879	$ 72,498

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	December 31	
	2022	2021
Non-current		
Domestic investments		
Listed shares	$ 229,398	$ 298,783
Unlisted shares	1,455	1,455
	$ 230,853	$ 300,238

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Gross carrying amount	$ 229,579	$ 297,877
Less: Allowance for impairment loss	(2,247)	(2,514)
	$ 227,332	$ 295,363
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,510,875	$ 1,344,743
Less: Allowance for impairment loss	(21,286)	(21,408)
	1,489,589	1,323,335
At FVTOCI	826,879	450,324
	$ 2,316,468	$ 1,773,659

Trade Receivable

a. At amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, the GDP forecasts and industry outlook, as well as recent development of the COVID-19. The overdue trade receivables will be provided with an allowance of 0% to 1.66% and 0% to 2.24% and not past due trade receivables will be provided with an allowance of 0.01% to 100% and 0.01% to 100% as of December 31, 2022 and 2021, respectively.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's aging analysis:

	December 31	
	2022	2021
Not past due	$ 1,146,203	$ 1,128,639
Past due		
Past due within 60 days	275,405	169,151
Past due 61-120 days	54,742	24,073
Past due over 120 days	34,525	22,880
	$ 1,510,875	$ 1,344,743

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 21,408	$ 53,657
Less: Net remeasurement of loss allowance	(633)	(30,955)
Less: Amounts written off	(29)	-
Less: Loss of control of subsidiaries	-	(1,485)
Foreign exchange gains and losses	540	191
Balance at December 31	$ 21,286	$ 21,408

b. At FVTOCI

The Group signed a contract with a bank to sell certain accounts receivable without recourse and transaction costs. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of trade receivables based on the Group's aging analysis:

	December 31	
	2022	2021
Not past due	$ 616,088	$ 335,106
Past due		
Past due within 60 days	204,216	115,218
Past due 61-120 days	6,575	-
Past due over 120 days	-	-
	$ 826,879	$ 450,324

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of trade receivables at FVTOCI were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ -	$ 1,217
Less: Net remeasurement of loss allowance	-	-
Less:	-	(1,217)
Balance at December 31	$ -	$ -

Notes Receivable

The following table details the loss allowance of notes receivable based on the Group's aging analysis:

	December 31	
	2022	2021
Not past due	$ 218,136	$ 250,411
Past due	11,443	47,466
	$ 229,579	$ 297,877

The movements of the loss allowance of notes receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 2,514	$ 2,061
Less: Net remeasurement of loss allowance	-	511
Less:	(279)	-
Less: Loss of control of subsidiaries	-	(54)
Foreign exchange gains and losses	12	(4)
Balance at December 31	$ 2,247	$ 2,514

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 2,030,869	$ 1,899,112
Supplies	177,505	197,668
Work in progress	2,349,649	2,114,565
Finished goods	1,205,753	785,098
Merchandise	181,794	115,197
Inventory in transit	592,721	350,006
	6,538,291	5,461,646
Less: Amounts written off	(120,270)	(111,621)
	$ 6,418,021	$ 5,350,025

The nature of the cost of goods sold is as follows:

	December 31	
	2022	2021
Cost of inventories sold	$ 8,322,269	$ 6,304,365
Unamortized manufacturing expense	47,901	98,016
Inventory write-downs	39,517	29,793
	$ 8,409,687	$ 6,432,174

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%)		
			December 31		
Investor	Investee	Nature of Activities	2022	2021	Remark
The Company	Faith Easy Enterprises Ltd.	General investment and trading	96	96	-
The Company	Golden Win Steel Industrial Corp.	Processing and trading of special steel, carbon steel, super alloy material rollers	46	46	2
The Company	S-Tech Corp.	Production and sales of titanium alloys	-	-	1, 4
The Company	Homkom Precision Industry Corp.	Manufacturing, processing and sales of special steel	-	-	5
The Company	Alloy Tool Steel Inc.	Trading of alloy steel	100	100	-
The Company	Ho Yang Investment Corp.	General investment	34	34	3
The Company	All Win Enterprises Ltd.	General investment and trading	100	100	-
The Company	Rong Yang Investment Corp.	General investment	100	100	-
The Company	Gloria Material Technology Japan Co., Ltd.	Production and selling of alloy steel	100	100	-
Faith Easy Enterprises Ltd.	Guangzhou Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	-
Faith Easy Enterprises Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	-

Faith Easy Enterprises Ltd.	Tianjin Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	-
Faith Easy Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	-
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	General investment and trading	97	97	-
Rainbow Shines Limited	Vietnam Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	-
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	General investment and trading	100	100	-
G-Yao Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and trading of alloy steel	100	100	-

(Concluded)

1) The Company had 26%-30% shareholding of S-Tech Corp. before the shareholders' meeting on August 23, 2021. Since S-Tech Corp. was a listed company in Taiwan, its remaining shares were held by thousands of shareholders, who are not related parties to the Group. Considering the voting right relative to other shareholders, the Company recognized its investment in S-Tech Corp. by using the equity method.

   The Company lost its control over S-Tech Corp. after the reelection of directors in the shareholders' meeting on August 23, 2021. S-Tech Corp. will not be included in the consolidated financial statements as of that date. Since the management considers the Company to have significant influence over S-Tech Corp., the Company reclassified the investment into investment in associate using the equity method. Refer to Note 26 for information.

   S-Tech Corp.'s parent company was changed from the Company to Taiwan Steel Group United Co., Ltd. after the reelection of directors. Considering the economic substance of the Group's reorganization, the Company referenced the IFRS Q&A published by Accounting Research and Development Foundation, accounting for the investment using carrying amount method rather than fair value method to remeasure the remaining equity. The Company chose not to restate the financial statements after referencing to IFRS Q&A published by Accounting Research and Development Foundation.

2) Although the Group's percentage of ownership in Golden Win Steel Industrial Corp. was less than 50%, the Group still has control over the entity. Thus, Golden Win Steel Industrial Corp. is considered as a subsidiary of the Group.

3) Although the Group's percentage of ownership in Ho Yang Investment Corp. was less than 50%, the Group has more than half of directors' seat and still has control over the entity. Thus, Ho Yang Investment Corp. is considered as a subsidiary of the Group.

4) S-Tech Corp. was a subsidiary that has material non-controlling interests before August 23, 2021.

5) The board of directors of the Company and Honkom Precision Industry Corp. resolved to merge on August 3, 2021, and the consolidated base date was November 30, 2021. The Company was the surviving company while Honkom Precision Industry Corp. was the dissolved company.

b. Subsidiaries excluded from the consolidated financial statements: None

c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31, 2021
S-Tech Corp.	Taiwan	-

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31, 2021	Accumulated Non-controlling Interests December 31, 2021
S-Tech Corp.	$ 15,124	$ -
Others	70,601	561,095
	$ 85,725	$ 561,095

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	January 1, 2021 to August 22, 2021
Revenue	$ 538,075
Profit for the year	$ 25,009
Other comprehensive income for the year	7,715
Total comprehensive income for the year	$ 32,724
Profit attributable to:	
Owners of Company S-Tech Corp.	$ 4,825
Non-controlling interests of S-Tech Corp.	20,184
	$ 25,009

Total comprehensive income attributable to:	
Owners of Company	$ 6,829
Non-controlling interests of S-Tech Corp.	25,895
	$ 32,724
Dividends paid to non-controlling interests of:	
S-Tech Corp.	$ -

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in associates	$ 380,361	$ 458,981

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Company's share of:		
Profit for the year	$ 44,794	$ 12,501
Other comprehensive income (loss)	8,998	(9,712)
Total comprehensive income for the year	$ 53,792	$ 2,789

In 2022, the Group added and disposed of 3,279 thousand shares and 13,259 thousand shares of S-Tech Corp. (classified as investment accounted for using the equity method), with amounts of $59,019 thousand and $306,643 thousand, respectively, and the carrying amount of cost was $165,474 thousand and the gain of disposal was $141,169 thousand.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Carrying amount		
Land	$ 2,732,369	$ 2,799,964
Buildings	1,768,598	2,041,130
Equipment	2,517,982	2,725,239
Transportation equipment	41,103	36,936
Machinery	10,122	13,639
Other equipment	163,646	21,911

	December 31	
	2022	2021
Construction in progress	1,073,812	831,164
	$ 8,307,632	$ 8,469,983

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	$ 2,799,964	$ 3,709,275	$ 11,345,541	$ 320,721	$ 189,868	$ 180,637	$ 831,164	$ 19,377,170
Additions	-	4,342	189,161	14,593	809	65,626	337,361	611,892
Disposals	-	(305)	(99,292)	(3,421)	(46,866)	(15,961)	-	(165,845)
Reclassified	(67,595)	(251,771)	(93,160)	(1)	-	90,142	(94,790)	(417,175)
Disposal of subsidiaries	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	6,617	2,226	392	369	1,133	77	10,814
Balance at December 31, 2022	$ 2,732,369	$ 3,468,158	$ 11,344,476	$ 332,284	$ 144,180	$ 321,577	$ 1,073,812	$ 19,416,856

(Continued)

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 1,668,145	$ 8,620,302	$ 283,785	$ 176,229	$ 158,726	$ -	$ 10,907,187
Additions	-	73,168	300,974	10,656	3,515	13,599	-	401,912
Disposals	-	(305)	98,347	(3,421)	(46,866)	(15,626)	-	(164,565)
Reclassified	-	(43,744)	-	10	-	(10)	-	(43,744)
Disposal of subsidiaries	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	2,296	4,855	161	12	1,110	-	8,434
Balance at December 31, 2022	$ -	$ 1,699,560	$ 8,827,784	$ 291,191	$ 132,890	$ 157,799	$ -	$ 11,109,224
Carrying amount at December 31, 2022	$ 2,732,369	$ 1,768,598	$ 2,516,692	$ 41,093	$ 11,290	$ 163,778	$ 1,073,812	$ 8,307,632
Cost								
Balance at January 1, 2021	$ 3,378,475	$ 4,440,975	$ 11,666,816	$ 330,040	$ 191,936	$ 221,014	$ 681,243	$ 20,910,499
Additions	-	4,031	189,740	6,643	709	4,663	154,590	360,736
Disposals	-	-	(53,495)	(13,703)	(7,778)	(21,158)	-	(96,134)
Reclassified	(121,923)	(376,465)	(54,519)	-	5,009	4,271	(4,642)	(548,269)
Disposal of subsidiaries	(456,588)	(359,428)	(402,889)	(2,333)	-	(27,913)	-	(1,249,151)
Effects of foreign currency exchange differences	-	162	(112)	74	(8)	(240)	(27)	(151)
Balance at December 31, 2021	$ 2,799,964	$ 3,709,275	$ 11,345,541	$ 320,721	$ 189,868	$ 180,637	$ 831,164	$ 19,377,170
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 1,803,011	$ 8,616,283	$ 291,553	$ 177,160	$ 199,002	$ -	$ 11,087,009
Disposals	-	-	(53,151)	(13,693)	(7,778)	(21,166)	-	(95,788)
Depreciation expense	-	86,083	329,033	8,207	1,843	7,263	-	432,429
Reclassified	-	(143,550)	(4,897)	-	5,009	109	-	(143,329)
Disposal of subsidiaries	-	(77,425)	(266,949)	(2,333)	-	(26,455)	-	(373,162)
Effects of foreign currency exchange differences	-	26	(17)	51	(5)	(27)	-	28
Balance at December 31, 2021	$ -	$ 1,668,145	$ 8,620,302	$ 283,785	$ 176,229	$ 158,726	$ -	$ 10,907,187
Accumulated impairment								
Balance at January 1, 2021	$ -	$ 8,407	$ 18,967	$ -	$ -	$ -	$ -	$ 27,374
Impairment loss	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	(8,407)	(18,967)	-	-	-	-	(27,374)
Balance at December 31, 2021	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Carrying amount at December 31, 2021	$ 2,799,964	$ 2,041,130	$ 2,725,239	$ 36,936	$ 13,639	$ 21,911	$ 831,164	$ 8,469,983

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Houses and buildings (structure)	40-55 years
Mechanical and electrical facilities	2-10 years
Engineering system	2-15 years
Equipment	
Production line for forging	10-20 years
Process equipment	1-10 years
Mechanical system	3-5 years
Molds	1-6 years
Transportation equipment	
Stackers	3-10 years
Cranes	2-8 years
Machinery	
Analyzers and radiation detectors	3-10 years
Other tools and instruments	2-5 years
Other equipment	2-13 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 110,688	$ 139,734
Buildings	13,160	12,495
Transportation equipment	1,357	2,682
	$ 125,205	$ 154,911

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 5,099	$ 30,990
Depreciation charge for right-of-use assets		
Land	$ 4,478	$ 4,650
Buildings	4,434	4,136
Transportation equipment	1,325	2,848

	$ 10,237	$ 11,634

Except for the addition and recognition of depreciation expenses listed above, the right-of-use assets of the Group did not occur significant sublease or impairment in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 6,687	$ 6,616
Non-current	$ 39,931	$ 69,480

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.85%	1.85%
Buildings	1.79%-1.80%	1.79%-1.80%
Transportation equipment	1.79%	1.79%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 3,278	$ 2,326
Total cash outflow for leases	$ (16,610)	$ (14,931)

The Group’s leases of certain assets qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 121,923	$ 376,465	$ 498,388
Transfers in from property, plant and equipment	67,595	256,420	324,015
Balance at December 31, 2022	$ 189,518	$ 632,885	$ 822,403

Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 150,043	$ 150,043
Transfers in from property, plant and equipment	-	43,743	43,743
Depreciation expenses	-	14,687	14,687
Balance at December 31, 2022	$ -	$ 208,473	$ 208,473
Carrying amount at December 31, 2022	$ 189,518	$ 424,412	$ 613,930
Cost			
Balance at January 1, 2021	$ 99,864	$ -	$ 99,864
Transfers in from property, plant and equipment	121,923	376,465	498,388
Loss of control of subsidiaries	(99,864)	-	(99,864)
Balance at December 31, 2021	$ 121,923	$ 376,465	$ 498,388
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ -	$ -	$ -
Transfers in from property, plant and equipment	-	143,550	143,550
Depreciation expenses	-	6,493	6,493
Balance at December 31, 2021	$ -	$ 150,043	$ 150,043
Carrying amount at December 31, 2021	$ 121,923	$ 226,422	$ 348,345

On August 23, 2021, due to the loss of control of S-Tech Corp., the land and buildings originally leased to S-Tech Corp. were reclassified from property, plant and equipment to investment properties.

The determination of fair value was performed by independent qualified professional valuers for December 31, 2022. The valuation was arrived at by reference to market evidence of transaction prices for similar properties for December 31, 2021. The fair value as appraised was as follows:

	December 31	
	2022	2021
Fair value	$ 1,681,139	$ 620,000

The Group leased property, plant and equipment to S-Tech Corp. and Taiwan Steel Group Aerospace Additive Manufacturing Corporation. The lease terms were 3 years. Rents are paid at the end of each month.

Investment properties pledged as collateral for bank borrowings were set out in Note 31.

16. OTHER ASSETS

	December 31	
	2022	2021
Prepayments	$ 45,529	$ 52,791
Refundable deposits (Note 31)	173,413	350,204
Restricted deposits (Note 31)	18,101	53,553
Other financial assets	264,564	-
Others	10,270	17,253
	$ 511,877	$ 473,801
Current	$ 350,692	$ 124,597
Non-current	161,185	349,204
	$ 511,877	$ 473,801

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 31)		
Bank loans	$ 103,762	$ 170,013
Unsecured borrowings		
Letters of credit	26,051	108,267
Line of credit borrowings	1,457,156	1,255,596
	$ 1,586,969	$ 1,533,876
Range of interest rates per annum	1.88%-7.06%	0.69%-4.66%

b. Short-term bills payable

Outstanding short-term bills payable (unsecured) were as follows:

	December 31	
	2022	2021
Commercial paper	$ 40,000	$ 320,000
Less: Unamortized discount on bills payable	-	-
	$ 40,000	$ 320,000

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
International Bills Finance Corp.	$ 10,000	$ -	$ 10,000	
Mega Bills Finance Co., Ltd.	10,000	-	10,000	
Dah Chung Bills Finance Corp.	20,000	-	20,000	
	$ 40,000	$ -	$ 40,000	1.84%-1.96%

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
International Bills Finance Corp.	$ 90,000	$ -	$ 90,000	
Mega Bills Finance Co., Ltd.	160,000	-	160,000	
Union Bank of Taiwan Co., Ltd.	70,000	-	70,000	
	$ 320,000	$ -	$ 320,000	0.482%-0.950%

c. Current portion of long-term borrowing

	December 31	
	2022	2021
Current portion of long-term borrowing	$ 1,211,877	$ 1,290,052

d. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 31)		
Bank loans	$ 5,246,778	$ 7,576,306
Less: Current portion	(1,211,877)	(1,290,052)
Long-term borrowings	$ 4,034,901	$ 6,286,254
Range of interest rates per annum	1.3367%-1.94%	0.66%-1.80%

1) In order to repay outstanding financial liabilities and enrich medium-term working capital, the Company obtained a syndicated loan, which has the maturity of 5 years with a credit line of NT$4,200,000 thousand from Chang Hwa Bank and multiple financial institutions.

   a) Term Loan A: Loan limit NT$2,238,320 thousand; non-revolving credit line.

   b) Term Loan B: Loan limit NT$1,496,230 thousand; revolving credit line.

   c) Term Loan C: Loan limit NT$465,450 thousand; revolving credit line.

   In addition to the general requirements, the maintenance of certain financial ratios is also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

   According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

   a) Current ratio: No less than 1.0.

   b) Debt to net worth ratio: No higher than 1.8.

   c) Debt service coverage ratio: No less than 3.0.

   The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed semi-annual financial statements.

   If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period’s consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

2) Due to loan repayment, capital expenditure and operating fund needs, the Company obtained a syndicated loan with a credit line of NT$6,200,000 thousand from First Bank and multiple financial institutions. The maturity period was 5 years starting from the initial drawdown date.

   a) Term Loan A: Loan limit NT$3,060,000 thousand; non-revolving credit line.

   b) Term Loan B: Loan limit NT$1,700,000 thousand; non-revolving credit line.

   c) Term Loan C: Loan limit NT$1,440,000 thousand; revolving credit line.

   d) Term Loan D: Loan limit NT$1,440,000 thousand; revolving credit line. The shared credit line of Term Loan C and Term Loan D cannot exceed the credit line of Term Loan C.

   In addition to the general requirements, the maintenance of certain financial ratios are also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

   According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

   a) Current ratio: No less than 1.0.

   b) Debt to net worth ratio: No higher than 1.8.

   c) Debt service coverage ratio: No less than 3.0.

   The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed financial statements of Q1 and Q2.

   If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

18. BONDS PAYABLE

	December 31	
	2022	2021
Secured domestic bonds (Note 31)	$ 1,500,000	$ 1,500,000
Less: Discount on bonds payable	(76,810)	(89,110)
	1,423,190	1,410,890
Unsecured domestic convertible bonds	3,031,928	-
Less: Discount on bonds payable	(118,075)	-
	2,913,853	-
	$ 4,337,043	$ 1,410,890

a. Secured domestic bonds

On November 29, 2021, the Group issued $1,500,000 thousand, which was 0.65% of its NTD denominated secured bonds in Taiwan, with maturity date on November 29, 2028. The interest will be paid annually and the bonds will be repaid on the maturity date. The bonds are guaranteed by Hua Nan Commercial Bank and as trustee for the bondholders by Taishin International Commercial Bank, Ltd.

b. Unsecured domestic bonds

On August 15, 2022, the Group issued 30,000 unsecured convertible bonds with a face value of $100 thousand each at an interest rate of 0% at 101% of par value, with a total principal amount of $3,000,000 thousand. The maturity period is three years from August 15, 2022 to August 15, 2025. Taishin International Commercial Bank, Ltd. is the trustee for the bondholders.

