

**Gloria Material Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

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, 2023 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 29, 2024

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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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.

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, 2023. 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, 2023 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 are 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 and performed tests on sales revenue transactions for the year ended December 31, 2023. 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 the 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 auditors; 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\$361,966 thousand and NT\$290,931 thousand, representing 1.2% and 1.2%, of the Group's total assets as of December 31, 2023 and 2022, respectively, and the amount of the Group's total share of comprehensive income of such associates was NT\$57,771 thousand and NT\$40,153 thousand, representing 2.4% and 1.9%, of the Group's total comprehensive income for the year ended December 31, 2023 and 2022, respectively.

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified 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, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 29, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 6,478,921	21	\$ 2,508,593	10
Financial assets at fair value through profit or loss - current (Note 7)	39,046	-	52,879	-
Notes receivable (Note 9)	166,113	1	227,332	1
Trade receivables (Notes 9 and 29)	2,411,128	8	2,316,468	9
Other receivables (Note 29)	93,505	-	103,352	1
Inventories (Note 10)	6,514,612	22	6,418,021	25
Other current assets (Notes 16, 29 and 30)	<u>522,524</u>	<u>2</u>	<u>350,692</u>	<u>1</u>
Total current assets	<u>16,225,849</u>	<u>54</u>	<u>11,977,337</u>	<u>47</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	399,587	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	269,873	1	230,853	1
Investments accounted for using the equity method (Note 12)	361,966	1	380,361	2
Property, plant and equipment (Notes 13, 29 and 30)	8,420,471	28	8,307,632	33
Right-of-use assets (Note 14)	141,024	1	125,205	-
Investment properties (Notes 15 and 30)	400,195	1	613,930	2
Deferred tax assets (Note 24)	131,518	1	142,243	1
Prepayments for equipment (Note 29)	3,700,552	12	3,320,249	13
Other non-current assets (Notes 16 and 30)	<u>125,470</u>	<u>-</u>	<u>161,185</u>	<u>1</u>
Total non-current assets	<u>13,950,656</u>	<u>46</u>	<u>13,281,658</u>	<u>53</u>
TOTAL	<u>\$ 30,176,505</u>	<u>100</u>	<u>\$ 25,258,995</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	\$ 1,163,941	4	\$ 1,586,969	6
Short-term bills payable (Note 17)	5,000	-	40,000	-
Notes payable	283	-	395	-
Trade payables (Note 29)	487,728	2	746,383	3
Other payables (Notes 19 and 29)	738,652	2	730,912	3
Current tax liabilities	496,141	2	465,763	2
Lease liabilities - current (Notes 14 and 29)	16,855	-	6,687	-
Current portion of long-term borrowings (Notes 17 and 30)	13,350	-	1,211,877	5
Other current liabilities	<u>182,675</u>	<u>-</u>	<u>108,042</u>	<u>-</u>
Total current liabilities	<u>3,104,625</u>	<u>10</u>	<u>4,897,028</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 18 and 30)	6,251,817	21	4,337,043	17
Long-term borrowings (Notes 17 and 30)	4,822,405	16	4,034,901	16
Deferred tax liabilities (Note 24)	145,884	-	148,223	1
Lease liabilities - non-current (Notes 14 and 29)	54,334	-	39,931	-
Net defined benefit liabilities - non-current (Note 21)	34,021	-	133,870	1
Other non-current liabilities (Note 20)	<u>502,150</u>	<u>2</u>	<u>535,719</u>	<u>2</u>
Total non-current liabilities	<u>11,810,611</u>	<u>39</u>	<u>9,229,687</u>	<u>37</u>
Total liabilities	<u>14,915,236</u>	<u>49</u>	<u>14,126,715</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	<u>5,395,512</u>	<u>18</u>	<u>4,571,224</u>	<u>18</u>
Capital surplus	<u>4,438,857</u>	<u>15</u>	<u>2,178,236</u>	<u>9</u>
Retained earnings				
Legal reserve	1,116,835	4	914,627	4
Special reserve	43,415	-	103,107	-
Unappropriated earnings	<u>3,986,056</u>	<u>13</u>	<u>3,032,679</u>	<u>12</u>
Total retained earnings	<u>5,146,306</u>	<u>17</u>	<u>4,050,413</u>	<u>16</u>
Other equity	<u>(67,788)</u>	<u>-</u>	<u>(43,415)</u>	<u>-</u>
Treasury shares	<u>(270,930)</u>	<u>(1)</u>	<u>(221,911)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	14,641,957	49	10,534,547	42
NON-CONTROLLING INTERESTS	<u>619,312</u>	<u>2</u>	<u>597,733</u>	<u>2</u>
Total equity	<u>15,261,269</u>	<u>51</u>	<u>11,132,280</u>	<u>44</u>
TOTAL	<u>\$ 30,176,505</u>	<u>100</u>	<u>\$ 25,258,995</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 29, 2024)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 29)	\$ 13,525,251	100	\$ 12,365,317	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 29)	<u>(9,880,601)</u>	<u>(73)</u>	<u>(8,409,687)</u>	<u>(68)</u>
GROSS PROFIT	<u>3,644,650</u>	<u>27</u>	<u>3,955,630</u>	<u>32</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(709,759)	(5)	(1,037,694)	(8)
General and administrative expenses	(529,442)	(4)	(463,947)	(4)
Research and development expenses	(26,296)	-	(39,940)	-
Expected credit loss (recognized) reversed	<u>(4,921)</u>	<u>-</u>	<u>912</u>	<u>-</u>
Total operating expenses	<u>(1,270,418)</u>	<u>(9)</u>	<u>(1,540,669)</u>	<u>(12)</u>
PROFIT FROM OPERATIONS	<u>2,374,232</u>	<u>18</u>	<u>2,414,961</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	38,108	-	6,154	-
Other income	127,843	1	148,871	1
Other gains and losses	495,525	4	148,852	1
Finance costs	(194,285)	(1)	(171,111)	(1)
Share of profit of associates	<u>54,821</u>	<u>-</u>	<u>44,794</u>	<u>-</u>
Total non-operating income and expenses	<u>522,012</u>	<u>4</u>	<u>177,560</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,896,244	22	2,592,521	21
INCOME TAX EXPENSE (Note 24)	<u>(500,993)</u>	<u>(4)</u>	<u>(494,506)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>2,395,251</u>	<u>18</u>	<u>2,098,015</u>	<u>17</u>