Unless the holders of the convertible bonds apply for conversion into the Company's ordinary shares or the Group repurchases and cancels the bonds from securities dealers, the Group repays the bonds in cash within five business days from the maturity date of the convertible bonds at the face value plus interest compensation (101.5075% of the face value and 0.5% real rate of return).

From the day following the expiration of three months after the date of issuance of the convertible bonds (November 16, 2022) to the maturity date (August 15, 2025), the bondholders may, except for (a) The period during which the transfer of the ordinary shares is legally suspended; (b) The period from the fifteen business days prior to the date of cessation of transfer of the Company's allotment, the date of cessation of transfer of cash dividends or the date of cessation of transfer of share options from cash capital increase to the base date; (c) Except for the period from the base date of the capital reduction to the day before the commencement of trading of the capital reduction for the conversion of shares, the Company may request the Company's share agent to convert the bonds into shares of the Company's ordinary shares anytime, by forwarding a request to Taiwan Central Depository & Clearing Corporation (TDCC) through a trading broker.

The conversion price is determined on a base date of August 15, 2022. The base price was calculated by the arithmetic mean of the closing price of one day, three days or five days of the business days before the base date (not included). The conversion price is determined by multiplying the base price by 110% of the conversion rate (calculated to the nearest dollar, rounded up to the nearest dollar). The calculation is based on the following: If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. In accordance with the above, the conversion price is set at NT$33.9 per share upon issuance of the conversion bonds.

This convertible bond consists of a liability and an equity component, which is expressed as capital surplus - share options under equity. The effective interest rate originally recognized for the liability component was 1.5258%.

Issue price (net of transaction costs and adjusted for related income tax effects)	$ 3,024,721
Components of equity (net of transaction costs allocated to equity and adjusted for related income tax effects)	(114,739)
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	2,909,982
Interest calculated at an effective rate of 1.5258%	16,634
Convertible bonds converted into ordinary shares	(12,763)
Liability components as of December 31, 2022	$ 2,913,853

19. OTHER PAYABLES

	December 31	
	2022	2021
Other payables		
Payable for salaries and bonuses	$ 304,671	$ 162,366
Payable for annual leave	56,674	52,883
Payable for purchase of equipment	51,968	31,321
Payable for fuel	35,875	28,196
Payable for utility bill	46,066	32,984
Payable for export fees	81,040	144,459
Others	154,618	91,685
	$ 730,912	$ 543,894

20. OTHER LIABILITIES

	December 31	
	2022	2021
Non-current		
Long-term deferred revenue (a)	$ 4,868	$ 39,525
Advanced expropriation receipts (b)	470,030	-
Guarantee deposit received	333	9,495
Others	60,488	60,657
	$ 535,719	$ 109,677

a. Long-term deferred revenue is the subsidy of the local government for the purchase of land and lease of land use rights for the investment and establishment of factories by the Group. After the construction of the factory is completed and the operation starts, it is recognized as other income based on the period of used of the factory.

b. Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd. ("Shiang Yang Company"), a subsidiary of the Group, signed an agreement of expropriation and movement on June 30, 2022 with Zhejiang Xinghui Co., Ltd. ("Xinghui Company"). According to the agreement, Xinghui Company would expropriate the land use right of 46,494 square meter and its buildings of Shiang Yang Company, at transaction price of CNY132,500 thousand. The proceeds would be paid according to stages of the agreement. The transaction price was referred to the appraisal report by professional appraisal institution and was agreed by both parties. Shiang Yang Company had an advance receipt of CNY106,651 thousand on December 31, 2022. The gain from expropriation will be recognized once the obligation of the agreement is fulfilled.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in other Land are members of a state-managed retirement benefit plan operated by the government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contribute amounts equal to 2%-2.93% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 389,207	$ 399,397
Fair value of plan assets	(255,337)	(250,641)
Net defined benefit liability	$ 133,870	$ 148,756

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	$ 407,332	$ (277,740)	$ 129,592
Service cost			
Current service cost	2,152	-	2,152
Net interest expense (income)	1,163	(784)	379
Recognized in profit or loss	3,315	(784)	2,531
Remeasurement			

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Return on plan assets (excluding amounts included in net interest)	-	(3,870)	(3,870)
Actuarial loss - changes in demographic assumptions	296	-	296
Actuarial loss - changes in financial assumptions	(14,658)	-	(14,658)
Actuarial loss - experience adjustments	52,249	-	52,249
Recognized in other comprehensive income	37,887	(3,870)	34,017
Contributions from the employer	$ -	$ (15,284)	$ (15,284)
Benefits paid	(34,189)	34,189	-
Liabilities extinguished on settlement	(3,765)	2,515	(1,250)
Loss of control of subsidiaries	(11,183)	10,333	(850)
Balance at December 31, 2021	399,397	(250,641)	148,756
Service cost			
Current service cost	2,102	-	2,102
Net interest expense (income)	2,743	(1,728)	1,015
Recognized in profit or loss	4,845	(1,728)	3,117
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(20,379)	(20,379)
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	(18,132)	-	(18,132)
Actuarial loss - experience adjustments	36,960	-	36,960
Recognized in other comprehensive income	18,829	(20,379)	(1,550)
Contributions from the employer	-	(16,453)	(16,453)
Benefits paid	(33,864)	33,864	-
Balance at December 31, 2022	$ 389,207	$ (255,337)	$ 133,870

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.20%-1.25%	0.65%-0.70%
Expected rate(s) of salary increase	1.00%-2.00%	1.00%-2.00%

Mortality rate for the years ended December 31, 2022 and 2021 was based on the sixth life experience table of the life insurance industry in Taiwan. The mortality rate is 10% of the disability rate.

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will decrease/increase as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	$ (7,845)	$ (8,849)
0.25% decrease	$ 8,089	$ 9,143
Expected rate(s) of salary increase		
0.25% increase	$ 8,026	$ 9,012
0.25% decrease	$ (7,820)	$ (8,765)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	$ 6,084	$ 5,786
Average duration of the defined benefit obligation	6-8 years	6-9 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	800,000	800,000
Shares authorized	$ 8,000,000	$ 8,000,000
Number of shares issued and fully paid (in thousands)	457,122	456,736
Shares issued	$ 4,571,224	$ 4,567,360

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

The Company’s board of directors resolved to retire some of the treasury shares on May 6, 2021, stipulating the base date for capital reduction as June 27, 2021. Treasury shares were retired at the amount of 10,000 thousand shares. The amount of share capital was 4,567,360 thousand, and the registration was completed in July 2021.

As of December 31, 2022, the holders of the Company's unsecured domestic convertible bonds had applied for conversion into the amount of 386 thousand Company's ordinary shares.

b. Capital surplus

The premium from shares issued in excess of par (share premium from issuance of ordinary shares, bond conversion and treasury shares transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company’s capital surplus and once a year).

The capital surplus from adjustment from changes in equity of associates may only be used to offset a deficit.

The capital surplus from employee share options and convertible bonds share options may not be used for any purpose.

c. Retained earnings and dividends policy

The Company explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each quarter of the fiscal year.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a quarter, the profit shall be first utilized for paying taxes, offsetting losses of previous years, paying employee retention credits, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan. The distribution of cash dividends should be resolved by the Company’s board of directors, while the distribution of share dividends should be resolved by the shareholders in their meeting.

When the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan. The distribution of share dividends should be resolved by the shareholders in their meeting. In accordance with Article 240, paragraph 5 of the Company Act, the distribution of cash dividends should be resolved by a majority of the directors present at a meeting of the board of directors attended by at least two-thirds of the total number of directors. The Company's Articles also stipulate a dividends policy whereby the payment of cash dividends takes precedence over the issuance of share dividends.

The Company's Articles stipulate a dividends policy whereby the payment of cash dividends takes precedence over the issuance of share dividends before the amendment. The Company amended the Article on August 23, 2021, which stipulated that the Company's dividend policy is designed to meet present and future development projects and consideration of the investment environment, funding requirements, international, domestic competitive conditions and shareholders' interests simultaneously. The distribution of dividends could be either cash or shares, while cash dividends shall not be less than 50% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	$ 70,670	$ 26,840
Special reserve	$ (84,105)	$ (3,136)
Cash dividends	$ 630,570	$ 180,163
Cash dividends per share (NT$)	$ 1.4	$ 0.4

Cash dividends were approved by board of directors on February 24, 2022 and January 28, 2021, respectively. Other appropriations of earnings were approved by the shareholders in the shareholders' meetings on May 26, 2022 and August 23, 2021, respectively.

Cash dividends were to be approved by the board of directors in April 2023. Other appropriations of earnings were to be approved by the shareholders in the shareholders' meeting in May 2023.

d. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)	Shares Transferred to Employees (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2022	10,666	6,329	16,995
Increase during the year	1,355	-	1,355
Decrease during the year	(2,494)	-	(2,494)
Number of shares at December 31, 2022	9,527	6,329	15,856
Carrying amount of shares at December 31, 2022	$ 122,176	$ 99,735	$ 221,911

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)	Shares Transferred to Employees (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2021	40,513	16,329	56,842
Increase during the year	108	-	108
Decrease during the year	(29,955)	(10,000)	(39,955)
Number of shares at December 31, 2021	10,666	6,329	16,995
Carrying amount of shares at December 31, 2021	$ 134,190	$ 99,735	$ 233,925

For the years ended December 31, 2022 and 2021, subsidiaries sold 2,494 thousand and 29,955 thousand, respectively shares of the Company for $75,507 thousand and $777,630 thousand, respectively.

The Company's treasury shares which were bought back on May 7, 2018, were not transferred to employees after the 3-year duration. The board of directors resolved to retire the treasury shares on May 6, 2021, and the base date of capital reduction was on June 27, 2021. The Company cancelled 10,000 treasury shares, and the share capital and additional paid-in capital decreased by $100,000 thousand and $90,694 thousand, respectively.

For information on the shares of the Company held by its subsidiaries, please refer to Table 3.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The shares held by subsidiaries were accounted for as treasury shares.

23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following items:

a. Other income

	For the Year Ended December 31	
	2022	2021
Government grants	$ 35,745	$ 52,121
Dividends income	8,380	5,763
Rental income	64,207	32,991
Sale of electricity	13,042	-
Others	27,497	32,195
	$ 148,871	$ 123,070

b. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 174,145	$ 174,521
Amortization of long-term borrowing costs	6,888	6,888
Interest on lease liabilities	1,051	1,198
Interest on bonds payable	38,685	1,837
Less: Amount included in the cost of qualifying assets	(49,658)	(41,866)
	$ 171,111	$ 142,578

Information on capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	$ 49,658	$ 41,866
Capitalization rate	1.14%-1.68%	1.20%-1.80%

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets designated as at FVTPL	$ (12,611)	$ (49,500)
Gain on disposal of associates	160,573	3,565
Gain on disposal of property, plant and equipment	5,642	4,338
Net foreign currency exchange gains	654,016	158,831
Net foreign currency exchange losses	(557,564)	(152,775)
Others	(101,204)	(15,202)
	$ (148,852)	$ (50,743)

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 326,541	$ 383,831
Operating expenses	30,780	60,232
Other losses	69,515	6,493
	$ 426,836	$ 450,556

	2022	2021
An analysis of amortization by function		
Operating costs	$ 252	$ 325
Operating expenses	460	781
	$ 712	$ 1,106

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Defined contribution plan	$ 40,802	$ 40,557
Defined benefit plan	3,117	2,531
Other employee benefits	1,236,954	1,050,917
	$ 1,280,873	$ 1,094,005
An analysis by function		
Operating costs	$ 859,366	$ 724,545
Operating expenses	421,507	369,460
	$ 1,280,873	$ 1,094,005

f. Compensation of employees and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. On February 23, 2023 and February 24, 2022, the employees' compensation and the remuneration of directors and supervisors were as follows:

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 50,000	$ -	$ 20,000	$ -
Remuneration of directors and supervisors	25,000	-	14,000	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	$ 486,265	$ 154,324
Income tax on unappropriated earnings	3,704	476
Adjustments for prior year	(10,237)	(427)
	479,732	154,373
Deferred tax		
Effect on preferential rate	-	(4,278)
In respect of the current period	14,774	30,800
Income tax expense recognized in profit or loss	$ 494,506	$ 180,895

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 2,592,521	$ 1,018,195
Income tax expense calculated at the statutory rate	$ 518,504	$ 203,639
Nondeductible expenses in determining taxable income	(3,001)	(10,696)
Investment income of foreign operations	40,971	24,042
Tax-exempt income	(37,631)	(22,198)
Effect on preferential rate	-	(4,278)
Unrecognized loss carryforwards and deductible temporary differences	-	(801)
Income tax on unappropriated earnings	3,704	476
Current investment credit	(11,339)	(26,200)
Adjustments for prior year	(10,237)	(427)
Effect of different tax rates of group entities operating in other jurisdictions	6,465	17,338
Income tax expense recognized in profit or loss	$ 494,506	$ 180,895

b. Deferred tax assets and liabilities

The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Recognized in Equity	Loss of Control of Subsidiaries	Closing Balance
Temporary differences							
Unrealized foreign exchange loss	$ 908	$ (852)	$ -	$ -	$ -	$ -	$ 56
Unrealized gains with subsidiaries	796	(79)	-	-	-	-	717
Defined benefit obligation	29,500	(2,695)	(310)	-	-	-	26,495
Payable for annual leave	9,426	547	-	-	-	-	9,973
Allowance for impairment loss	28,239	2,325	-	-	-	-	30,564
Property, plant and equipment	35,153	-	-	-	-	-	35,153
Others	18,700	19,989	-	555	41	-	39,285
	$ 122,722	$ 19,235	$ (310)	$ 555	$ 41	$ -	$ 142,243

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Recognized in Equity	Loss of Control of Subsidiaries	Closing Balance
Temporary differences							
Unrealized foreign exchange gains	$ 1,297	$ 645	$ -	$ -	$ -	$ -	$ 1,942
Investment gain on foreign operations	108,208	31,860	-	-	-	-	140,068
Others	4,709	1,504	-	-	-	-	6,213
	$ 114,214	$ 34,009	$ -	$ -	$ -	$ -	$ 148,223

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Loss of Control of Subsidiaries	Closing Balance
Temporary differences						
Unrealized foreign exchange loss	$ 181	$ 781	$ -	$ -	$ (54)	$ 908
Unrealized gains with subsidiaries	512	284	-	-	-	796
Defined benefit obligation	25,651	(2,795)	6,804	-	(160)	29,500
Payable for annual leave	9,496	521	-	-	(591)	9,426
Allowance for impairment loss	60,004	(17,821)	-	-	(13,944)	28,239
Property, plant and equipment	35,153	-	-	-	-	35,153
Others	12,181	13,493	-	-	(6,974)	18,700
	143,178	(5,537)	6,804	-	(21,723)	122,722
Loss carryforwards	16,440	(440)	-	-	(16,000)	-
	$ 159,618	$ (5,977)	$ 6,804	$ -	$ (37,723)	$ 122,722

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Loss of Control of Subsidiaries	Closing Balance
Temporary differences						
Unrealized foreign exchange gains	$ 1,236	$ 167	$ -	$ -	$ (106)	$ 1,297
Investment gain on foreign operations	92,721	15,487	-	-	-	108,208
Others	53	4,891	-	(235)	-	4,709
	$ 94,010	$ 20,545	$ -	$ (235)	$ (106)	$ 114,214

c. Income tax assessments

The Company's tax returns through 2018 and 2020 have been assessed by the tax authorities, and the Group agrees with the assessment.

25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Group	$ 2,018,769	$ 751,575
Effect of dilutive potential ordinary shares:		
Employees' compensation	-	-
Interest on convertible bonds (after tax)	13,307	-
Earnings used in the computation of diluted earnings per share from continuing operations	$ 2,032,076	$ 751,575

Shares (In Thousands)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	446,847	441,345
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,474	992
Convertible bonds	33,701	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	482,022	442,337

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. DISPOSAL OF SUBSIDIARIES

The Group lost its control over S-Tech Corp. after the re-election of directors on August 23, 2021. S-Tech Corp. was not be included in the consolidated financial statements as of that date, and the remaining equity was reclassified to investments accounted for using the equity method.

a. Analysis of assets and debt of S-Tech Corp.

	S-Tech Corp.
Current assets	
Cash and cash equivalents	$ 276,474
Financial assets at fair value through profit or loss - current	39,377
Notes receivable	5,669
Trade receivables	188,923
Other receivables	6,982
Inventories	839,663
Other current assets	179,678
Non-current assets	
Financial assets at fair value through other comprehensive income - non-current	34,694
Investments accounted for using the equity method	107,320
Property, plant and equipment	848,615
Right-of-use assets	96,068
Investment properties	99,864
Deferred tax assets	37,723
Prepayments for equipment	678
Other non-current assets	9,327
Current liabilities	
Short-term borrowings	(5,868)
Notes payable	(2,642)
Trade payables	(337,816)
Other payables	(22,307)
Lease liabilities - current	(34,952)
Current portion of long-term borrowings	(38,202)
Other current liabilities	(246,751)
Non-current liabilities	
Long-term borrowings	(632,080)
Deferred tax liabilities	(106)
Lease liabilities - non-current	(61,719)
Net defined benefit liabilities - non-current	(850)

Other non-current liabilities	(24,005)
Net disposal assets	$ 1,363,757

b. Gain on disposal of subsidiaries

	S-Tech Corp.
Proceeds	$ -
Net disposal assets	(1,363,757)
Non-controlling interests	1,007,863
Carrying amount of residual equity	355,894
Gain on disposal	$ -

c. Net cash outflow of disposal of subsidiaries

	S-Tech Corp.
Proceeds	$ -
Less: The balance of cash and cash equivalents after disposal	276,474
	$ (276,474)

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2021, the Group acquired additional shares of Homkom Precision Industry Corp. in the amount of $32,080 thousand, increasing its continuing interest from 84% to 100%, and completed the business combination.

In March 2021, the Group acquired additional shares of Alloy Tool Steel Inc. in the amount of $14,389 thousand, increasing its continuing interest from 85% to 100%.

In 2021, the Group did not acquire additional shares of issued by S-Tech Corp. based on shareholdings and disposed of shares of S-Tech Corp, decreasing its continuing interest from 30% to 26%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the predictable future.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests.).

The Group is not subject to any externally imposed capital requirements. However, the financial ratio restrictions stipulated in the loan contract are also included in the consideration of the Group's optimal capital structure.