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	\$ 3,735	-	\$ 1,550	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	30,410	-	(35,487)	-
Share of the other comprehensive income of associates accounted for using the equity method	2,950	-	8,998	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(747)	-	(310)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	(38,599)	-	42,646	-
Other comprehensive (loss)/income for the year, net of income tax	(2,251)	-	17,397	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,393,000</u>	<u>18</u>	<u>\$ 2,115,412</u>	<u>17</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,339,563	17	\$ 2,018,769	16
Non-controlling interests	<u>55,688</u>	<u>1</u>	<u>79,246</u>	<u>1</u>
	<u>\$ 2,395,251</u>	<u>18</u>	<u>\$ 2,098,015</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,321,174	17	\$ 2,048,066	17
Non-controlling interests	<u>71,826</u>	<u>1</u>	<u>67,346</u>	-
	<u>\$ 2,393,000</u>	<u>18</u>	<u>\$ 2,115,412</u>	<u>17</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$4.66</u>		<u>\$4.52</u>	
Diluted	<u>\$4.18</u>		<u>\$4.22</u>	

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

(With Deloitte & Touche auditors' report dated February 29, 2024)

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Other Equity			Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Capital Surplus								Retained 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				
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets	Employee Share Options	Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interests in Subsidiaries	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$ 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
Appropriation of 2022 earnings																	
Legal reserve	-	-	-	-	-	-	-	-	202,208	-	(202,208)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	(59,692)	59,692	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	-	-	(1,239,092)	-	-	-	(1,239,092)	-	(1,239,092)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	2,339,563	-	-	-	2,339,563	55,688	2,395,251
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	3,035	(36,110)	14,686	-	(18,389)	16,138	(2,251)
Conversion of corporate bonds to ordinary shares	887,578	-	2,152,945	-	-	(114,193)	-	-	-	-	-	-	-	-	2,926,330	-	2,926,330
Cancellation of treasury shares	(63,290)	(2,731)	(32,378)	(1,336)	-	-	-	-	-	-	-	-	-	99,735	-	-	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(118,721)	(118,721)	(80,770)	(199,491)
Disposal of the Company's shares held by subsidiaries	-	-	-	5,260	-	-	-	-	-	-	-	-	-	7,032	12,292	9,827	22,119
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	13,081	-	-	-	-	-	-	-	-	-	-	13,081	-	13,081
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	(4,074)	-	-	-	727	-	(727)	-	(4,074)	-	(4,074)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	(10,562)	-	-	-	(10,562)	10,562	-
Change in percentage of ownership interest in subsidiaries	-	-	-	-	-	-	-	(194)	-	-	-	-	-	(37,065)	(37,259)	36,840	(419)
Equity component of convertible bonds issued by the Group	-	-	-	-	-	244,241	-	-	-	-	-	-	-	-	244,241	-	244,241
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	2,222	-	(2,222)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,706)	(26,706)
BALANCE AT DECEMBER 31, 2023	\$ 5,395,512	\$ 213,918	\$ 3,592,624	\$ 341,564	\$ 3,502	\$ 249,211	\$ 9,539	\$ 28,499	\$ 1,116,835	\$ 43,415	\$ 3,986,056	\$ (43,667)	\$ (24,121)	\$ (270,930)	\$ 14,641,957	\$ 619,312	\$ 15,261,269

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

(With Deloitte & Touche auditors' report dated February 29, 2024)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,896,244	\$ 2,592,521
Adjustments for:		
Depreciation expense	477,689	426,836