The management of the Group re-examines the capital structure quarterly, and the inspection includes consideration of the cost of various types of capital and related risks. The Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, and issuing new debts or repaying old debts based on the recommendations of key management personnel.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 229,398	$ -	$ -	$ 229,398
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 826,879	$ 826,879
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 52,879	$ -	$ -	$ 52,879

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				

Listed shares and emerging market shares	$ 298,783	$ -	$ -	$ 298,783
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 450,324	$ 450,324
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 72,498	$ -	$ -	$ 72,498

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	$ 450,324
Recognized in profit or loss (included in other losses)	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-
Net changes in trade receivables	376,555
Balance at December 31, 2022	$ 826,879

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	$ 185,355
Recognized in profit or loss (included in other losses)	1,217
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	(1,217)
Net changes in trade receivables	264,969
Balance at December 31, 2021	$ 450,324

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The future cash flows of trade receivables at FVTOCI are estimated using the discounted cash flow method based on trade receivables at the end of the period, discounted at a rate that reflects the credit risk of the transaction. Valuation of unlisted shares are determined by using the market approach and adjusted for the impact of the lack of market liquidity discount.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (Remark 1)	$ 4,723,689	$ 3,272,844
FVTPL		
Equity instruments	52,879	72,498
Financial assets at FVTOCI		
Equity instruments	230,853	300,238
Debt instruments	826,879	450,324
Financial liabilities		
Financial liabilities at amortized cost (Remark 2)	12,270,540	11,700,806

Remark 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, refundable deposits and restricted deposits.

Remark 2: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings (including current portion), short-term bills payable, trade and other payables, bonds payable and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There were no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency exchange risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency exchange risk. Approximately over 50% of the Group's sales is denominated in currencies other than the functional currency of the Group, whilst the cost of raw materials imported from abroad is denominated in currencies other than the functional currency of the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 36. The carrying amounts of the Group's derivative financial instruments exposed to foreign currency risk is immaterial.

Sensitivity analysis

The Group was mainly exposed to the Currency USD and Currency CNY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. The sensitivity analysis also included borrowings denominated in non-functional currencies. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	For the Year Ended December 31	
	2022	2021
CNY impact	$ 5,027	$ 9,666
USD impact	$ 12,504	$ 8,468
EUR impact	$ 7,044	$ 4,328
GBP impact	$ 6,258	$ 4,097

The result was mainly attributable to the exposure on outstanding receivables, payables and borrowing in foreign currency that were not hedged at the end of the reporting period.

The management believes that the sensitivity analysis could not represent the inherent risk of foreign currency risk, since the exposure of foreign currency risk at the end of the reporting period could not reflect foreign currency risk exposure during the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 966,732	$ 13,275
Financial liabilities	4,423,661	1,806,986
Cash flow interest rate risk		
Financial assets	1,084,322	635,785
Financial liabilities	6,833,747	9,110,182

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 10 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $5,749 thousand and $8,474 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in Taiwan.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 10% higher/lower, pre-tax/post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $23,085 thousand and $30,024 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by $5,288 thousand and $7,250 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The policy adopted by the Group is to conduct transactions with creditworthy counterparty, and to use publicly available financial information and mutual transaction records to conduct credit evaluations on the customers.

In addition, the credit risk is limited, since the counterparty of the liquidity transaction is a bank with good credit.

The accounts receivable cover many customers, scattered in different industries and geographic regions. The Group evaluates the financial status of accounts receivable customers continuously.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities with $5,711,017 thousand and $5,528,578 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 779,927	$ 131,845	$ 565,918	$ -	$ -
Lease liabilities	641	1,282	5,555	16,952	29,572
Liabilities instruments	308,009	875,424	1,788,622	7,059,091	1,622,583
	$ 1,088,577	$ 1,008,551	$ 2,360,095	$ 7,076,043	$ 1,652,155

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 7,478	$ 16,952	$ 9,193	$ 20,379

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 524,349	$ 94,090	$ 531,395	$ -	$ -
Lease liabilities	695	1,300	5,674	23,135	61,509
Liabilities instruments	806,873	553,674	1,914,070	6,471,304	1,532,333
	$ 1,331,917	$ 649,064	$ 2,451,139	$ 6,494,439	$ 1,593,842

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 7,669	$ 23,135	$ 14,284	$ 46,685

e. Transfers of financial assets

Factored trade receivables at the end of the year were as follows:

December 31, 2022

Counterparty	Receivables Factoring Proceeds Balance, Beginning of Period	Receivables Factoring Proceeds	Cash Received of Factoring Proceed	Receivables Factoring Proceeds Balance, End of Period	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Financial institution	$ -	$ -	$ -	$ -	$ -	-
	EUR 665	EUR 17,871	EUR 14,641	EUR 3,895	EUR -	-
	GBP 1,498	GBP 10,244	GBP 9,469	GBP 2,273	GBP -	-
	USD 15,984	USD 94,730	USD 98,283	USD 12,431	USD 3,291	5
	AUD 81	AUD 1,756	AUD 1,125	AUD 712	AUD -	-
	JPY -	JPY 14,187	JPY 14,187	JPY -	JPY -	-

December 31, 2021

Counterparty	Receivables Factoring Proceeds Balance, Beginning of Period		Receivables Factoring Proceeds		Cash Received of Factoring Proceed		Receivables Factoring Proceeds Balance, End of Period		Advances Received - Used		Annual Interest Rates on Advances Received (Used) (%)
Financial institution	$	7,782	$	-	$	7,782	$	-	$	-	-
	EUR	584	EUR	4,465	EUR	4,384	EUR	665	EUR	-	-
	GBP	892	GBP	4,567	GBP	3,961	GBP	1,498	GBP	-	-
	USD	5,692	USD	63,677	USD	53,385	USD	15,984	USD	4,816	1
	AUD	454	AUD	850	AUD	1,223	AUD	81	AUD	-	-
	JPY	-	JPY	8,195	JPY	8,195	JPY	-	JPY	-	-

The Company has factoring agreements with financial institutions. The credit limit is US$10,000 thousand for both 2022 and 2021 and the credit can be recycled.

Pursuant to the Group’s factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties were disclosed below.

a. Related parties and relationships

Related Party	Relationship
Forcera Materials Co., Ltd.	Associate
S-Tech Corp.	Associate (Remark 1)
Solar Applied Materials Technology Corp.	Related party in substance (Remark 2)
Chun Yu Works & Co., Ltd.	Related party in substance
Chun Zu Machinery Industry Co., Ltd.	Related party in substance
Chun Yu Bio-Tech Corp.	Related party in substance
Chun Bang Precision Co., Ltd.	Related party in substance
Taiwan Steel Group Aerospace Additive Manufacturing Corporation	Related party in substance
Tsg Transport Corp.	Related party in substance
Tsg Environmental Technology Corp.	Related party in substance
Tsg Sports Marketing Co., Ltd.	Related party in substance
Ofco Industrial Corporation	Related party in substance
Tsg Hawks Baseball Co., Ltd.	Related party in substance
Chen Yongxin, Lin Jiahong, Hou Wenxing, Chen Zhengxiang, Kang Yongchang, Chen Liling, Lin Yongjin, Wang Qingfu, Guo Zheliang	Related party in substance

(Concluded)

Remark 1: S-Tech Corp. will not be included in consolidated financial statement, as the Company lost its control on August 23, 2021.

Remark 2: Solar Applied Materials Technology Corp. has not been a related party in substance since Taiwan Steel Group United Co., Ltd. resigned as a director of Solar Applied Materials Technology Corp. on March 8, 2022.

b. Sales of goods

Related Party Category	For the Year Ended December 31 2022	2021
Associate	$ 374,985	$ 88,610
Related party in substance	260	3,578
	$ 375,245	$ 92,188

The payment term of the related parties is 30 to 60 days. There were no significant differences in transaction terms between related parties and third parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2022	2021
Associate	$ 472,555	$ 238,520
Related party in substance	128,141	8,458
	$ 600,696	$ 246,978

The payment term to the related parties is 30 days. There were no significant differences in transaction terms between related parties and third parties.

d. Operating expenses and non-operating income and expenses

Account Item	Related Party Category	For the Year Ended December 31 2022	2021
Operating expenses	Associate	$ 771	$ 134
	Tsg Transport Corp.	680,657	533,568
	Related party in substance	15,565	1,861
		$ 696,993	$ 535,563
Manufacturing costs	Associate	$ 14,738	$ 30,566
	Related party in substance	23,275	31
		$ 38,013	$ 30,597

Non-operating income and expenses	S-Tech Corp.	$ 59,347	$ 13,449
	Associate	95	40
	Related party in substance	7,060	52
		$ 66,502	$ 13,541

e. Receivables from related parties (excluding loans to related parties)

Account Item	Related Party Category	December 31 2022	December 31 2021
Trade receivables to related parties	Associate	$ 81,763	$ 33,207
	Related party in substance	$ -	$ 3,090
Other receivables	Associate	$ 8,224	$ 5,029
	Related party in substance	$ 1,115	$ 55

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding loans from related parties)

Account Item	Related Party Category	December 31 2022	December 31 2021
Accounts payable	Associate	$ 32,928	$ 72,152
	Related party in substance	19,058	7,825
		$ 51,986	$ 79,977
Other payables	Associate	$ -	$ 4,877
	Related party in substance	18,657	19,161
		$ 18,657	$ 24,038

The outstanding of trade receivables from related parties are unsecured.

g. Other assets

Account Item	Related Party Category	December 31 2022	December 31 2021
Other current assets	Related party in substance	$ 1,740	$ 102
Prepayments for equipment	Related party in substance	$ 494	$ 434

h. Acquisition of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2022	Proceeds For the Year Ended December 31 2021
Related party in substance	$ 570	$ 15,610

i. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2022	Proceeds For the Year Ended December 31 2021	Gain (Loss) on Disposal For the Year Ended December 31 2022	Gain (Loss) on Disposal For the Year Ended December 31 2021
Related party in substance	$ 3,798	$ -	$ 3,798	$ -

j. Acquisition of financial assets

December 31, 2021

Related Party Category	Account Item	Transaction Shares (In Thousands)	Transaction Subject	Proceeds
Related party in substance	Investments accounted for using the equity method (Remark)	170	Homkom Precision Industry Corp.	$1,353

Remark: Eliminated at the date of business combination.

k. Endorsements and guarantees provided by the Group (Refer to Table 2)

Related Party Category	December 31 2022	December 31 2021
Associate	$ 10,000	$ 10,000

l. Remuneration of key management personnel

For the Year Ended December 31

	2022	2021
Short-term benefits	$ 96,053	$ 83,791
Post-employment benefits	1,214	922
	$ 97,267	$ 84,713

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

m. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2022	2021
Acquisition of right-of-use assets		
Associate	$ -	$ 26,857

Account Item	Related Party Category	December 31 2022	2021
Lease liabilities	Associate	$ -	$ 27,180

	For the Year Ended December 31 2022	2021
Interest expense		
Associate	$ 125	$ 181

n. Other

Due to the loss of control of S-Tech Corp., the land and buildings originally leased to S-Tech Corp. were reclassified from property, plant and equipment to investment properties. Refer to Note 15 for the information of relevant amounts.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowing:

	December 31 2022	2021
Restricted deposits (classified as other current assets)	$ 18,101	$ 53,553
Demand deposit (classified as refundable deposits)	112,000	275,200
Pledged certificate of deposit (classified as refundable deposits)	13,166	12,686
Land	2,500,478	2,215,855

Buildings, net	978,452	953,318
Machinery and equipment, net	640,730	708,046
	$ 4,262,927	$ 4,218,658

Except for assets pledged as collateral or for security listed above, the subsidiaries pledged the Company's shares for bank loans. The amount was $0 thousand and $67,800 thousand for December 31, 2022 and 2021, respectively.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2022	2021
USD	$ 199	$ 387
EUR	$ 9,533	$ -
CNY	$ 434	$ -

b. As of December 31, 2022 and 2021, unrecognized commitments for purchases of machinery and equipment and plant were as follows:

Total commitment price

	December 31	
	2022	2021
NTD	$ 2,239,587	$ 1,902,177
EUR	$ 9,507	$ 47,290
USD	$ 6,959	$ 6,634
JPY	$ 193,700	$ 193,700
CNY	$ 83,851	$ 80,774
VND	$ 1,582,038	$ -
CHF	$ 272	$ -

Payment paid as commitment progress

	December 31	
	2022	2021
NTD	$ 1,752,907	$ 1,458,360
EUR	$ 2,417	$ 33,927
USD	$ 6,615	$ 6,287
JPY	$ 193,700	$ 176,697

CNY	$ 65,078	$ 58,895
VND	$ 1,099,867	$ -
CHF	$ 156	$ -

c. As of December 31, 2022 and 2021, $2,346,900 thousand and $2,300,760 thousand of issued bills were used for deposit guarantees of financing lines. They can be cancelled when the guarantee obligations are terminated

33. SIGNIFICANT LOSSES FROM DISASTERS: NONE

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 12, 2023, the board of directors resolved to sell S350 forging plant and finishing plant at carrying amount as of January 31, 2023 to S-Tech Corp. to meet the need of the overall operation planning. The sale amount was approximately $207,438 thousand.

In February 2023, the Company purchased 3,900 thousand shares of Ho Yang Investment Corp. from S-Tech Corp. The purchase amount was $57,954 thousand.

To promote the sports activities and the development of Taiwan’s sports industry, the board of directors resolved to donate the amount of $35,000 thousand to Tsg Hawks Baseball Co., Ltd. through the sports administration dedicated account.

35. OTHER ITEMS

Since the outbreak of the COVID-19 pandemic in late January 2020, the global environment has exhibited an unstable trend with the spread of the pandemic worldwide and the successive implementation of lockdown measures by many countries. The Group has therefore taken measures to adjust its product portfolio for stabilization of its business, and is actively maintaining business relationships with customers and suppliers and strengthening cost control measures in order to mitigate the impact on its operations. However, the current situation is still highly uncertain. Therefore, the Group will continue to monitor the development of the pandemic in order to promptly respond to the impact of the pandemic on the Group’s business and financial status.

36 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 47,857	30.710 (USD:NTD)	$ 1,469,679

USD	3,289	6.9669 (USD:CNY)	100,992
USD	21	25,380 (USD:VND)	650
EUR	10,320	32.720 (EUR:NTD)	337,658
AUD	1,175	20.830 (AUD:NTD)	24,467
GBP	5,474	37.090 (GBP:NTD)	203,047
JPY	41,039	0.2324 (JPY:NTD)	9,537
CNY	41,718	4.4080 (CNY:NTD)	183,893
Financial liabilities			
Monetary items			
USD	38,934	30.710 (USD:NTD)	1,195,653
USD	3,279	6.9669 (USD:CNY)	100,683

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
USD	$ 811	25,380 (USD:VND)	$ 24,909
EUR	6,014	32.720 (EUR:NTD)	196,782
GBP	2,100	37.090 (GBP:NTD)	77,889
JPY	11,162	0.2324 (JPY:NTD)	2,594
CNY	18,908	4.4080(CNY:NTD)	83,349

(Concluded)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 44,250	27.680 (USD:NTD)	$ 1,224,835
USD	482	6.3720 (USD:CNY)	13,335
USD	100	22,876 (USD:VND)	2,770
EUR	4,967	31.320 (EUR:NTD)	155,573
AUD	88	20.080 (AUD:NTD)	1,771
GBP	2,497	37.300 (GBP:NTD)	93,127
JPY	17,218	0.2405 (JPY:NTD)	4,141
CNY	58,739	4.3440 (CNY:NTD)	255,162
Financial liabilities			
Monetary items			
USD	35,419	27.680 (USD:NTD)	980,399

USD	2,049	6.3720 (USD:CNY)	56,726
USD	1,245	22,876 (USD:VND)	34,356
EUR	2,203	31.320 (EUR:NTD)	69,005
GBP	300	37.300 (GBP:NTD)	11,190
JPY	6,101	0.2405 (JPY:NTD)	1,467
CNY	14,237	4.3440 (CNY:NTD)	61,847

The following information was aggregated by the functional currencies of the Group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805 (USD:NTD)	$ (6,334)	28.009 (USD:NTD)	$ 1,576
VND	0.00126 (VND:NTD)	(1,487)	0.00116 (VND:NTD)	(10)
NTD	1 (NTD:NTD)	112,824	1 (NTD:NTD)	2,067
CNY	4.422 (CNY:NTD)	(8,551)	4.341 (CNY:NTD)	2,423
		$ 96,452		$ 6,056

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 6)

b. Information on investees (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: (Table 10)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments under IFRS 8 “Operating Segments” were as follows:

a. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments:

	Operating Segment Revenue		Operating Segment Income	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
The Company	$ 11,265,158	$ 7,820,211	$ 2,014,786	$ 732,913
S-Tech Corp. (Remark)	-	538,075	-	2,843
Golden Win Steel Industrial Corp.	1,573,873	1,459,626	162,976	158,229
Faith Easy Enterprises Ltd.	1,225,784	1,721,703	126,177	121,213
Others	1,667,759	851,053	101,004	10,041
Continuing operations amounts	15,732,574	12,390,668	2,404,943	1,025,239
Less: Eliminations	(3,367,257)	(3,619,724)	10,018	48,813
Revenue/income from external customers	$ 12,365,317	$ 8,770,944	2,414,961	1,074,052
Interest income			6,154	1,893
Other income			148,871	123,070
Other gains and losses			148,852	(50,743)
Finance costs			(171,111)	(142,578)
Share of profit or loss of associates			44,794	12,501
Profit from operations			$ 2,592,521	$ 1,018,195

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Remark: S-Tech Corp. was not included in the consolidated financial statements since the Group lost its control on August 23, 2021.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2022	2021
Stainless steel	$ 7,120,234	$ 4,552,309
Alloy steel	4,858,805	3,767,280
Others	386,278	451,355
	$ 12,365,317	$ 8,770,944

c. Geographical information

The Group operates in four principal geographical areas - Taiwan, China and the United States (USA).

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	$ 2,678,837	$ 2,068,898	$ 12,271,578	$ 11,996,358
USA	3,554,321	1,954,785	1,673	2,304
China	1,360,821	995,956	246,864	279,533
Others	4,771,338	3,751,305	21,474	20,366
	$ 12,365,317	$ 8,770,944	$ 12,541,589	$ 12,298,561

Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets.

d. Information on major customers

The Group does not have income from a single customer that accounts for more than 10% of the income of the consolidated income statement.

TABLE 1

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Guangzhou Goldway Special Material Co., Ltd.	Other receivables	Yes	$ 44,094	$ 15,433	$ 28,661	3.7	b	$ -	For working capital	$ -	-	$ -	$ 225,574 (Note 7)	$ 225,574 (Note 7)	

Note 1: The numbers denote the following:

a. 0 represents the issuer
b. Investees are numbered starting from 1

Note 2: Receivables from related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: The limit on financing provided to others for the current year.

Note 4: The nature of financing is numbered as follows:

a. For companies with business relationships: 1
b. For companies with short-term financing needs: 2

Note 5: If the loan is made due to business relationships, the amount of the business transactions should be disclosed. The amount of business transactions refers to the amount of business transactions between the lender and the borrower in the most recent year.

Note 6: If the loan is made for short-term financing needs, the reason and purpose for the loan should be clearly described. For example, repayment of loans, acquisition of equipment, working capital, etc.

Note 7: a. The financing limit for each borrower is 40% of the lender' s net equity. For No. 0: $563,934 (net worth) × 40% ＝ $225,574.
b. The aggregate financing limit is 40% of the lender' s net equity. For No. 0: $563,934 (net worth) × 40% ＝ $225,574.

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Gloria Material Technology Corp.	Alloy Tool Steel Inc.	b	$ 2,285,612 (Note 3)	$ 23,200	$ 23,200	$ 23,200	$ -			Y	N	N	
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	2,285,612 (Note 3)	28,500	22,400	-	-			Y	N	Y	
		All Win Enterprises Ltd.	b	2,285,612 (Note 3)	177,000	177,000	-	-			Y	N	N	
		Xian Goldway Special Material Co., Ltd.	c	2,285,612 (Note 3)	101,050	101,050	61,729	-			Y	N	Y	
		Faith Easy Enterprises Ltd.	b	2,285,612 (Note 3)	84,000	30,000	-	-			Y	N	N	
		Guangzhou Goldway Special Material Co., Ltd.	c	2,285,612 (Note 3)	161,000	161,000	42,556	-			Y	N	Y	
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	2,285,612 (Note 3)	95,550	54,400	-	-			Y	N	Y	
		S-Tech Corp.	a	2,285,612 (Note 3)	10,000	10,000	-	10,000			N	N	N	
						$ 579,050	$ 127,485		6	$ 4,571,224 (Note 3)				
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	405,976 (Note 4)	20,000	$ 20,000	$ -	-	2	608,964 (Note 4)	N	N	N	

Note 1: The numbers denote the following:

a. 0 represents the issuer
b. Investees are numbered starting from 1

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is categorized as follows:

a. Business partner.
b. A subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.
c. An investee over which the Company and its subsidiary have a combined shareholding of more than fifty percent (50%).
d. A parent company that directly or indirectly through its subsidiary owns more than fifty percent (50%) of the investee.
e. Guaranteed by the Company according to the construction contract.
f. An investee company of which the guarantees were provided based on the Company's proportionate share in the investee company.

Note 3: The limit on endorsements/guarantees is calculated as follows:

a. The limit on endorsements or guarantees provided for each borrower is NT$4,571,224 (paid-in capital) × 50% = NT$2,285,612.

b. The aggregate endorsement/guarantee limit is NT$4,571,224 (paid-in capital) × 100% ＝ NT$4,571,224.

c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

Note 4: The limit on endorsements/guarantees is calculated as follows:

a. The limit on endorsements or guarantees provided for each borrower is NT$405,976 (paid-in capital) ×100%＝NT$405,976.

b. The aggregate endorsement/guarantee limit is NT$405,976 (paid-in capital) ×150%＝NT$608,964.

c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

Note 5: All intercompany gains and losses from investment have been eliminated upon consolidation

(Concluded)

TABLE 3

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
	Ordinary shares							
Gloria Material Technology Corp.	Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	219	$ 2,957	-	$ 2,957	
	CJW International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	251	2,815	-	2,815	
	Cameo Communications, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	854	8,796	-	8,796	
	OFCO Industrial Corporation	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	103	2,548	-	2,548	
	Zung-Fu Co., Ltd.	Parent company of the Company is the company's parent company's director	Financial assets at fair value through other comprehensive income - non-current	42	1,455	-	1,455	
	Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through profit or loss - current	41	554	-	554	
	D-Link Corporation	Chairman of the Company is the company's director	Financial assets at fair value through profit or loss - current	3,524	52,325	1	52,325	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	10	360	-	360	
	Taiwan Styrene Monomer Corporation	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	1,781	24,044	-	24,044	
	TMP Steel Corporation	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	1,786	40,087	3	40,087	
	Chun Yu Works & Co., Ltd.	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	500	11,996	-	11,996	
	D-Link Corporation	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	1,067	15,848	-	15,848	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,360	11,927	-	11,927	
	Taidoc Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	150	27,750	-	27,750	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	138	6,624	-	6,624	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
Ho Yang Investment Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	9,517	$ 353,558	2	$ 353,558	
	Taiwan Styrene Monomer Corporation	Chairman of the parent company of the Company is the company' s director	Financial assets at fair value through other comprehensive income - non-current	5,067	68,405	1	68,405	
	D-Link Corporation	Chairman of the parent company of the Company is the company' s director	Financial assets at fair value through other comprehensive income - non-current	377	5,601	-	5,601	

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities that fall within the scope in accordance with IFRS 9 "Financial Instruments."

Note 2: If the securities issuer is not a related party, the column is left blank.

Note 3: For securities measured at fair value, the carrying amount after fair value adjustments and deduction of accumulated impairment is indicated. For securities not measured at fair value, the carrying amount indicated is the original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: For information on investments in subsidiaries, please see Tables 7 and 8.

Note 5: All intercompany gains and losses from investment have been eliminated upon consolidation.

(Concluded)

TABLE 4

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

uyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Gloria Material Technology Corp.	Golden Win Steel Industrial Corp.	Subsidiary	Sale	$ 938,123	8	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	$ 54,770	3	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	Parent company	Purchase	938,123	79	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	54,770	67	
Gloria Material Technology Corp.	Alloy Tool Steel Inc.	Subsidiary	Sale	320,773	3	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	142,010	8	
Alloy Tool Steel Inc.	Gloria Material Technology Corp.	Parent company	Purchase	320,773	99	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	142,010	97	
Gloria Material Technology Corp.	All Win Enterprises Ltd.	Subsidiary	Sale	717,578	6	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	5,363	-	
All Win Enterprises Ltd	Gloria Material Technology Corp.	Parent company	Purchase	717,578	89	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	5,363	39	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	373,097	3	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	81,763	4	
	S-Tech Corp.	Associate	Purchase	382,160	5	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	22,275	3	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Affiliated company	Sale	261,187	70	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	77,804	79	
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	Affiliated company	Purchase	261,187	61	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	77,804	83	
All Win Enterprises Ltd	Guangzhou Goldway Special Material Co., Ltd.	Affiliated company	Sale	177,923	21	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	28,051	18	
Guangzhou Goldway Special Material Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	177,923	95	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	28,051	93	

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
All Win Enterprises Ltd	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	Affiliated company	Sale	$ 267,654	31	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	$ 25,366	16	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	All Win Enterprises Ltd.	Affiliated company	Purchase	267,654	79	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	25,366	90	
All Win Enterprises Ltd	Tianjin Goldway Special Material Co., Ltd.	Affiliated company	Sale	126,867	15	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	33,227	21	
Tianjin Goldway Special Material Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	126,867	86	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	33,227	96	
All Win Enterprises Ltd	Xian Goldway Special Material Co., Ltd.	Affiliated company	Sale	145,983	17	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	39,643	25	
Xian Goldway Special Material Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	145,983	76	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	39,643	100	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the remarks column.

Note 3: All intercompany gains and losses from investment, except associates, have been eliminated upon consolidation.

(Concluded)

TABLE 5

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	% to Total Revenue or Asset (Note 3)
0	Gloria Material Technology Corp.	Alloy Tool Steel Inc.	a	Trade receivables	$ 142,010	No significant difference	1
		Alloy Tool Steel Inc.	a	Sales revenue	320,773	No significant difference	3
		Faith Easy Enterprises Ltd.	a	Sales revenue	46,760	No significant difference	-
		Faith Easy Enterprises Ltd.	a	Other income	6,845	No significant difference	-
		Golden Win Steel Industrial Corp.	a	Trade receivables	54,770	No significant difference	-
		Golden Win Steel Industrial Corp.	a	Sales revenue	938,123	No significant difference	8
		All Win Enterprises Ltd.	a	Sales revenue	717,578	No significant difference	6
		All Win Enterprises Ltd.	a	Trade receivables	5,363	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	a	Sales revenue	5,995	No significant difference	-
1	Faith Easy Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	c	Sales revenue	6,683	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	17,640	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	6,531	No significant difference	-
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	c	Sales revenue	35,720	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	11,899	No significant difference	-
2	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	Trade receivables	24,618	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	c	Sales revenue	48,354	No significant difference	-
		Gloria Material Technology Corp.	b	Sales revenue	63,534	No significant difference	1
		Gloria Material Technology Corp.	b	Trade receivables	7,957	No significant difference	-
		All Win Enterprises Ltd.	c	Sales revenue	17,106	No significant difference	-
3	Xian Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	14,738	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	6,385	No significant difference	-
4	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	77,804	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	261,187	No significant difference	2
5	Guangzhou Goldway Special Material Co., Ltd.	Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	7,226	No significant difference	-

Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	% to Total Revenue or Asset (Note 3)
6	All Win Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	c	Sales revenue	$ 267,654	No significant difference	2
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd	c	Trade receivables	25,366	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Trade receivables	33,227	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	126,867	No significant difference	1
		Guangzhou Goldway Special Material Co., Ltd.	c	Trade receivables	28,051	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	177,923	No significant difference	1
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	7,104	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	98,316	No significant difference	1
		Xian Goldway Special Material Co., Ltd.	c	Trade receivables	39,643	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Sales revenue	145,983	No significant difference	1

Note 1: The information on the business transactions between the parent company and its subsidiaries should be indicated in the serial number column respectively, and the serial number should be filled in as follows:

a. Fill in 0 for the Company.
b. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: There are three types of relationship with the trader, just indicate the type:

a. Company to Subsidiary.
b. Subsidiary to Company.
c. Subsidiary to Subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount at the end of the period accounts for the total consolidated revenue.

Note 4: All intercompany gains and losses from investment have been eliminated upon consolidation.

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Note 2)	Share of Profit (Loss) (Note 2)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Shareholding Percentage	Carrying Amount			
Gloria Material Technology Corp.	Faith Easy Enterprises Ltd.	Samoa	General investment and trading	$ 192,558	$ 192,558	6,000	96	$ 669,381	$ 83,475	$ 80,105	Subsidiary
	Golden Win Steel Industrial Corp	Republic of China	Processing and trading of special steel, carbon steel, super alloy material rollers	283,933	283,933	18,726	46	449,218	145,860	66,776	Subsidiary
	Alloy Tool Steel, Inc.	USA	Sale of alloy steel	100,487	26,304	4,300	100	184,132	34,950	34,950	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	115,585	115,585	10,106	34	-	9,453	(1,068)	Subsidiary
	All Win Enterprises Ltd.	Seychelles	General investment	535,164	535,164	18,000	100	619,298	98,203	93,528	Subsidiary
	Rong Yang Investment Corp.	Republic of China	General investment	50,000	50,000	5,000	100	45,242	257	257	Subsidiary
	Gloria Material Technology Japan	Japan	Sale of alloy steel	2,232	2,232	-	100	1,352	(718)	(718)	Subsidiary
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	Samoa	General investment and trading	89,065	89,065	3,122	97	82,211	(3,108)	NA	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	99,208	99,208	8,447	28	97,562	9,453	NA	Subsidiary
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	Mauritius	General investment	US$ 18,000	US$ 18,000	18,000	100	563,934	45,042	NA	Subsidiary
Rainbow Shines Limited	Vietnam Goldway Special Material Co., Ltd.	Vietnam	Processing and trading of special steel, carbon steel, super alloy material rollers	US$ 3,000	US$ 3,000	-	100	91,061	816	NA	Subsidiary
Gloria Material Technology Corp.	S-Tech Corp.	Republic of China	Production and sales of titanium alloys	261,402	362,026	21,376	14	290,931	146,431	31,155	Associate
	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	32,692	55,124	2,490	10	44,155	47,774	8,454	Associate
Golden Win Steel Industrial Corp.	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	29,243	30,000	2,510	11	45,275	47,774	NA	Associate

Note 1: If the public company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the Company may only disclose relevant information of the holding company.

Note 2: For companies that do not belong to the type as described in Note 1, the information is disclosed as follows:

a. The columns of Investee Company, Location, Main Businesses and Products, Original Investment Amount and Number of Shares are filled out in order of the reinvestment situation of the public company and the reinvestment situation of each investee company that is directly or indirectly controlled. In the remarks column, the relationship between each investee and the public company (subsidiary/second-tier subsidiary) is disclosed.

b. The profit or loss of the investee company is disclosed in the column of Net Income (Loss) of the Investee.

c. The Company is only required to list the amount of profit or loss of each of subsidiary that the Company has directly invested in and each investee that is accounted for using the equity method. The rest of the information is exempt from disclosure.

Note 3: For information on investments in mainland China, please see Table 8.

Note 4: All intercompany gains and losses from investment have been eliminated upon consolidation.

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Guangzhou Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$3,000 thousand (paid-in capital of CNY24,856 thousand)	b	US$ 2,837 HK$ 700	$ -	$ -	US$ 2,837 HK$ 700	$ 13,338	96	Note 2 (2) $ 11,757	$ 182,798	$ -	
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$3,000 thousand (paid-in capital of CNY22,108 thousand)	b	- (Note 4)	-	-	- (Note 4)	42,229	96	Note 2 (2) 40,679	257,728	-	
Tianjin Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$3,300 thousand (paid-in capital of CNY26,719 thousand)	b	US$ 3,300	-	-	US$ 3,300	12,115	96	Note 2 (2) 11,480	155,698	18,007	
Xian Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$2,000 thousand (paid-in capital of CNY12,660 thousand)	b	- (Note 5)	-	-	- (Note 5)	16,555	96	Note 2 (2) 15,309	102,866	-	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital US$50,000 thousand (paid-in capital of CNY115,067 thousand)	b	US$ 18,000	-	-	US$ 18,000	45,070	100	Note 2 (2) 45,070	563,826	24,773	

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$ 24,137 HK$ 700	$ 936,655 (US$ 30,500)	$ 6,679,368 (Note 3)

Note 1: Methods of investment are classified as below:

a. Investments through a holding company registered in a third region

b. Reinvestments through a holding company set up in a third region

c. Reinvestments through a holding company existing in a third region

d. Direct investment

e. Others

Note 2: Investment gain or loss was recognized as a percentage of the shares held:

a. Companies that are still in the preparatory stage and therefore have no investment gain or loss should be disclosed.

b. Investment gain or loss recognized based on the following should be disclosed:

1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an accounting firm in the ROC.
2) Financial statements which were audited by the parent company's accounting firm.
3) Other financial statements which were not audited by the accounting firm.

Note 3: The upper limit on investments was 60% of the consolidated net asset value of the Group: $11,132,280 × 60%＝$6,679,368

Note 4: The amount represents the retained earnings received by Faith Easy Enterprises Ltd. from Guangzhou Goldway Special Material Co., Ltd., that was transferred to the share capital of Zhejiang Jiaxing Goldway Special Material Co., Ltd.

Note 5: The amount represents the retained earnings of Faith Easy Enterprises Ltd. transferred to the share capital of Xian Goldway Special Material Co., Ltd.

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	Percentage	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage		
Guangzhou Goldway Special Material Co., Ltd.	Sale	$ 157,118	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	$ 3,100	-	$ 319	Note 1
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Sale	77,000	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	359	-	-	Note 1
Tianjin Goldway Special Material Co., Ltd.	Sale	137,156	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	2,605	Note 1
Xian Goldway Special Material Co., Ltd.	Sale	145,102	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	7,202	Note 1
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Sale	274,402	2	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	5,749	-	17,131	Note 1

Note 1: The Company transacted with the above companies through Faith Easy Enterprises and All Win Enterprises Ltd. directly or indirectly.

Note 2: For information of the Company’ s endorsements and guarantees provided for the above companies, refer to Table 2.

TABLE 10

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Kings Asset Management Corp.	32,068,000	7.01

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Company based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gloria Material Technology Corp.

Opinion

We have audited the accompanying financial statements of Gloria Material Technology Corp. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company' s financial statements for the year ended December 31, 2022 is as follows:

Occurrence of Sales Revenue

The sales revenue of the Company mainly comes from the production and sale of special steel products such as high-functional materials, alloy steel and stainless steel. The products are utilized in various industries such as energy, aerospace, oil and gas, water, biomedicine, machine tools, molds and shipping. The revenue coming from products for specific industries is material to the financial statements as a whole and is significant to the Company' s business performance. Since sales to specific industries is the primary risk, we considered the occurrence of revenue as a key audit matter.

The audit procedures we performed included the following:

1. We obtained an understanding of and evaluated the accounting policies for the recognition of sales revenue.

2. We obtained an understanding of and tested the operating effectiveness of the internal controls in relation to the occurrence of sales revenue.

3. We selected samples of and performed tests on sales revenue transactions for the year ended December 31, 2022. We checked the relevant internal and external documents and confirmed that the products have been delivered. We also checked for discrepancies between the counterparty of the transaction and the counterparty of payment and for any abnormalities in the amounts collected after the reporting period.

Other Matter

We did not audit the financial statements of some investees accounted for using the equity method. The financial statements of the aforementioned investees accounted for using the equity method were audited by other accountant; our opinion, insofar as it relates to the related amounts included herein, is based solely on the reports of other auditors. The total amount of investments in these investees accounted for using the equity method was NT$290,931 thousand and NT$348,581 thousand, representing 1.2% and 1.7%, of the Company' s total assets as of December 31, 2022 and 2021, respectively, and the amount of the Company' s total share of comprehensive income of such associates was NT$40,153 thousand and NT$5,143 thousand, representing 2.0% and 0.7%, of the Company' s total comprehensive income for the year ended December 31, 2022 and 2021, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Min-Hsien Liu and Yung-Hsiang Chao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

GLORIA MATERIAL TECHNOLOGY CORP.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,949,371	8	$ 822,460	4
Financial assets at fair value through profit or loss - current (Note 7)	52,879	-	72,498	-
Notes receivable (Note 9)	49,546	-	41,430	-
Trade receivables (Note 9)	1,563,300	7	1,184,552	6
Trade receivables from related parties (Note 28)	283,906	1	253,439	1
Other receivables (Note 28)	102,444	1	195,890	1
Inventories (Note 10)	5,189,508	22	4,337,293	21
Other current assets (Notes 15, 28 and 29)	50,645	-	91,310	-
Total current assets	9,241,599	39	6,998,872	33
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	18,571	-	18,620	-
Investments accounted for using the equity method (Note 11)	2,303,709	10	2,102,729	10
Property, plant and equipment (Notes 12 and 29)	7,897,662	33	8,046,454	38
Right-of-use assets (Notes 13 and 28)	30,885	-	59,083	-
Investment properties (Notes 14 and 29)	613,930	3	348,345	2
Deferred tax assets (Note 22)	124,481	-	109,684	1
Prepayments for equipment (Note 28)	3,318,830	14	2,974,012	14
Other non-current assets (Notes 15 and 29)	177,528	1	332,679	2
Total non-current assets	14,485,596	61	13,991,606	67
TOTAL	$ 23,727,195	100	$ 20,990,478	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 1,310,481	5	$ 1,196,159	6
Short-term bills payable (Note 16)	20,000	-	270,000	1
Notes payable	391	-	187	-
Trade payables	651,461	3	524,449	3
Trade payables to related parties (Note 28)	50,938	-	71,955	-
Other payables (Notes 18 and 28)	662,589	3	490,750	2
Current tax liabilities	425,765	2	82,742	1
Lease liabilities - current (Notes 13 and 28)	1,430	-	2,381	-
Current portion of long-term bank borrowings (Notes 16 and 29)	1,211,877	5	1,290,052	6
Other current liabilities	133,889	1	54,728	-
Total current liabilities	4,468,821	19	3,983,403	19
NON-CURRENT LIABILITIES				
Bonds payable (Notes 17 and 29)	4,337,043	18	1,410,890	7
Long-term borrowings (Notes 16 and 29)	4,034,901	17	6,286,254	30
Deferred tax liabilities (Note 22)	137,652	1	104,529	-
Lease liabilities - non-current (Notes 13 and 28)	30,616	-	58,741	-
Net defined benefit liabilities - non-current (Note 19)	121,082	1	135,919	1
Other non-current liabilities	62,533	-	60,743	-
Total non-current liabilities	8,723,827	37	8,057,076	38
Total liabilities	13,192,648	56	12,040,479	57
EQUITY (Note 20)				
Share capital				
Ordinary shares	4,571,224	19	4,567,360	22
Capital surplus	2,178,236	9	2,027,062	9
Retained earnings				
Legal reserve	914,627	4	843,957	4
Special reserve	103,107	-	187,212	1
Unappropriated earnings	3,032,679	13	1,627,728	8
Total retained earnings	4,050,413	17	2,658,897	13
Other equity	(43,415)	-	(69,395)	-
Treasury shares	(221,911)	(1)	(233,925)	(1)
Total equity	10,534,547	44	8,949,999	43
TOTAL	$ 23,727,195	100	$ 20,990,478	100