Amortization expense	971	712
Expected credit loss recognized (reversed)	4,921	(912)
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(252,826)	12,611
Finance costs	194,285	171,111
Interest income	(38,108)	(6,154)
Dividend income	(25,667)	(8,380)
Share of profit of associates	(54,821)	(44,794)
Gain on disposal of property, plant and equipment	(52,829)	(5,642)
Expenses arising from property, plant and equipment	131,976	82,617
Gain on disposal of right-of-use assets	(53,476)	-
Gain on disposal of investments accounted for using equity method	(173,781)	(160,573)
Write-down of inventories	103,391	39,517
Net loss on foreign currency exchange	9,929	83,872
Others	(38)	(36,333)
Changes in operating assets and liabilities		
Notes receivable	61,586	68,460
Trade receivables	(70,993)	(536,899)
Other receivables	9,847	14,297
Inventory	(199,326)	(1,109,229)
Other current assets	(92,934)	1,562
Notes payable	(112)	200
Trade payables	(261,997)	140,301
Other payables	(51,823)	163,606
Other current liabilities	74,633	43,363
Net defined benefit liabilities	(96,055)	(13,336)
Cash generated from (used in) operations	2,540,686	1,919,334
Interest received	38,108	6,154
Dividends received	39,798	17,561
Interest paid	(113,885)	(127,820)
Income tax paid	(485,886)	(118,038)
Net cash generated from operating activities	<u>2,018,821</u>	<u>1,697,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(123,883)	(59,157)
Proceeds from disposal of financial assets at fair value through other comprehensive income	115,273	93,054
Purchase of financial assets at amortized cost	(77,467)	(229,112)
		(Continued)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Purchase of financial assets at fair value through profit or loss	\$ (224,866)	\$ (12,604)
Proceeds from sale of financial assets at fair value through profit or loss	91,938	19,612
Acquisition of associates	(97,898)	(51,964)
Proceeds from disposal of associates	326,480	350,599
Payments for property, plant and equipment	(1,403,129)	(921,757)
Proceeds from disposal of property, plant and equipment	434,893	6,922
Proceeds from disposal of right-of-use assets	57,343	-
Payments for investment properties	(2,095)	-
Proceeds from disposal of investment properties	207,438	-
Decrease in other non-current assets	<u>33,999</u>	<u>188,169</u>
Net cash used in investing activities	<u>(661,974)</u>	<u>(616,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(458,694)	(37,694)
Repayments of short-term bills payable	(35,000)	(280,000)
Proceeds from issuance of convertible bonds	5,019,630	3,024,680
Repayments of bonds payable	(1,300)	-
Proceeds from long-term borrowings	4,750,280	1,153,400
Repayments of long-term borrowings	(5,172,690)	(3,489,816)
Repayment of principal of lease liabilities	(16,620)	(12,281)
Proceeds from other non-current liabilities	-	460,699
Repayments of other non-current liabilities	(24)	-
Cash dividends paid to owners of the Company	(1,217,164)	(623,665)
Proceeds from disposal of the Company's shares by subsidiary	22,119	75,507
Acquisition of additional interests in subsidiaries	(57,954)	-
Payments for buy-back of the Company's shares as treasury shares by subsidiary	(199,491)	(31,883)
Cash dividends paid by subsidiaries	(66,540)	(71,139)
Proceeds from issuance of ordinary shares for cash by subsidiaries	<u>92,160</u>	<u>-</u>
Net cash generated from financing activities	<u>2,658,712</u>	<u>167,808</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(45,231)</u>	<u>33,851</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,970,328	1,282,612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,508,593</u>	<u>1,225,981</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,478,921</u>	<u>\$ 2,508,593</u>