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

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 28)	$ 11,265,158	100	$ 7,820,211	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 21 and 28)	(7,969,055)	(71)	(6,016,704)	(77)
GROSS PROFIT	3,296,103	29	1,803,507	23
UNREALIZED GROSS PROFIT ON TRANSACTIONS WITH SUBSIDIARIES	(91,031)	(1)	(78,075)	(1)
REALIZED GROSS PROFIT ON TRANSACTIONS WITH SUBSIDIARIES	78,075	1	27,336	-
REALIZED GROSS PROFIT	3,283,147	29	1,752,768	22
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	(887,418)	(8)	(785,409)	(10)
General and administrative expenses	(339,388)	(3)	(217,391)	(3)
Research and development expenses	(39,940)	-	(49,067)	(1)
Expected credit loss (recognized) reversed	(1,615)	-	32,012	1
Total operating expenses	(1,268,361)	(11)	(1,019,855)	(13)
PROFIT FROM OPERATIONS	2,014,786	18	732,913	9
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 28)				
Other income	107,941	1	121,433	2
Other gains and losses	152,317	1	(51,712)	(1)
Finance costs	(160,958)	(1)	(117,422)	(1)
Interest income	3,743	-	483	-
Share of profit of subsidiaries and associates	313,439	3	170,406	2
Total non-operating income and expenses	416,482	4	123,188	2
PROFIT BEFORE INCOME TAX	2,431,268	22	856,101	11
INCOME TAX EXPENSE (Note 22)	(412,499)	(4)	(104,526)	(1)
NET PROFIT FOR THE YEAR	2,018,769	18	751,575	10

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	$ 876	-	$ (34,624)	(1)
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(2,110)	-	7,597	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method - unrealized loss on investments in equity instruments at fair value through other comprehensive income	(8,063)	-	(9,712)	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method - remeasurement of defined benefit plans	394	-	224	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	(175)	-	6,925	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	38,375	-	(6,909)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	-	-	(1,217)	-
Other comprehensive income/(loss) for the year, net of income tax	29,297	-	(37,716)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,048,066	18	$ 713,859	9
EARNINGS PER SHARE (Note 23)				
Basic	$ 4.52		$ 1.70	
Diluted	$ 4.22		$ 1.70	

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

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		Capital Surplus								Retained Earnings			Other Equity			
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets	Employee Share Options	Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed	Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interests in Subsidiaries	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2021	$ 4,667,360	$ 221,392	$ 1,462,657	$ 353,747	$ 3,502	$ 4,925	$ 18,283	$ 794	$ 13,510	$ 817,117	$ 190,348	$ 1,124,897	$ (39,023)	$ (4,815)	$ (711,845)	$ 8,122,849
Appropriation of 2020 earnings																
Legal reserve	-	-	-	-	-	-	-	-	-	26,840	-	(26,840)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	(3,136)	3,136	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(180,163)	-	-	-	(180,163)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	751,575	-	-	-	751,575
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	(27,475)	(6,909)	(3,332)	-	(37,716)
Cancellation of treasury shares	(100,000)	(4,743)	-	(85,951)	-	-	-	-	-	-	-	-	-	-	190,694	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(926)	(926)
Disposal of the Company's shares held by subsidiaries	-	-	-	35,203	-	-	-	-	-	-	-	-	-	-	270,468	305,671
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,843	-	-	-	-	-	-	-	-	-	-	-	6,843
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	15,316	-	(15,316)	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	-	-	(18,283)	-	-	-	-	(32,718)	-	-	-	(51,001)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	15,183	-	-	-	-	-	17,684	32,867
BALANCE AT DECEMBER 31, 2021	4,567,360	216,649	1,462,657	309,842	3,502	4,925	-	794	28,693	843,957	187,212	1,627,728	(45,932)	(23,463)	(233,925)	8,949,999
Appropriation of 2021 earnings																
Legal reserve	-	-	-	-	-	-	-	-	-	70,670	-	(70,670)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	(84,105)	84,105	-	-	-	-
Share dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	-	(630,570)	-	-	-	(630,570)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	2,018,769	-	-	-	2,018,769
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	-	1,095	38,375	(10,173)	-	29,297
Conversion of corporate bonds to ordinary shares	3,864	-	9,400	-	-	(501)	-	-	-	-	-	-	-	-	-	12,763
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)
Disposal of the Company's shares held by subsidiaries	-	-	-	7,812	-	-	-	-	-	-	-	-	-	-	27,014	34,826
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,905	-	-	-	-	-	-	-	-	-	-	-	6,905
Equity component of convertible bonds issued by the Company	-	-	-	-	-	114,739	-	-	-	-	-	-	-	-	-	114,739
Adjustment from changes in equity of subsidiaries and associates	-	-	-	-	-	-	-	12,819	-	-	-	-	-	-	-	12,819
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	2,222	-	(2,222)	-	-
BALANCE AT DECEMBER 31, 2022	$ 4,571,224	$ 216,649	$ 1,472,057	$ 324,559	$ 3,502	$ 119,163	$ -	$ 13,613	$ 28,693	$ 914,627	$ 103,107	$ 3,032,679	$ (7,557)	$ (35,858)	$ (221,911)	$ 10,534,547

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

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,431,268	$ 856,101
Adjustments for:		
Depreciation expense	390,555	380,998
Amortization expense	579	787
Expected credit loss recognized (reversed) on trade receivables	1,615	(32,012)
Net loss on fair value changes of financial assets at fair value through profit or loss	14,556	43,849
Finance costs	160,958	117,422
Interest income	(3,743)	(483)
Dividend income	(1,220)	(2,080)
Share of the profit of subsidiaries and associates	(313,439)	(170,406)
Gain on disposal of property, plant and equipment	(5,796)	(217)
Expenses arising from property, plant and equipment	82,617	78,050
Gain on disposal of associates	(160,573)	(3,565)
Write-down of inventories	23,589	7,233
Unrealized gain on transactions with subsidiaries	91,031	78,075
Realized gain on transactions with subsidiaries	(78,075)	(27,336)
Net loss/(gain) on foreign currency exchange	84,011	(19,288)
Others	(719)	225
Changes in operating assets and liabilities		
Notes receivable	(8,034)	(16,670)
Trade receivables	(374,765)	(578,236)
Trade receivables - related parties	(30,467)	(27,545)
Other receivables	93,446	(57,419)
Inventory	(876,105)	(1,091,533)
Other current assets	6,890	(33,735)
Notes payable	204	(6)
Trade payables	126,757	330,541
Trade payables - related parties	(21,017)	54,034
Other payables	144,904	(445,523)
Other current liabilities	79,161	14,867
Net defined benefit liabilities	(13,961)	(14,614)
Cash generated from (used in) operations	1,844,227	(558,486)
Interest received	3,743	483
Dividends received	110,450	65,011
Interest paid	(118,103)	(107,569)
Income tax paid	(51,284)	-
Net cash generated from (used in) operating activities	1,789,033	(600,561)

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (3,547)	$ (51,644)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,486	114,048
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	3,064
Proceeds from disposal of financial assets at amortized cost	37,452	-
Purchase of financial assets at fair value through profit or loss	-	(90,228)
Proceeds from sale of financial assets at fair value through profit or loss	5,063	91,686
Acquisition of associates	(51,964)	-
Proceeds from disposal of associates	349,427	9,390
Net cash outflow on acquisition of subsidiary	-	(52,232)
Payments for property, plant and equipment	(912,355)	(802,160)
Proceeds from disposal of property, plant and equipment	5,908	489
Net cash inflow from business combination (Note 11)	-	21,013
Increase in other noncurrent assets	-	(254,135)
Decrease in other non-current assets	155,845	-
Net cash used in investing activities	(412,685)	(1,010,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	23,613	753,490
Proceeds from short-term bills payable	-	270,000
Repayments of short-term bills payable	(250,000)	-
Proceeds from issuance of bonds	3,024,680	1,470,334
Proceeds from long-term borrowings	1,153,400	1,256,363
Repayments of long-term borrowings	(3,489,816)	(1,554,264)
Repayments of principal of lease liabilities	(6,474)	(5,964)
Increase in other noncurrent liabilities	-	3
Decrease in other non-current liabilities	(88)	-
Dividends paid to owners of the Company	(630,570)	(180,163)
Acquisition of additional interests in subsidiaries	(74,182)	(177,716)
Net cash (used in) generated from financing activities	(249,437)	1,832,083
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,126,911	220,813
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	822,460	601,647
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,949,371	$ 822,460

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

GLORIA MATERIAL TECHNOLOGY CORP.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. ORGANIZATION AND OPERATIONS

Gloria Material Technology Corp. (the "Company") was incorporated in the Republic of China (ROC) in March 1993 and its shares have been trading on the Taiwan Stock Exchange since October 1998. The Company mainly engaged in the production and sale of special steel, carbon steel, alloy steel, super alloy and smelting of the raw materials of these products.

Taiwan Steel Group United Co., Ltd. is the parent company of the Company, and the ultimate parent company of the Company is Kings Asset Management Corp.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. ADMIT OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATION

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates and branches in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries and business combination

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and is adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries attributable to the Company.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at FVTOCI and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost and restricted deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and repurchase agreements collateralized by bills, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

l. Provisions

Provisions which derived from environmental cleanup are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

<u>Revenue from sale of goods</u>

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

n. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs or when the settlement occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 355	$ 70
Checking accounts and demand deposits	1,260,934	822,390
Cash equivalents		
Time deposits	100,000	-
Repurchase agreements collateralized by bills	588,082	-
	$ 1,949,371	$ 822,460

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2022	2021
Bank deposits	0.001%-1.05%	0.001%-0.1%
Repurchase agreements collateralized by bills	0.90%-0.92%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets at FVTPL - current		
Financial assets at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 52,879	$ 72,498

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	December 31	
	2022	2021
Non-current		
Domestic investments		
Listed shares	$ 17,116	$ 17,165
Unlisted shares	1,455	1,455
	$ 18,571	$ 18,620

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Gross carrying amount	$ 50,046	$ 41,850
Less: Allowance for impairment loss	(500)	(420)
	$ 49,546	$ 41,430

Trade receivables

At amortized cost		
Gross carrying amount	$ 740,005	$ 736,306
Less: Allowance for impairment loss	(3,584)	(2,078)
	736,421	734,228
At FVTOCI	826,879	450,324
	$ 1,563,300	$ 1,184,552

Trade Receivables

a. At amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, the GDP forecasts and industry outlook, as well as recent development of the COVID-19. The overdue trade receivables will be provided with an allowance of 0.0% to 0.1% and 0.0% to 0.5% and not past due trade receivables will be provided with an allowance of 0.1% to 100% and 0.5% to 100% as of December 31, 2022 and 2021, respectively.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's aging analysis:

	December 31	
	2022	2021
Not past due	$ 617,675	$ 657,145
Past due		
Past due within 60 days	114,782	76,132
Past due 61-120 days	3,934	1,109
Past due over 120 days	3,614	1,920
	$ 740,005	$ 736,306

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, at January 1	$ 2,078	$ 31,097
Add: Net remeasurement of loss allowance	1,535	-
Add: Business combination	-	1,966
Less: Net remeasurement of loss allowance	-	(30,985)
Less: Amounts written off	(29)	-
Balance, at December 31	$ 3,584	$ 2,078

b. At FVTOCI

The Company signed a contract with a bank to sell certain accounts receivable without recourse and transaction costs. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of trade receivables based on the Company's aging analysis:

	December 31	
	2022	2021
Not past due	$ 616,088	$ 335,106
Past due		
Past due within 60 days	204,216	115,218
Past due 61-120 days	6,575	-
Past due over 120 days	-	-
	$ 826,879	$ 450,324

The movements of the loss allowance of trade receivables at FVTOCI were as follows:

	December 31	
	2022	2021
Balance, beginning of period	$ -	$ 1,217
Add: Recognition	-	-
Less: Reversal	-	(1,217)
Balance, end of period	$ -	$ -

Notes Receivable

The following table details the loss allowance of notes receivable based on the Company's aging analysis:

	December 31	
	2022	2021
Not past due	$ 16,293	$ 6,984
Past due	33,753	34,866
	$ 50,046	$ 41,850

The movements of the loss allowance of notes receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, at January 1	$ 420	$ 225
Add: Net remeasurement of loss allowance	80	190
Add: Business combination	-	5
Balance, at December 31	$ 500	$ 420

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 1,066,605	$ 1,084,585
Supplies	177,506	197,668
Work in progress	2,294,155	2,057,103
Finished goods	1,148,642	735,641
Merchandise	7	7
Inventory in transit	502,593	262,289
	$ 5,189,508	$ 4,337,293

The nature of the cost of goods sold is as follows:

	December 31	
	2022	2021
Cost of inventories sold	$ 7,897,565	$ 5,932,589
Unamortized manufacturing expense	47,901	76,882
Inventory write-downs	23,589	7,233
	$ 7,969,055	$ 6,016,704

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	$ 1,968,623	$ 1,686,152
Investments in associates	335,086	416,577
	$ 2,303,709	$ 2,102,729

a. Investments in subsidiaries

	December 31	
	2022	2021
Listed companies		
S-Tech Corp. (Remark 1)	$ -	$ -
Unlisted companies		
Faith Easy Enterprises Ltd.	669,381	591,574
Golden Win Steel Industrial Corp.	449,218	424,994
Homkom Precision Industry Corp. (Remark 2)	-	-
Alloy Tool Steel Inc.	184,132	77,913
Ho Yang Investment Corp.	(1,878)	8,987
All Win Enterprises Ltd.	619,298	532,930
Rong Yang Investment Corp.	45,242	47,590
Gloria Material Technology Japan Co., Ltd.	1,352	2,164
	1,966,745	1,686,152
Add: Credit balance of investments accounted for using the equity method	1,878	-
	$ 1,968,623	$ 1,686,152

1) The Company had 26%-30% shareholding of S-Tech Corp. before the shareholders' meeting on August 23, 2021. Since S-Tech Corp. was a listed company in Taiwan, its remaining shares were held by thousands of shareholders, who are not related parties to the Group. Considering the voting right relative to other shareholders, the Company recognized its investment in S-Tech Corp. by using the equity method.

   The Company lost its control over S-Tech Corp. after the reelection of directors in the shareholders' meeting on August 23, 2021. S-Tech Corp. will not be included in the consolidated financial statements as of that date. Since the management considers the Company to have significant influence over S-Tech Corp., the Company reclassified the investment into investment in associate using the equity method. Refer to Note 24 for information.

   S-Tech Corp.'s parent company was changed from the Company to Taiwan Steel Group United Co., Ltd. after the reelection of directors. Considering the economic substance of the Group's reorganization, the Company referenced the IFRS Q&A published by Accounting Research and Development Foundation, accounting for the investment using carrying amount method rather than fair value method to remeasure the remaining equity. The Company chose not to restate the financial statements after referencing to IFRS Q&A published by Accounting Research and Development Foundation.

2) The board of directors of the Company and Honkom Precision Industry Corp. resolved to merge on August 3, 2021, and the consolidated base date was November 30, 2021. The Company was the surviving company while Honkom Precision Industry Corp. was the dissolved company. Assets and debts acquired by the Company on consolidation base date were as below:

	Honkom Precision Industry Corp.
Cash	$ 21,013
Current assets except for cash	109,185
Property, plant and equipment	545,082
Other non-current assets	28
Current liabilities	(625,088)
	$ 50,220

The share of comprehensive income of subsidiaries and associates is recognized using the financial statements audited by the accountants for the years ended December 31, 2022 and 2021.

Refer to Note 35 for details of the subsidiaries indirectly held by the Company.

b. Investments in associates

Aggregate information of associates that are not individually material

	December 31	
	2022	2021
The Company's share of:		
Profit for the year	$ 39,609	$ 10,800
Other comprehensive income (loss)	8,998	(9,712)
Total comprehensive income for the year	$ 48,607	$ 1,088

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Carrying amount		
Land	$ 2,654,422	$ 2,722,017
Buildings	1,511,455	1,775,243
Equipment	2,471,033	2,677,506
Transportation equipment	36,755	32,091
Machinery	2,430	3,107

Other equipment	152,769	10,263
Construction in progress	1,068,798	826,227
	$ 7,897,662	$ 8,046,454

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2021	$ 2,482,473	$ 3,445,439	$ 10,473,187	$ 311,348	$ 150,480	$ 130,974	$ 676,279	$ 17,670,180
Additions	-	3,131	184,896	2,326	621	2,254	154,590	347,818
Disposals	-	-	(16,279)	(12,110)	(2,757)	(17,767)	-	(48,913)
Acquisition through business combination	361,467	197,212	213,145	1,028	10,905	2,755	-	786,512
Reclassified	(121,923)	(376,465)	(49,716)	-	-	4,148	(4,642)	(548,598)
Balance at December 31, 2021	$ 2,722,017	$ 3,269,317	$ 10,805,233	$ 302,592	$ 159,249	$ 122,364	$ 826,227	$ 18,206,999
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 1,504,232	$ 7,691,588	$ 274,570	$ 146,265	$ 123,582	$ -	$ 9,740,237
Disposals	-	-	(16,007)	(12,110)	(2,757)	(17,767)	-	(48,641)
Acquisition through business combination	-	69,832	157,069	1,028	10,905	2,596	-	241,430
Reclassified	-	(143,550)	-	-	-	-	-	(143,550)
Depreciation expense	-	63,560	295,077	7,013	1,729	3,690	-	371,069
Balance at December 31, 2021	$ -	$ 1,494,074	$ 8,127,727	$ 270,501	$ 156,142	$ 112,101	$ -	$ 10,160,545
Carrying amount at December 31, 2021	$ 2,722,017	$ 1,775,243	$ 2,677,506	$ 32,091	$ 3,107	$ 10,263	$ 826,227	$ 8,046,454
Cost								
Balance at January 1, 2022	$ 2,722,017	$ 3,269,317	$ 10,805,233	$ 302,592	$ 159,249	$ 122,364	$ 826,227	$ 18,206,999
Additions	-	4,342	183,228	13,883	809	64,286	337,361	603,909
Disposals	-	(305)	(95,478)	(3,232)	(46,866)	(13,390)	-	(159,271)
Reclassified	(67,595)	(251,771)	(98,342)	-	-	90,141	(94,790)	(422,357)
Balance at December 31, 2022	$ 2,654,422	$ 3,021,583	$ 10,794,641	$ 313,243	$ 113,192	$ 263,401	$ 1,068,798	$ 18,229,280
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 1,494,074	$ 8,127,727	$ 270,501	$ 156,142	$ 112,101	$ -	$ 10,160,545
Disposals	-	(305)	(95,366)	(3,232)	(46,866)	(13,390)	-	(159,159)
Reclassified	-	(43,743)	-	-	-	-	-	(43,743)
Depreciation expense	-	60,102	291,247	9,219	1,486	11,921	-	373,975
Balance at December 31, 2022	$ -	$ 1,510,128	$ 8,323,608	$ 276,488	$ 110,762	$ 110,632	$ -	$ 10,331,618
Carrying amount at December 31, 2022	$ 2,654,422	$ 1,511,455	$ 2,471,033	$ 36,755	$ 2,430	$ 152,769	$ 1,068,798	$ 7,897,662

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Houses and buildings (structure)	40-55 years
Mechanical and electrical facilities	2-10 years
Engineering system	2-15 years
Equipment	
Production line for forging	10-20 years
Process equipment	5-10 years
Mechanical system	3-5 years
Molds	1-3 years
Transportation equipment	
Stackers	5-10 years
Cranes	2-8 years
Machinery	
Analyzers and radiation detectors	3-10 years
Other tools and instruments	2-5 years
Other equipment	2-13 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2022

	Land	Transportation Equipment	Total
Cost			
Balance, at January 1	$ 65,488	$ 6,215	$ 71,703
Add	-	-	-
Less	(26,305)	-	(26,305)
Balance, at December 31	$ 39,183	$ 6,215	$ 45,398
Accumulated depreciation			
Balance, at January 1	$ 6,908	$ 5,712	$ 12,620
Depreciation expense	1,682	211	1,893
Balance, at December 31	$ 8,590	$ 5,923	$ 14,513
Carrying amount at December 31, 2022	$ 30,593	$ 292	$ 30,885

Right-of-use assets - 2021

	Land	Transportation Equipment	Total
Cost			
Balance, at January 1	$ 65,488	$ 5,714	$ 71,202
Add	-	501	501
Less	-	-	-
Balance, at December 31	$ 65,488	$ 6,215	$ 71,703
Accumulated depreciation			
Balance, at January 1	$ 4,755	$ 4,429	$ 9,184
Depreciation expense	2,153	1,283	3,436
Balance, at December 31	$ 6,908	$ 5,712	$ 12,620
Carrying amount at December 31, 2021	$ 58,580	$ 503	$ 59,083

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 1,430	$ 2,381
Non-current	$ 30,616	$ 58,741

Details of lease liabilities were as follows:

December 31, 2022

	Due Date	Discount Rate	Balance, End of Period
Land	2053.12.31	1.85%	$ 31,750
Transportation equipment	2024.09.30	1.79%	296
			$ 32,046

December 31, 2021

	Due Date	Discount Rate	Balance, End of Period
Land	2043.09.30-2053.12.31	1.85%	$ 60,617
Transportation equipment	2022.02.28-2024.09.30	1.79%	505
			$ 61,122

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 3,018	$ 1,520
Total cash outflow for leases	$ (10,237)	$ (8,671)

The Company's leases of certain assets qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 121,923	$ 376,465	$ 498,388
Reclassification	67,595	256,420	324,015
Balance at December 31, 2022	$ 189,518	$ 632,885	$ 822,403
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 150,043	$ 150,043
Reclassification	-	43,743	43,743
Depreciation expenses	-	14,687	14,687
Balance at December 31, 2022	$ -	$ 208,473	$ 208,473
Carrying amount at December 31, 2022	$ 189,518	$ 424,412	$ 613,930

Cost

Balance at January 1, 2021	$ -	$ -	$ -
Reclassification	121,923	376,465	498,388
Balance at December 31, 2021	$ 121,923	$ 376,465	$ 498,388
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ -	$ -	$ -
Reclassification	-	143,550	143,550
Depreciation expense	-	6,493	6,493
Balance at December 31, 2021	$ -	$ 150,043	$ 150,043
Carrying amount at December 31, 2021	$ 121,923	$ 226,422	$ 348,345

The determination of fair value was performed by independent qualified professional valuers for December 31, 2022. The valuation was arrived at by reference to market evidence of transaction prices for similar properties for December 31, 2021. The fair value as appraised was as follows:

	December 31	
	2022	2021
Fair value	$ 1,681,139	$ 620,000

The Company leased property, plant and equipment to S-Tech Corp. and Taiwan Steel Group Aerospace Additive Manufacturing Corporation. The lease terms were 3 years. Rents are paid at the end of each month.

Investment properties pledged as collateral for bank borrowings were set out in Note 29.

15. OTHER ASSETS

	December 31	
	2022	2021
Prepayments	$ 30,867	$ 38,749
Refundable deposits (Note 29)	176,638	331,999
Restricted deposits (Note 29)	15,101	52,553
Others	5,567	688
	$ 228,173	$ 423,989
Current	$ 50,645	$ 91,310
Non-current	177,528	332,679
	$ 228,173	$ 423,989

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Letters of credit	$ 23,325	$ 82,658
Line of credit borrowings	1,287,156	1,113,501
Bank loans	$ 1,310,481	$ 1,196,159
Range of interest rates per annum	2.37%-6.41%	0.69%-3.40%

b. Short-term bills payable

Outstanding short-term bills payable (unsecured) were as follows:

	December 31	
	2022	2021
Commercial paper	$ 20,000	$ 270,000
Less: Unamortized discount on bills payable	-	-
	$ 20,000	$ 270,000

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Due Date
Commercial paper					
Dah Chung Bills Finance Corp.	$ 20,000	$ -	$ 20,000	1.960%	January 13, 2023

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Due Date
Commercial paper					
International Bills	$ 80,000	$ -	$ 80,000	0.862%	January 24, 2022

Finance Corp.					
Mega Bills Finance Co., Ltd.	130,000	-	130,000	0.582%	January 14, 2022-January 21, 2022
Union Bank of Taiwan Co., Ltd.	60,000	-	60,000	0.482%	January 24, 2022
	$ 270,000	$ -	$ 270,000		

c. Current portion of long-term borrowing

	December 31	
	2022	2021
Current portion of long-term borrowing	$ 1,211,877	$ 1,290,052

d. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 29)		
Bank loans	$ 5,246,778	$ 7,576,306
Less: Current portion	(1,211,877)	(1,290,052)
Long-term borrowings	$ 4,034,901	$ 6,286,254
Range of interest rates per annum	1.3367%-1.94%	0.66%-1.80%

1) In order to repay outstanding financial liabilities and enrich medium-term working capital, the Company obtained a syndicated loan, which has the maturity of 5 years with a credit line of $4,200,000 thousand from Chang Hwa Bank and multiple financial institutions.

   a) Term Loan A: Loan limit $2,238,320 thousand; non-revolving credit line.

   b) Term Loan B: Loan limit $1,496,230 thousand; revolving credit line.

   c) Term Loan C: Loan limit $465,450 thousand; revolving credit line.

   In addition to the general requirements, the maintenance of certain financial ratios are also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

   According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

   a) Current ratio: No less than 1.0.

   b) Debt to net worth ratio: No higher than 1.8.

   c) Debt Service Coverage Ratio: No less than 3.0.

The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed semi-annual financial statements.

If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

2) Due to loan repayment, capital expenditure and operating fund needs, the Company obtained a syndicated loan with a credit line of $6,200,000 thousand from First Bank and multiple financial institutions. The maturity period was 5 years starting from the initial drawdown date.

   a) Term Loan A: Loan limit $3,060,000 thousand; non-revolving credit line.

   b) Term Loan B: Loan limit $1,700,000 thousand; non-revolving credit line.

   c) Term Loan C: Loan limit $1,440,000 thousand; revolving credit line.

   d) Term Loan D: Loan limit $1,440,000 thousand; revolving credit line. The shared credit line of Term loan C and Term Loan D cannot exceed the credit line of Term loan C.

   In addition to the general requirements, the maintenance of certain financial ratios are also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

   According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

   a) Current ratio: No less than 1.0.

   b) Debt to net worth ratio: No higher than 1.8.

   c) Debt Service Coverage Ratio no less than 3.0.

   The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed financial statements of Q1 and Q2.

   If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

17. BONDS PAYABLE

	December 31	
	2022	2021
Secured domestic bonds (Note 29)	$ 1,500,000	$ 1,500,000
Less: Discount on bonds payable	(76,810)	(89,110)
	1,423,190	1,410,890
Unsecured domestic convertible bonds	3,031,928	-
Less: Discount on bonds payable	(118,075)	-
	2,913,853	-
	$ 4,337,043	$ 1,410,890

a Secured domestic bonds

On November 29, 2021, the Company issued $1,500,000 thousand, which was 0.65% of its NTD denominated secured bonds in Taiwan, with maturity date on November 29, 2028. The interest will be paid annually and the bonds will be repaid on the maturity date. The bonds are guaranteed by Hua Nan Commercial Bank and as trustee for the bondholders by Taishin International Commercial Bank, Ltd.

b. Unsecured domestic bonds

On August 15, 2022, the Company issued 30,000 unsecured convertible bonds with a face value of $100 thousand each at an interest rate of 0% at 101% of par value, with a total principal amount of $3,000,000 thousand. The maturity period is three years from August 15, 2022 to August 15, 2025. Taishin International Commercial Bank, Ltd. is the trustee for the bondholders.

Unless the holders of the convertible bonds apply for conversion into the Company's ordinary shares or the Company repurchases and cancels the bonds from securities dealers, the Company repays the bonds in cash within five business days from the maturity date of the convertible bonds at the face value plus interest compensation (101.5075% of the face value and 0.5% real rate of return).

From the day following the expiration of three months after the date of issuance of the convertible bonds (November 16, 2022) to the maturity date (August 15, 2025), the bondholders may, except for (a) The period during which the transfer of the ordinary shares is legally suspended; (b) The period from the fifteen business days prior to the date of cessation of transfer of the Company's allotment, the date of cessation of transfer of cash dividends or the date of cessation of transfer of share options from cash capital increase to the base date; (c) Except for the period from the base date of the capital reduction to the day before the commencement of trading of the capital reduction for the conversion of shares, the Company may request the Company's share agent to convert the bonds into shares of the Company's ordinary shares anytime, by forwarding a request to Taiwan Central Depository & Clearing Corporation (TDCC) through a trading broker.

The conversion price is determined on a base date of August 15, 2022. The base price was calculated by the arithmetic mean of the closing price of one day, three days or five days of the business days before the base date (not included). The conversion price is determined by multiplying the base price by 110% of the conversion rate (calculated to the nearest dollar, rounded up to the nearest dollar). The calculation is based on the following: If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. In accordance with the above, the conversion price is set at NT$33.9 per share upon issuance of the conversion bonds.

This convertible bond consists of a liability and an equity component, which is expressed as capital surplus - share options under equity. The effective interest rate originally recognized for the liability component was 1.5258%.

Issue price (net of transaction costs and adjusted for related income tax effects)	$ 3,024,721
Components of equity (net of transaction costs allocated to equity and adjusted for related income tax effects)	(114,739)
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	2,909,982
Interest calculated at an effective rate of 1.5258%	16,634
Convertible bonds converted into ordinary shares	(12,763)
Liability components as of December 31, 2022	$ 2,913,853

18. OTHER PAYABLES

	December 31	
	2022	2021
Other payables		
Payable for salaries and bonuses	$ 271,158	$ 127,224
Payable for annual leave	46,303	43,874
Payable for purchase of equipment	51,968	31,321
Payable for fuel	35,822	28,196
Payable for export fees	80,955	144,459
Payable for utility bill	46,066	32,984
Payable for repair costs	11,230	7,924
Others	119,087	74,768
	$ 662,589	$ 490,750

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and the average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2.93% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 364,892	$ 376,134
Fair value of plan assets	(243,810)	(240,215)
Net defined benefit liabilities	$ 121,082	$ 135,919

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 373,291	$ (257,382)	$ 115,909
Service cost			
Current service cost	1,356	-	1,356
Net interest expense (income)	1,095	(755)	340
Recognized in profit or loss	2,451	(755)	1,696
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,722)	(3,722)
Actuarial loss - experience adjustments	52,153	-	52,153
Actuarial loss - changes in demographic assumptions	275	-	275

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial loss - changes in financial assumptions	(14,082)	-	(14,082)
Recognized in other comprehensive income	38,346	(3,722)	34,624
Contributions from the employer	$ -	$ (15,060)	$ (15,060)
Benefits paid	(34,189)	34,189	-
Liabilities extinguished on settlement	(3,765)	2,515	(1,250)
Balance at December 31, 2021	$ 376,134	$ (240,215)	$ 135,919
Balance at January 1, 2022	$ 376,134	$ (240,215)	$ 135,919
Service cost			
Current service cost	1,335	-	1,335
Net interest expense (income)	2,593	(1,661)	932
Recognized in profit or loss	3,928	(1,661)	2,267
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(19,570)	(19,570)
Actuarial loss - experience adjustments	35,993	-	35,993
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	(17,300)	-	(17,300)
Recognized in other comprehensive income	18,694	(19,570)	(876)
Contributions from the employer	-	(16,228)	(16,228)
Benefits paid	(33,864)	33,864	-
Balance at December 31, 2022	$ 364,892	$ (243,810)	$ 121,082

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.25%	0.70%
Expected rate(s) of salary increase	1.00%	1.00%

Mortality rate for the years ended December 31, 2022 and 2021 was based on the sixth life experience table of the life insurance industry in Taiwan. The mortality rate is 10% of the disability rate.

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will decrease/increase as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	$ (7,483)	$ (8,448)
0.25% decrease	$ 7,717	$ 8,729
Expected rate(s) of salary increase		
0.25% increase	$ 7,717	$ 8,681
0.25% decrease	$ (7,519)	$ (8,443)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	$ 5,789	$ 5,514
Average duration of the defined benefit obligation	8 years	9 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	800,000	800,000
Shares authorized	$ 8,000,000	$ 8,000,000

Number of shares issued and fully paid (in thousands)	457,122	456,736
Shares issued	$ 4,571,224	$ 4,567,360

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

The Company’s board of directors resolved to retire some of the treasury shares on May 6, 2021, stipulating the base date for capital reduction as June 27, 2021. Treasury shares were retired at the amount of 10,000 thousand shares. The amount of share capital was 4,567,360 thousand, and the registration was completed in July 2021.

As of December 31, 2022, the holders of the Company's unsecured domestic convertible bonds had applied for conversion into the amount of 386 thousand Company's ordinary shares.

b. Additional paid-in capital

The premium from shares issued in excess of par (share premium from issuance of ordinary shares、bond conversion and treasury shares transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company’s capital surplus and once a year).

The capital surplus from adjustment from changes in equity of associates may only be used to offset a deficit.

The capital surplus from employee share options and convertible bonds share options may not be used for any purpose.

c. Retained earnings and dividends policy

The Company explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each quarter of the fiscal year.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a quarter, the profit shall be first utilized for paying taxes, offsetting losses of previous years, paying employee retention credits, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan. The distribution of cash dividends should be resolved by the Company’s board of directors, while the distribution of share dividends should be resolved by the shareholders in their meeting.

When the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan. The distribution of share dividends should be resolved by the shareholders in their meeting. In accordance with Article 240, paragraph 5 of the Company Act, the distribution of cash dividends should be resolved by a majority of the directors present at a meeting of the board of directors attended by at least two-thirds of the total number of directors. The Company’s Articles also stipulate a dividends policy whereby the payment of cash dividends takes precedence over the issuance of share dividends.

The Company’s Articles stipulate a dividends policy whereby the payment of cash dividends takes precedence over the issuance of share dividends before the amendment. The Company amended the Article on August 23, 2021, which stipulated that the Company’s dividend policy is designed to meet present and future development projects and consideration of the investment environment, funding requirements, international, domestic competitive conditions and shareholders' interests simultaneously. The distribution of dividends could be either cash or shares, while cash dividends shall not be less than 50% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	$ 70,670	$ 26,840
Special reserve	$ (84,105)	$ (3,136)
Cash dividends	$ 630,570	$ 180,163
Cash dividends per share (NT$)	$ 1.4	$ 0.4

Cash dividends were approved by board of directors on February 24, 2022 and January 28, 2021, respectively. Other appropriations of earnings were approved by the shareholders in the shareholders' meetings on and May 26, 2022 and August 23, 2021, respectively.

Cash dividends were to be approved by the board of directors in April 2023. Other appropriations of earnings were to be approved by the shareholders in the shareholders' meeting in May 2023.

d. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)	Shares Transferred to Employees (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2022	10,666	6,329	16,995
Increase during the year	1,355	-	1,355
Decrease during the year	(2,494)	-	(2,494)
Number of shares at December 31, 2022	9,527	6,329	15,856
Carrying amount of shares at December 31, 2022	$ 122,176	$ 99,735	$ 221,911
Number of shares at January 1, 2021	40,513	16,329	56,842
Increase during the year	108	-	108
Decrease during the year	(29,955)	(10,000)	(39,955)

Number of shares at December 31, 2021	10,666	6,329	16,995
Carrying amount of shares at December 31, 2022	$ 134,190	$ 99,735	$ 233,925

For the year ended December 31, 2022 and 2021, subsidiaries sold 2,494 thousand and 29,955 thousand, respectively shares of the Company for $75,507 thousand and $777,630 thousand, respectively.

The Company's treasury shares, which were bought back on May 7, 2018, were not transferred to employees after the 3-year duration. The board of directors resolved to retire the treasury shares on May 6, 2021, and the base date of capital reduction was on June 27, 2021. The Company cancelled 10,000 thousand treasury shares, and the share capital and additional paid-in capital decreased by $100,000 thousands and $90,694 thousand, respectively.

For information on the shares of the Company held by its subsidiaries, please refer to Table 3.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The shares held by subsidiaries were accounted for as treasury shares.

21. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following items:

a. Other income

	For the Year Ended December 31	
	2022	2021
Government grants	$ 105	$ 48,638
Dividends income	1,220	2,080
Rental income	63,645	30,836
Sale of electricity	13,042	-
Others	29,929	39,879
	$ 107,941	$ 121,433

b. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 164,298	$ 149,376
Amortization of long-term borrowing costs	6,888	6,888
Interest on lease liabilities	745	1,187
Interest on bonds payable	38,685	1,837
Less: Amount included in the cost of qualifying assets	(49,658)	(41,866)
	$ 160,958	$ 117,422

Information on capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	$ 49,658	$ 41,866
Capitalization rate	1.14%-1.68%	1.20%-1.80%

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Fair value changes of financial assets designated as at FVTPL	$ (14,556)	$ (43,849)
Gain on disposal of associates	160,573	3,565
Gain on disposal of property, plant and equipment	5,796	217
Net foreign currency exchange gains	566,701	123,773
Net foreign currency exchange losses	(463,385)	(122,324)
Others	(102,812)	(13,094)
	$ 152,317	$ (51,712)

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 298,852	$ 328,011
Operating expenses	22,188	46,494
Other losses	69,515	6,493
	$ 390,555	$ 380,998
An analysis of amortization by function		
Operating costs	$ 251	$ 321
Operating expenses	328	466
	$ 579	$ 787

e. Employee benefits expense

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Salaries	$ 739,053	$ 252,591	$ 991,644	$ 560,038	$ 164,735	$ 724,773
Labor and health insurance	58,601	12,045	70,646	52,065	13,223	65,288
Defined contribution plan	25,703	5,781	31,484	23,105	5,987	29,092

Defined benefit plan	2,006	261	2,267	1,431	265	1,696
Remuneration of directors	-	33,445	33,445	-	21,430	21,430
Other employee benefits	34,200	9,916	44,116	23,920	4,780	28,700
	$ 859,563	$ 314,039	$ 1,173,602	$ 660,559	$ 210,420	$ 870,979

As of December 31, 2022 and 2021, the number of employees of the Company was 934 and 938, respectively. Of the total employees, the total number of directors who were not concurrently serving as employees was 8 for both years.

1) Average labor costs for the years ended December 31, 2022 and 2021 were $1,231 thousand and $913 thousand, respectively.

2) Average salary and bonus for the years ended December 31, 2022 and 2021 were $1,071 thousand and $779 thousand, respectively.