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

(With Deloitte & Touche auditors' report dated February 29, 2024)

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 29, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 MATERIAL ACCOUNTING POLICY INFORMATION

- 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 IFRS Accounting Standards 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 28: 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.

Revenue from sale of goods

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 is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases in the computation of taxable profit.

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. MATERIAL 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.

When developing material accounting estimates, if the revisions affect only current period, they will be recognized in the period. If the revisions affect both current period and future periods, they will be recognized in the period of revision and future periods. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,266	\$ 924
Checking accounts and demand deposits	3,033,934	1,819,587
Cash equivalents		
Time deposits	1,740,056	100,000
Repurchase agreements collateralized by bills	<u>1,703,665</u>	<u>588,082</u>
	<u>\$ 6,478,921</u>	<u>\$ 2,508,593</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank deposits	0.001%-1.46%	0.001%-1.05%
Repurchase agreements collateralized by bills	1.08%-1.40%	0.90%-0.92%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL - current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 7,091	\$ 52,879
Mutual funds	<u>31,955</u>	<u>-</u>
	<u>\$ 39,046</u>	<u>\$ 52,879</u>

(Continued)

	December 31	
	2023	2022
<u>Financial assets at FVTPL - non-current</u>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 394,587	\$ -
Film investment agreements	<u>5,000</u>	<u>-</u>
	<u>\$ 399,587</u>	<u>\$ -</u>
		(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - EQUITY INSTRUMENTS

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 268,418	\$ 229,398
Unlisted shares	<u>1,455</u>	<u>1,455</u>
	<u>\$ 269,873</u>	<u>\$ 230,853</u>

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	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 167,995	\$ 229,579
Less: Allowance for impairment loss	<u>(1,882)</u>	<u>(2,247)</u>
	<u>\$ 166,113</u>	<u>\$ 227,332</u>
		(Continued)

	December 31	
	2023	2022
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,482,412	\$ 1,510,875
Less: Allowance for impairment loss	<u>(26,041)</u>	<u>(21,286)</u>
	1,456,371	1,489,589
At FVTOCI	<u>954,757</u>	<u>826,879</u>
	<u>\$ 2,411,128</u>	<u>\$ 2,316,468</u>
		(Concluded)

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 reporting period 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 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 prediction and industry outlook. The not past due trade receivables were provided with an allowance of 0% to 1.91% and 0% to 1.66% and past due trade receivables were provided with an allowance of 0.01% to 100% and 0.01% to 100%, as of December 31, 2023 and 2022, 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	
	2023	2022
Not past due	\$ 1,078,222	\$ 1,146,203
Past due		
Past due within 60 days	295,578	275,405
Past due 61-120 days	58,405	54,742
Past due over 120 days	<u>50,207</u>	<u>34,525</u>
	<u>\$ 1,482,412</u>	<u>\$ 1,510,875</u>