3) The average salary and bonus increased by 37.48% year over year.

4) An audit committee was set up as a replacement of supervisors.

5) The Company evaluates the performance achievement rate of individual directors and managers and their contribution to the Company's performance and provides a reasonable level of remuneration in accordance with the Company's Articles and its related regulations. The performance evaluation and reasonableness of remuneration are reviewed by the committee, the compensation committee and the board of directors. In addition, the Company conducts employee performance appraisals every year as the basis for promotion, salary adjustments and bonus payments.

f. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. On February 23, 2023 and February 24, 2022, the employees' compensation and the remuneration of directors and supervisors were as follows:

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 50,000	$ -	$ 20,000	$ -
Remuneration of directors and supervisors	25,000	-	14,000	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense (benefit) recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 404,516	$ 78,652
Adjustments for prior year	(10,209)	-
	394,307	78,652
Deferred tax		
Effect on preferential rate	-	(4,278)
In respect of the current year	18,192	30,152
	18,192	25,874
Income tax expense recognized in profit or loss	$ 412,499	$ 104,526

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 2,431,268	$ 856,101
Income tax expense calculated at the statutory rate (20%)	$ 486,254	$ 171,220
Nondeductible expenses in determining taxable income	(19,696)	(21,253)
Tax-exempt income	(32,511)	(14,963)
Effect on preferential rate	-	(4,278)
Current investment credit	(11,339)	(26,200)
Adjustments for prior years' tax	(10,209)	-
Income tax expense recognized in profit or loss	$ 412,499	$ 104,526

b. Deferred tax assets and liabilities

The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized foreign exchange loss	$ 908	$ (908)	$ -	$ -	$ -
Defined benefit obligation	26,937	(2,820)	(175)	-	23,942
Payable for annual leave	8,775	485	-	-	9,260

Allowance for impairment loss	17,905	3,136	-	-	21,041
Property, plant and equipment	35,153	-	-	-	35,153
Others	20,006	15,038	-	41	35,085
	$ 109,684	$ 14,931	$ (175)	$ 41	$ 124,481
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 1,281	$ 661	$ -	$ -	$ 1,942
Investment gain on foreign operations	103,248	32,462	-	-	135,710
	$ 104,529	$ 33,123	$ -	$ -	$ 137,652

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Recognized in Equity	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized foreign exchange loss	$ 58	$ 850	$ -	$ -	$ 908
Defined benefit obligation	22,929	(2,917)	6,925		26,937
Payable for annual leave	8,418	357	-	-	8,775
Allowance for impairment loss	38,337	(20,432)	-	-	17,905
Property, plant and equipment	35,153	-	-	-	35,153
Others	8,224	11,782	-	-	20,006
	$ 113,119	$ (10,360)	$ 6,925	$ -	$ 109,684
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 1,047	$ 234	$ -	$ -	$ 1,281
Investment gain on foreign operations	87,968	15,280	-	-	103,248
	$ 89,015	$ 15,514	$ -	$ -	$ 104,529

c. Income tax assessments

The Company's tax returns through 2018 and 2020 have been assessed by the tax authorities, and the Company agrees with the assessment.

23. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	$ 2,018,769	$ 751,575
Effect of dilutive potential ordinary shares:		
Employees' compensation	-	-
Interest on convertible bonds (after tax)	13,307	-
Earnings used in the computation of diluted earnings per share from continuing operations	$ 2,032,076	$ 751,575

Number of Shares (In Thousands)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	446,847	441,345
Effect of dilutive potential ordinary shares:		
Employees' compensation	1,474	992
Convertible bonds	33,701	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	482,022	442,337

The Company may settle the compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. DISPOSAL OF SUBSIDIARIES

Referred to Note 26 of the consolidated financial statement for the information of loss of control over subsidiaries.

25. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In January 2021, the Company acquired additional shares of Golden Win Steel Industrial Corp. in the amount of $19,500 thousand, increasing its continuing interest from 43% to 46%.

In 2021, the Company acquired additional shares of Homkom Precision Industry Corp. in the amount of $75,502 thousand, increasing its continuing interest from 65% to 100%, and completed the business combination.

In March 2021, the Company acquired additional shares of Alloy Tool Steel Inc. in the amount of $14,389 thousand, increasing its continuing interest from 85% to 100%.

In February 2021, the Company did not acquire additional shares issued by S-Tech Corp. based on shareholdings, decreasing its continuing interest from 30% to 26%.

Between April 2021 and May 2021, the Company disposed shares of S-Tech Corp., decreasing its continuing interest from 26.05% to 25.96%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the predictable future.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements. However, the financial ratio restrictions stipulated in the loan contract are also included in the consideration of the Company's optimal capital structure.

The management of the Company re-examines the capital structure quarterly, and the inspection includes consideration of the cost of various types of capital and related risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, and issuing new debts or repaying old debts based on the recommendations of key management personnel.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

   The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

   1) Fair value hierarchy

      December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				

Investments in equity instruments				
Listed shares and emerging market shares	$ 17,116	$ -	$ -	$ 17,116
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 826,879	$ 826,879
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 52,879	$ -	$ -	$ 52,879

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 17,165	$ -	$ -	$ 17,165
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 450,324	$ 450,324
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 72,498	$ -	$ -	$ 72,498

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

	Financial Assets at FVTOCI
Financial Assets	Debt Instruments
Balance at January 1, 2022	$ 450,324

Recognized in profit or loss (included in other gains and losses)	-
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-
Net changes in trade receivables	376,555
Balance at December 31, 2022	$ 826,879

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Debt Instruments
Balance at January 1, 2021	$ 182,454
Recognized in profit or loss (included in other gains and losses)	1,217
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	(1,217)
Net changes in trade receivables	267,870
Balance at December 31, 2021	$ 450,324

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The future cash flows of trade receivables at FVTOCI are estimated using the discounted cash flow method based on trade receivables at the end of the period, discounted at a rate that reflects the credit risk of the transaction. Valuation of unlisted shares are determined by using the market approach and adjusted for the impact of the lack of market liquidity discount.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (Remark 1)	$ 3,251,909	$ 2,374,984
FVTPL		
Equity instruments	52,879	72,498
Financial assets at FVTOCI		
Equity instruments	18,571	18,620
Debt instruments	826,879	450,324
Financial liabilities		
Financial liabilities at amortized cost (Remark 2)	12,602,737	11,714,658

Remark 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables and restricted deposits.

Remark 2: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings (including current portion), short-term bills payable, trade and other payables, bonds payable and deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings, bonds payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There were no changes to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency exchange risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency exchange risk. Approximately over 50% of the Company's sales is denominated in currencies other than the functional currency of the Company, whilst the cost of raw materials imported from abroad is denominated in currencies other than the functional currency of the Company. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 34. The carrying amounts of the Company's derivative financial instruments exposed to foreign currency risk is immaterial.

Sensitivity analysis

The Company was mainly exposed to the USD, CNY and the EUR.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. A sensitivity rate of 5% is used when reporting foreign currency exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 5% change in foreign currency rates. The sensitivity analysis also included borrowings denominated in non-functional currencies. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	For the Year Ended December 31	
	2022	2021
CNY impact	$ 2,605	$ 5,539
USD impact	$ 8,373	$ 9,366
EUR impact	$ 7,042	$ 4,327
GBP impact	$ 6,257	$ 4,097

The result was mainly attributable to the exposure on outstanding receivables, payables and borrowing in foreign currency that were not hedged at the end of the reporting period.

The management believes that the sensitivity analysis could not represent the inherent risk of foreign currency risk, since the exposure of foreign currency risk at the end of the reporting period could not reflect foreign currency risk exposure during the reporting period.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 700,980	$ 11,697
Financial liabilities	4,389,089	1,831,122
Cash flow interest rate risk		
Financial assets	364,437	298,511
Financial liabilities	6,557,259	8,772,465

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 10 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $6,193 thousand and $8,474 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments in Taiwan.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $1,857 thousand and $1,862 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by $5,288 thousand and $7,250 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The policy adopted by the Company is to engage in transactions with creditworthy counterparties, and to use publicly available financial information and mutual transaction records to conduct credit evaluations on the customers.

In addition, the credit risk is limited, since the counterparties of the transactions for liquid funds are banks with good credit ratings.

The counterparties of accounts receivable are spread across many customers from different industries and geographic regions. The Company evaluates the financial status of the counterparties of accounts receivable continuously.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized bank loan facilities of $4,624,671 thousand and $4,499,290 thousand, respectively.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 722,937	$ 111,560	$ 530,882	$ -	$ -
Lease liabilities	167	335	1,508	7,483	28,959
Debt instruments	197,018	823,162	1,652,236	7,059,091	1,622,583
	$ 920,122	$ 935,057	$ 2,184,626	$ 7,066,574	$ 1,651,542

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 2,010	$ 7,483	$ 9,193	$ 19,766

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 595,895	$ 75,539	$ 415,907	$ -	$ -
Lease liabilities	306	523	2,352	12,159	61,509
Debt instruments	730,731	449,537	1,702,098	6,471,304	1,532,333
	$ 1,326,932	$ 525,599	$ 2,120,357	$ 6,483,463	$ 1,593,842

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 3,181	$ 12,159	$ 14,824	$ 46,685

e. Transfers of financial assets

Factored trade receivables at the end of the year were as follows:

December 31, 2022

Counterparty	Receivables Factoring Proceeds Balance, Beginning of Period	Receivables Factoring Proceeds	Cash Received of Factoring Proceed	Receivables Factoring Proceeds Balance, End of Period	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Financial institution	EUR 665	EUR 17,871	EUR 14,641	EUR 3,895	EUR -	-
	GBP 1,498	GBP 10,244	GBP 9,469	GBP 2,273	GBP -	-
	USD 15,984	USD 94,730	USD 98,283	USD 12,431	USD 3,291	5
	AUD 81	AUD 1,756	AUD 1,125	AUD 712	AUD -	-
	JPY -	JPY 14,187	JPY 14,187	JPY -	JPY -	-

December 31, 2021

Counterparty	Receivables Factoring Proceeds Balance, Beginning of Period	Receivables Factoring Proceeds	Cash Received of Factoring Proceed	Receivables Factoring Proceeds Balance, End of Period	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Financial institution	EUR 584	EUR 4,465	EUR 4,384	EUR 665	EUR -	-
	GBP 892	GBP 4,567	GBP 3,961	GBP 1,498	GBP -	-
	USD 5,692	USD 63,677	USD 53,385	USD 15,984	USD 4,816	1
	AUD 454	AUD 850	AUD 1,223	AUD 81	AUD -	-
	JPY -	JPY 8,195	JPY 8,195	JPY -	JPY -	-

The Company signed receivables factoring contract with financial institutions, and the credit line for both 2022 and 2021 was US$10,000 thousand. The above-mentioned credit line can be used on a revolving basis.

Pursuant to the Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by the banks.

28. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties were disclosed below.

a. Related parties and their relationships with the Company

Related Party	Relationship
Faith Easy Enterprises Ltd.	Subsidiary
Golden Win Steel Industrial Corp.	Subsidiary
Homkom Precision Industry Corp.	Subsidiary (Merged in November 2021)
Alloy Tool Steel Inc.	Subsidiary
Ho Yang Investment Corp.	Subsidiary
Guangzhou Goldway Special Material Co., Ltd.	Subsidiary
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Subsidiary
Tianjin Goldway Special Material Co., Ltd.	Subsidiary
Xian Goldway Special Material Co., Ltd.	Subsidiary
G-Yao Enterprises Ltd.	Subsidiary
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Subsidiary
Vietnam Goldway Special Material Co., Ltd.	Subsidiary
All Win Enterprises Ltd.	Subsidiary
Rainbow Shines Limited	Subsidiary
S-Tech Corp.	Associate (Remark 1)
Forcera Materials Co., Ltd.	Associate
Solar Applied Materials Technology Corp.	Related party in substance (Remark 2)
Chun Yu Works & Co., Ltd.	Related party in substance
Chun Zu Machinery Industry Co., Ltd.	Related party in substance
Tsg Transport Corp.	Related party in substance
Tsg Environmental Technology Corp.	Related party in substance
Taiwan Steel Group Aerospace Additive Manufacturing Corporation	Related party in substance
Tsg Sports Marketing Co., Ltd.	Related party in substance
Chun Yu Bio-Tech Corp.	Related party in substance
Taiwan Steel Group United Co., Ltd.	Related party in substance
Ofco Industrial Corporation	Related party in substance
TSG Hawks Baseball Co., Ltd.	Related party in substance
Yung-Hsin Chen, Jia-Hung Lin, Wen-Hsing Hou, Cheng-Hsiang Chen, Yung-Chang Kang, Li-Ling Chen, Yung-Chin Lin, Ching-Fu Wang, Che-Liang Kuo	Related party in substance

Remark 1: S-Tech Corp. was not included in the consolidated financial statements since the Company lost its control on August 23, 2021.

Remark 2: Solar Applied Materials Technology Corp. has not been a related party in substance since Taiwan Steel Group United Co., Ltd. resigned as a director of Solar Applied Materials Technology Corp. on March 8, 2022.

b. Sales of goods

Account Items	Related Party Category	For the Year Ended December 31 2022	2021
Sales of goods	Golden Win Steel Industrial Corp.	$ 938,123	$ 939,107
	Faith Easy Enterprises Ltd.	46,760	532,036
	Subsidiary	1,044,346	773,854
	Associate	373,097	88,610
	Related party in substance	260	-
		$ 2,402,586	$ 2,333,607

The terms of the transactions with Faith Easy Enterprises Ltd., All Win Enterprises Ltd. and Vietnam Goldway Special Material Co., Ltd. is 60 days. The terms of the transactions with Alloy Tool Steel, Inc. (export) is 120-210 days from the boarding date. The terms of the transactions with domestic related parties is 30-60 days (offsetting trade receivables and trade payables). The terms of the transactions with related parties and that of non-related parties were not significantly different.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2022	2021
Subsidiary	$ 58,477	$ 153,585
Related party in substance	125,167	8,402
Associate	382,160	206,791
	$ 565,804	$ 368,778

The terms of the transactions with domestic related parties is 30 days (offsetting trade receivables and trade payables). The terms of the transactions with Chun Yu Works & Co., Ltd., Tsg Transport Corp. and Taiwan Steel Group Aerospace Additive Manufacturing Corporation is 30 days. The terms of the transactions with related parties and that of non-related parties were not significantly different.

d. Operating expenses and non-operating income and expenses

Account Item	Related Party Category	For the Year Ended December 31 2022	2021
	Associate	$ 14,738	$ 10,149
	Related party in substance	23,275	20,448
		$ 38,013	$ 30,597
Operating expenses	Subsidiary	$ 1,976	$ 2,260
	Associate	771	134
	Tsg Transport Corp.	679,128	531,436

	Related party in substance	15,565	503
		$ 697,440	$ 534,333

(Continued)

Account Item	Related Party Category	For the Year Ended December 31 2022	2021
Non-operating income and expenses	Subsidiary	$ 9,905	$ 29,089
	S-Tech Corp.	59,347	13,429
	Associate	95	40
	Related party in substance	7,060	52
		$ 76,407	$ 42,610

(Concluded)

e. Receivables from related parties (excluding loans to related parties)

Account Items	Related Party Category	December 31 2022	2021
Trade receivables from related parties	Golden Win Steel Industrial Corp.	$ 54,770	$ 69,244
	Faith Easy Enterprises Ltd.	-	22,843
	Subsidiary	147,373	126,302
	Related party in substance	-	1,843
	Associate	81,763	33,207
		$ 283,906	$ 253,439
Other receivables	Faith Easy Enterprises Ltd.	$ 1,661	$ 92,659
	Subsidiary	428	566
	Associate	8,224	5,029
	Related party in substance	1,115	55
		$ 11,428	$ 98,309

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding loans from related parties)

Account Items	Related Party Category	December 31 2022	2021
Payables to related parties	Subsidiary	$ 9,605	$ 9,169
	Related party in substance	19,058	7,825
	Associate	22,275	54,961

		$ 50,938	$ 71,955
Other payables	Related party in substance	$ 18,563	$ 18,819
	Associate	-	4,877
		$ 18,563	$ 23,696

The outstanding trade payables to related parties are unsecured.

g. Other assets

Account Items	Related Party Category	December 31 2022	December 31 2021
Other current assets	Related party in substance	$ 1,740	$ 102
Prepayments for equipment	Related party in substance	$ 494	$ 434
Refundable deposits	Subsidiary	$ 6,035	$ 6,035
Other current liabilities	Subsidiary	$ 33,525	$ -

h. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
Related Party Category/Name	2022	2021
Chun Zu Machinery Industry Co., Ltd.	$ -	$ 15,610
Ofco Industrial Corporation	$ 570	$ -

i. Disposals of property, plant and equipment

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category/Name	2022	2021	2022	2021
Related party in substance	$ 3,798	$ -	$ 3,798	$ -

j. Acquisition of financial assets

<u>For the year ended December 31, 2021</u>

Related Party Category/Name	Line Item	Number of Shares (In Thousands)	Underlying Assets	Purchase Prices
Subsidiary	Investment accounted for using the equity method	1,300	Golden Win Steel Industrial Corp.	$ 19,500
Subsidiary	Investment accounted for using the equity method (Remark)	5,211	Homkom Precision Industry Corp.	44,682

Related party in substance	Investment accounted for using the equity method (Remark)	170	Homkom Precision Industry Corp.	1,353
				$ 65,535

Remark: Eliminated at the date of business combination, November 30, 2021.

k. Endorsements and guarantees provided by the Company (Refer to Note 1)

Related Party Category	December 31 2022	December 31 2021
Subsidiary	$ 569,050	$ 624,150
Associate	10,000	10,000
	$ 579,050	$ 634,150

l. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term benefits	$ 92,095	$ 76,478
Post-employment benefits	1,214	922
	$ 93,309	$ 77,400

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

m. Lease arrangements

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Lease liabilities	S-Tech Corp.	$ -	$ 27,180

Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense		
S-Tech Corp.	$ 125	$ 509

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowing:

	December 31	
	2022	2021
Restricted deposits (classified as other current assets)	$ 15,101	$ 52,553
Demand deposits (classified as refundable deposits)	112,000	275,200
Pledged certificate deposits (classified as refundable deposits)	13,166	12,686
Land	2,500,478	2,215,855
Buildings, net	978,452	953,318
Machinery and equipment, net	640,730	708,046
	$ 4,259,927	$ 4,217,658

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2022	2021
USD	$ -	$ 387
EUR	$ 9,533	$ -
CNY	$ 434	$ -

b. As of December 31, 2022 and 2021, unrecognized commitments for the purchase of additional machinery and equipment and plant expansion were as follows:

Total commitment price

	December 31	
	2022	2021
NTD	$ 2,239,587	$ 1,902,177
EUR	$ 9,507	$ 47,290
USD	$ 6,959	$ 6,634
JPY	$ 193,700	$ 193,700
CNY	$ 83,851	$ 80,774
CHF	$ 272	$ -

Payments made based on progress of commitments

	December 31	
	2022	2021
NTD	$ 1,752,907	$ 1,458,360
EUR	$ 2,417	$ 33,927
USD	$ 6,615	$ 6,287
JPY	$ 193,700	$ 176,697
CNY	$ 65,078	$ 58,895
CHF	$ 156	$ -

c. As of December 31, 2022 and 2021, $2,277,250 thousand and $2,231,760 thousand of issued bills were used as refundable deposits of the credit line of the issued bills, which can be cancelled when the guarantee obligations are terminated.