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 amortized cost were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 21,286	\$ 21,408
Add: Recognition	5,273	-
Less: Reversal	-	(633)
Less: Amounts written off	-	(29)
Foreign exchange gains and losses	<u>(518)</u>	<u>540</u>
Balance at December 31	<u>\$ 26,041</u>	<u>\$ 21,286</u>

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	
	2023	2022
Not past due	\$ 710,415	\$ 616,088
Past due		
Past due within 60 days	196,213	204,216
Past due 61-120 days	45,178	6,575
Past due over 120 days	<u>2,951</u>	<u>-</u>
	<u>\$ 954,757</u>	<u>\$ 826,879</u>

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	
	2023	2022
Balance at January 1	\$ -	\$ -
Add: Recognition	-	-
Less: Reversal	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

Notes Receivable

The following table details the loss allowance of notes receivable based on the Group's aging analysis:

	December 31	
	2023	2022
Not past due	\$ 153,214	\$ 218,136
Past due	<u>14,781</u>	<u>11,443</u>
	<u>\$ 167,995</u>	<u>\$ 229,579</u>

The above aging schedule was based on the number of days past due from the expiration date.

The movements of the loss allowance of notes receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,247	\$ 2,514
Less: Reversal	(352)	(279)
Foreign exchange gains and losses	<u>(13)</u>	<u>12</u>
Balance at December 31	<u>\$ 1,882</u>	<u>\$ 2,247</u>

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 2,445,396	\$ 2,030,869
Supplies	461,039	177,505
Work in progress	2,086,140	2,349,649
Finished goods	985,152	1,205,753
Merchandise	170,783	181,794
Inventory in transit	<u>446,395</u>	<u>592,721</u>
	6,594,905	6,538,291
Less: Amounts written off	<u>(80,293)</u>	<u>(120,270)</u>
	<u>\$ 6,514,612</u>	<u>\$ 6,418,021</u>

The nature of the cost of goods sold is as follows:

	December 31	
	2023	2022
Cost of inventories sold	\$ 9,723,684	\$ 8,322,269
Unamortized manufacturing expense	53,526	47,901
Inventory write-downs	<u>103,391</u>	<u>39,517</u>
	<u>\$ 9,880,601</u>	<u>\$ 8,409,687</u>

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
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	*
The Company	Alloy Tool Steel Inc.	Trading of alloy steel	100	100	-
The Company	Ho Yang Investment Corp.	General investment	49	34	*
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	-

* Although the Group's percentage of ownership in those entities. was less than 50%, the Group still has control over the entity. Thus, those entities are considered a subsidiaries of the Group.

b. Subsidiaries excluded from the consolidated financial statements: None

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in associates	<u>\$ 361,966</u>	<u>\$ 380,361</u>

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Profit for the year	\$ 54,821	\$ 44,794
Other comprehensive income	<u>2,950</u>	<u>8,998</u>
Total comprehensive income for the year	<u>\$ 57,771</u>	<u>\$ 53,792</u>

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 2,732,369	\$ 2,732,369
Buildings	1,683,852	1,768,598
Equipment	2,358,290	2,517,982
Transportation equipment	52,541	41,103
Machinery	8,204	10,122
Other equipment	156,272	163,646
Construction in progress	<u>1,428,943</u>	<u>1,073,812</u>
	<u>\$ 8,420,471</u>	<u>\$ 8,307,632</u>