31. SIGNIFICANT LOSSES FROM DISASTERS: NONE

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 12, 2023, the board of directors resolved to sell S350 forging plant and finishing plant at carrying amount as of January 31 2023 to S-Tech Corp. to meet the need of the overall operation planning. The sale amount was approximately $207,438 thousand.

In February 2023, the Company purchased 3,900 thousand shares of Ho Yang Investment Corp. from S-Tech Corp. The purchase amount was $57,954 thousand.

To promote the sports activities and the development of Taiwan's sports industry, the board of directors resolved to donate the amount of $35,000 thousand to the Tsg Hawks Baseball Co., Ltd. through the sports administration dedicated account.

33. OTHER ITEMS

Since the outbreak of the COVID-19 pandemic in late January 2020, the global environment has exhibited an unstable trend with the spread of the pandemic worldwide and the successive implementation of lockdown measures by many countries. The Company has therefore taken measures to adjust its product portfolio for stabilization of its business, and is actively maintaining business relationships with customers and suppliers and strengthening cost control measures in order to mitigate the impact on its operations. However, the pandemic has had a substantial impact on the economies of Europe and the United States, and the current situation is still highly uncertain. Therefore, the Company will continue to monitor the development of the pandemic in order to promptly respond to the impact of the pandemic on the Company's business and financial status.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 43,125	30.710 (USD:NTD)	$ 1,324,367
EUR	10,319	32.720 (EUR:NTD)	337,626
AUD	1,175	20.830 (AUD:NTD)	24,467
GBP	5,474	37.090 (GBP:NTD)	203,047
JPY	35,039	0.2324 (JPY:NTD)	8,143
CNY	11,896	4.4080 (CNY:NTD)	52,436
Non-monetary items			
USD	29,007	30.710 (USD:NTD)	890,805
Financial liabilities			
Monetary items			
USD	37,672	30.710 (USD:NTD)	1,156,905
EUR	6,014	32.720 (EUR:NTD)	196,782
GBP	2,100	37.090 (GBP:NTD)	77,889
JPY	11,162	0.2324 (JPY:NTD)	2,594
CNY	79	4.4080 (CNY:NTD)	346

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 40,118	27.680 (USD:NTD)	$ 1,110,464
EUR	4,966	31.320 (EUR:NTD)	155,242
AUD	88	20.080 (AUD:NTD)	1,771
GBP	2,497	37.300 (GBP:NTD)	93,127
JPY	17,218	0.2405 (JPY:NTD)	4,141
CNY	28,471	4.3440 (CNY:NTD)	123,677
Non-monetary items			
USD	25,977	27.680 (USD:NTD)	719,038
Financial liabilities			
Monetary items			
USD	33,351	27.680 (USD:NTD)	923,148
EUR	2,203	31.320 (EUR:NTD)	69,005
GBP	300	37.300 (GBP:NTD)	11,190
JPY	6,101	0.2405 (JPY:NTD)	1,467
CNY	2,970	4.3440 (CNY:NTD)	12,902

The following information was aggregated by the functional currencies of entities holding foreign currencies, and the exchange rates between the presentation currency and the respective functional currencies were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ 103,316	1 (NTD:NTD)	$ 1,449

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures)

(Table 2)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (None)

b. Information on investees (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: (Table 8))

GLORIA MATERIAL TECHNOLOGY CORP.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Gloria Material Technology Corp.	Alloy Tool Steel Inc.	b	$ 2,285,612 (Note 3)	$ 23,200	$ 23,200	$ 23,200	$ -			Y	N	N	
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	2,285,612 (Note 3)	28,500	22,400	-	-			Y	N	Y	
		All Win Enterprises Ltd.	b	2,285,612 (Note 3)	177,000	177,000	-	-			Y	N	N	
		Xian Goldway Special Material Co., Ltd.	c	2,285,612 (Note 3)	101,050	101,050	61,729	-			Y	N	Y	
		Faith Easy Enterprises Ltd.	b	2,285,612 (Note 3)	84,000	30,000	-	-			Y	N	N	
		Guangzhou Goldway Special Material Co., Ltd.	c	2,285,612 (Note 3)	161,000	161,000	42,556	-			Y	N	Y	
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	2,285,612 (Note 3)	95,550	54,400	-	-			Y	N	Y	
		S-Tech Corp.	a	2,285,612 (Note 3)	10,000	10,000	-	10,000			N	N	N	
						$ 579,050	$ 127,485		6	$ 4,571,224 (Note 3)				

Note 1: The numbers denote the following:

a. 0 represents the issuer
b. Investees are numbered starting from 1

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is categorized as follows:

a. Business partner.
b. A subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.
c. An investee over which the Company and its subsidiary have a combined shareholding of more than fifty percent (50%).
d. A parent company that directly or indirectly through its subsidiary owns more than fifty percent (50%) of the investee.
e. Guaranteed by the Company according to the construction contract.
f. An investee company of which the guarantees were provided based on the Company’s proportionate share in the investee company.

Note 3: The limit on endorsements/guarantees is calculated as follows:

a. The limit on endorsements or guarantees provided for each borrower is NT$4,571,224 (paid-in capital) × 50% = NT$2,285,612.
b. The aggregate endorsement/guarantee limit is NT$4,571,224 (paid-in capital) × 100% = NT$4,571,224.
c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

GLORIA MATERIAL TECHNOLOGY CORP.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
	Ordinary shares							
Gloria Material Technology Corp.	Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	219	$ 2,957	-	$ 2,957	
	CJW International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	251	2,815	-	2,815	
	Cameo communication, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	854	8,796	-	8,796	
	OFCO industrial Corp.	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	103	2,548	-	2,548	
	Zung Fu Co., Ltd.	Parent company of the Company is the company's parent company's director	Financial assets at fair value through other comprehensive income - non-current	42	1,455	-	1,455	
	Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through profit or loss - current	41	554	-	554	
	D-link Corporation	Chairman of the Company is the company's director	Financial assets at fair value through profit or loss - current	3,524	52,325	1	52,325	

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities that fall within the scope in accordance with IFRS 9 "Financial Instruments."

Note 2: If the securities issuer is not a related party, the column is left blank.

Note 3: For securities measured at fair value, the carrying amount after fair value adjustments and deduction of accumulated impairment is indicated. For securities not measured at fair value, the carrying amount indicated is the original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: For information on investments in subsidiaries, please see Tables 5 and 6.

TABLE 3

GLORIA MATERIAL TECHNOLOGY CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Gloria Material Technology Corp.	Golden Win Steel Industrial Corp.	Subsidiary	Sale	$ 938,123	8	Net 30 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	$ 54,770	3	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	Parent company	Purchase	938,123	79	Net 30 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	54,770	67	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	373,097	3	Net 30 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	81,763	4	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Purchase	382,160	5	Net 30 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	22,275	3	
Gloria Material Technology Corp.	Alloy Tool Steel Inc.	Subsidiary	Sale	320,773	3	Net 60 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	142,010	8	
Alloy Tool Steel Inc.	Gloria Material Technology Corp.	Parent company	Purchase	320,773	99	Net 60 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	142,010	97	
Gloria Material Technology Corp.	All Win Enterprises Ltd.	Subsidiary	Sale	717,578	6	Net 60 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	5,363	-	
All Win Enterprises Ltd.	Gloria Material Technology Corp.	Parent company	Purchase	717,578	89	Net 60 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	-	-	5,363	39	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the remarks column.

TABLE 4

GLORIA MATERIAL TECHNOLOGY CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Receivables from Related Parties		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance		Amount	Actions Taken		
Gloria Material Technology Corp.	Alloy Tool Steel Inc.	Parent company	Trade receivables	$ 142,010	2.94	$ -	-	$ 20,399	$ -

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Note 2)	Share of Profit (Loss) (Note 2)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Shareholding Percentage	Carrying Amount			
Gloria Material Technology Corp.	Faith Easy Enterprises Ltd.	Samoa	General investment and trading	$ 192,558	$ 192,558	6,000	96	$ 669,381	$ 83,475	$ 80,105	Subsidiary
	Golden Win Steel Industrial Corp.	Republic of China	Processing and trading of special steel, carbon steel, super alloy material rollers	283,933	283,933	18,726	46	449,218	145,860	66,776	Subsidiary
	Alloy Tool Steel Inc.	USA	Sale of alloy steel	100,487	26,304	4,300	100	184,132	34,950	34,950	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	115,585	115,585	10,106	34	-	9,453	(1,068)	Subsidiary
	All Win Enterprises Ltd.	Seychelles	General investment	535,164	535,164	18,000	100	619,298	98,203	93,528	Subsidiary
	Rong Yang Investment Corp.	Republic of China	General investment	50,000	50,000	5,000	100	45,242	257	257	Subsidiary
	Gloria Material Technology Japan	Japan	Sale of alloy steel	2,232	2,232	-	100	1,352	(718)	(718)	Subsidiary
	S-Tech Corp.	Republic of China	Production and sales of titanium alloys	261,402	362,026	21,376	14	290,931	146,431	31,155	Associate
	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	32,692	55,124	2,490	11	44,155	47,774	8,454	Associate

Note 1: If the public company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the Company may only disclose relevant information of the holding company.

Note 2: For companies that do not belong to the type as described in Note 1, the information is disclosed as follows:

a. The columns of investee company, location, main businesses and products, original investment amount and number of shares are filled out in order of the reinvestment situation of the public company and the reinvestment situation of each investee company that is directly or indirectly controlled. In the remarks column, the relationship between each investee and the public company (subsidiary/second-tier subsidiary) is disclosed.

b. The profit or loss of the investee company is disclosed in the column of net income (loss) of the investee.

c. The Company is only required to list the amount of profit or loss of each of subsidiary that the Company has directly invested in and each investee that is accounted for using the equity method. The rest of the information is exempt from disclosure.

Note 3: For information on investments in mainland China, please see Table 6.

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Guangzhou Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$3,000 thousand (paid-in capital of CNY24,856 thousand)	b	US$ 2,837 HK$ 700	$ -	$ -	US$ 2,837 HK$ 700	$ 13,338	96	Note 2 (2) $ 11,757	$ 182,798	$ -	
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$3,000 thousand (paid-in capital of CNY22,108 thousand)	b	- (Note 4)	-	-	- (Note 4)	42,229	96	Note 2 (2) 40,679	257,728	-	
Tianjin Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$3,300 thousand (paid-in capital of CNY26,719 thousand)	b	US$ 3,300	-	-	US$ 3,300	12,115	96	Note 2 (2) 11,480	155,698	18,007	
Xian Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US$2,000 thousand (paid-in capital of CNY12,660 thousand)	b	- (Note 5)	-	-	- (Note 5)	16,555	96	Note 2 (2) 15,309	102,866	-	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital US$50,000 thousand (paid-in capital of CNY115,067 thousand)	b	US$ 18,000	-	-	US$ 18,000	45,070	100	Note 2 (2) 45,070	563,826	24,773	

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$ 24,137 HK$ 700	$ 936,655 (US$ 30,500)	$ 6,679,368 (Note 3)

Note 1: Methods of investment are classified as below:

a. Investments through a holding company registered in a third region

b. Reinvestments through a holding company set up in a third region

c. Reinvestments through a holding company existing in a third region

d. Direct investment

e. Others

Note 2: Investment gain or loss was recognized as a percentage of the shares held:

a. Companies that are still in the preparatory stage and therefore have no investment gain or loss should be disclosed.

b. Investment gain or loss recognized based on the following should be disclosed:

1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an accounting firm in the ROC.
2) Financial statements which were audited by the parent company's accounting firm.
3) Other financial statements which were not audited by the accounting firm.

Note 3: The consolidated net asset value of the Company: $11,132,280 × 60% = $6,679,368

Note 4: Amount represents the retained earnings received by Faith Easy Enterprises Ltd. from Guangzhou Goldway Special Material Co., Ltd., that was transferred to the share capital of Zhejiang Jiaxing Goldway Special Material Co., Ltd.

Note 5: Amount represents the retained earnings of Faith Easy Enterprises Ltd. transferred to the share capital of Xian Goldway Special Material Co., Ltd.

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	Percentage	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	Percentage		
Guangzhou Goldway Special Material Co., Ltd.	Sale	$ 157,118	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	$ 3,100	-	$ 319	Note 1
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Sale	77,000	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	359	-	-	Note 1
Tianjin Goldway Special Material Co., Ltd.	Sale	137,156	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	2,605	Note 1
Xian Goldway Special Material Co., Ltd.	Sale	145,102	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	7,202	Note 1
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Sale	274,402	2	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	5,749	-	17,131	Note 1

Note 1: The Company transacted with the above companies through Faith Easy Enterprises Ltd. and All Win Enterprises Ltd. directly or indirectly.

Note 2: For information of the Company's endorsements and guarantees provided for the above companies, refer to Table 1.

TABLE 8

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Kings Asset Management Corp.	32,068,000	7.01

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Company based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

GLORIA MATERIAL TECHNOLOGY CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash on hand		$ 355
Cash in banks		
Checking accounts		911,598
Demand deposits		90,330
Foreign currency deposits	US$5,280 thousand × 30.71	259,006
	EUR817 thousand × 32.72	
	AUD13 thousand × 20.83	
	GBP663 thousand × 37.09	
	JPY35,039 thousand × 0.2324	
	CNY10,602 thousand × 4.408	
Time deposits		100,000
Repurchase agreements collateralized by bills		588,082
		$ 1,949,371

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
AAB601	$ 115,174
GBA101	85,691
AA0038	82,619
Others (Remark)	1,283,400
Balance	1,566,884
Less: Allowance for impairment loss	(3,584)
	$ 1,563,300

Remark: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value
Raw materials	$ 1,066,605	$ 1,142,213
Supplies	177,506	183,107
Work in process	2,294,155	3,904,624
Finished goods	1,148,642	1,618,909
Merchandise	7	7
Inventory in transit	502,593	502,593
	$ 5,189,508	$ 7,351,453

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2022		Increase during the Year		Decrease during the Year		Increase (Decrease) in Investments Accounted for Using the Equity Method	Balance, December 31, 2022			Market Value or Net Asset Value	
Investee	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	%	Amount	Total Amount	Collateral
FAITH EASY ENTERPRISES LTD. (Note 1)	6,000	$ 591,574	-	$ -	-	$ -	$ 77,807	6,000	96	$ 669,381	$ 669,381	None
Golden Win Steel Industrial Corp. (Note 1)	18,726	424,994	-	-	-	-	24,224	18,726	46	449,218	449,218	None
S-Tech Corp. (Notes 1 and 2)	31,356	348,581	2,887	51,964	(12,867)	(158,419)	48,805	21,376	14	290,931	477,754	None
Alloy Tool Steel Inc. (Notes 1 and 3)	1,800	77,913	2,500	74,182	-	-	32,037	4,300	100	184,132	184,132	None
Ho Yang Investment Corp. (Note 1)	10,106	8,987	-	-	-	-	(8,987)	10,106	34	-	-	None
All Win Enterprises Ltd. (Note 1)	18,000	532,930	-	-	-	-	86,368	18,000	100	619,298	619,298	None
Forcera Materials Co., Ltd. (Notes 1 and 4)	4,199	67,996	-	-	(1,709)	(30,435)	6,594	2,490	11	44,155	44,155	None
Rong Yang Investment Corp. (Note 1)	5,000	47,590	-	-	-	-	(2,348)	5,000	100	45,242	45,242	None
Gloria Material Technology Japan. (Note 1)	-	2,164	-	-	-	-	(812)	-	100	1,352	1,352	None
		$ 2,102,729		$ 126,146		$ (188,854)	$ 263,688			$ 2,303,709	$ 2,490,532	

Note 1: The increase (decrease) in investments accounted for using the equity method was due to the profit or loss of investment company shares in the amount of $313,439 thousand. Other changes were the adjustment of the carrying amount of the Company’s shares held by the subsidiaries, the change of exchange differences on translating the financial statements of foreign operations and the adjustment of related equity transactions.

Note 2: The increase of 2,887 thousand shares in the current year was due to additional investments in the subsidiary in the amount of $51,964 thousand.

Note 3: The increase of 2,500 thousand shares in the current year was due to additional investments in the subsidiary in the amount of $74,183 thousand.

Note 4: The decrease in the current year was due to the sale of investment company shares.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Loan Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates	Financing Amount
Line of Credit Borrowing	Financial institution borrowing	$ 1,287,156	1 year	2.37%-6.41%	$ 3,992,672
Letter of Credit Loan	Financial institution borrowing	23,325	1 year	2.702%	379,603
		$ 1,310,481			$ 4,372,275

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
A	$ 79,331
B	42,988
C	41,622
Other (Remark)	487,520
	$ 651,461

Remark: The amount of individual vendor included in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Loan Type	Balance, End of Year	Contract Period	Range of Interest Rates	Collateral
Line of credit borrowings				
First Commercial Bank	$ 4,346,440	2019.12.27-2024.12.27	1.3367%-1.8789%	Land, buildings and machinery
Chang Hwa Commercial Bank, Ltd.	810,000	2019.01.09-2024.01.09	1.4257%-1.8975%	Land and buildings
Sunny Bank, Ltd.	100,000	2022.11.11-2029.11.11	1.94%	Land and buildings
Less: Unamortized discount	(9,662)			
	$ 5,246,778			

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Stainless steel	$ 6,483,155
Alloy steel	4,481,162
Others (Remark)	300,841
	$ 11,265,158

Remark: The amount of individual vendor included in others does not exceed 10% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 1,346,874
Additions:	
Raw material purchased	5,292,050
Others	-
Deductions:	
Others	(8,665)
Raw materials, end of year	(1,569,198)
Raw materials used (1)	5,061,061
Supplies, beginning of year	197,668
Additions:	
Supplies purchased	1,030,407
Deductions:	
Others	(1,049,219)
Supplies, end of year	(177,506)
Supplies used (2)	1,350
Direct labor (3)	631,044
Manufacturing expenses (4)	2,745,801
Manufacturing cost (1) + (2) + (3) + (4)	8,439,256
Additions:	
Work in process, beginning of year	2,057,103
Others	104
Deductions:	
Others	(5,510)
Work in process, end of year	(2,294,155)
Cost of finished goods	8,196,798
Additions:	
Finished goods, beginning of year	735,641
Deductions:	
Others	(1,053)
Finished goods, end of year	(1,148,642)
Cost of selling finished goods	7,782,744
Additions:	
Unamortized manufacturing expense	47,901

Cost of selling raw materials and supplies	86,812
Deductions:	
Revenue from sale of scraps	(7,225)
Cost of manufacturing	7,910,232
Cost of selling	58,823
Operating costs	$ 7,969,055

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Manufacturing Expenses
Consumables expense	$ 779,276
Fuel expense	491,863
Utility expense	456,415
Depreciation expense	256,256
Indirect labor	174,187
Repair costs	148,051
Others (Remark)	439,753
	$ 2,745,801

Remark: The amount of each item in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses
Export expense	$ 717,487
Salary expense	74,765
Commission expenses	47,286
Others (Remark)	47,880
	$ 887,418

Remark: The amount of each item in others does not exceed 5% of the account balance.

STATEMENT 12

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	General and Administrative Expenses
Salary expense	$ 200,138
Others (Remark)	139,250
	$ 339,388

Remark: The amount of each item in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Research and Development Expenses
Commissioned research expense	$ 14,175
Salary expense	11,132
Depreciation expense	5,551
Others (Remark)	9,082
	$ 39,940

Remark: The amount of each item in others does not exceed 5% of the account balance.