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 2,732,369	\$ 3,468,158	\$ 11,344,756	\$ 332,284	\$ 144,180	\$ 321,577	\$ 1,073,812	\$ 19,416,856
Additions	-	11,854	639,248	25,243	563	12,323	363,527	1,052,758
Disposals	-	(52,681)	(2,031,852)	(7,500)	(4,115)	(13,301)	-	(2,109,449)
Reclassified	-	(3,410)	(94,701)	-	-	-	(8,311)	(106,422)
Effects of foreign currency exchange differences	-	(4,733)	(2,227)	(54)	(382)	(300)	(85)	(7,781)
Balance at December 31, 2023	<u>\$ 2,732,369</u>	<u>\$ 3,419,188</u>	<u>\$ 9,854,944</u>	<u>\$ 349,973</u>	<u>\$ 140,246</u>	<u>\$ 320,299</u>	<u>\$ 1,428,943</u>	<u>\$ 18,245,962</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 1,699,560	\$ 8,827,784	\$ 291,191	\$ 132,890	\$ 157,799	\$ -	\$ 11,109,224
Additions	-	73,721	339,777	13,031	3,407	19,194	-	449,130
Disposals	-	(34,631)	(1,669,382)	(6,741)	(3,926)	(12,705)	-	(1,727,385)
Reclassified	-	(1,541)	-	-	-	-	-	(1,541)
Effects of foreign currency exchange differences	-	(1,773)	(1,525)	(49)	(329)	(261)	-	(3,937)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,735,336</u>	<u>\$ 7,496,654</u>	<u>\$ 297,432</u>	<u>\$ 132,042</u>	<u>\$ 164,027</u>	<u>\$ -</u>	<u>\$ 9,825,491</u>
Carrying amount at December 31, 2023	<u>\$ 2,732,369</u>	<u>\$ 1,683,852</u>	<u>\$ 2,358,290</u>	<u>\$ 52,541</u>	<u>\$ 8,204</u>	<u>\$ 156,272</u>	<u>\$ 1,428,943</u>	<u>\$ 8,420,471</u>
<u>Cost</u>								
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	<u>\$ 2,732,369</u>	<u>\$ 3,468,158</u>	<u>\$ 11,344,476</u>	<u>\$ 332,284</u>	<u>\$ 144,180</u>	<u>\$ 321,577</u>	<u>\$ 1,073,812</u>	<u>\$ 19,416,856</u>
<u>Accumulated depreciation</u>								
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	<u>\$ -</u>	<u>\$ 1,699,560</u>	<u>\$ 8,827,784</u>	<u>\$ 291,191</u>	<u>\$ 132,890</u>	<u>\$ 157,799</u>	<u>\$ -</u>	<u>\$ 11,109,224</u>
Carrying amount at December 31, 2022	<u>\$ 2,732,369</u>	<u>\$ 1,768,598</u>	<u>\$ 2,516,692</u>	<u>\$ 41,093</u>	<u>\$ 11,290</u>	<u>\$ 163,778</u>	<u>\$ 1,073,812</u>	<u>\$ 8,307,632</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life 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 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 101,522	\$ 110,688
Buildings	29,977	13,160
Transportation equipment	<u>9,525</u>	<u>1,357</u>
	<u>\$ 141,024</u>	<u>\$ 125,205</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 38,899</u>	<u>\$ 5,099</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,994	\$ 4,478
Buildings	11,572	4,434
Transportation equipment	<u>2,732</u>	<u>1,325</u>
	<u>\$ 18,298</u>	<u>\$ 10,237</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets in the ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 16,855</u>	<u>\$ 6,687</u>
Non-current	<u>\$ 54,334</u>	<u>\$ 39,931</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.85%	1.85%
Buildings	1.79%-1.80%	1.79%-1.80%
Transportation equipment	1.79%-2.02%	1.79%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 3,792</u>	<u>\$ 3,278</u>
Total cash outflow for leases	<u>\$ (19,067)</u>	<u>\$ (14,508)</u>

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
<u>Cost</u>			
Balance at January 1, 2023	\$ 189,518	\$ 632,885	\$ 822,403
Additions	-	2,095	2,095
Disposals	-	(256,120)	(256,120)
Reclassification	-	3,410	3,410
Balance at December 31, 2023	<u>\$ 189,518</u>	<u>\$ 382,270</u>	<u>\$ 571,788</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 208,473	\$ 208,473
Disposals	-	(48,682)	(48,682)
Reclassification	-	1,541	1,541
Depreciation expenses	-	10,261	10,261
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 171,593</u>	<u>\$ 171,593</u>
Carrying amount at December 31, 2023	<u>\$ 189,518</u>	<u>\$ 210,677</u>	<u>\$ 400,195</u>

(Continued)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 121,923	\$ 376,465	\$ 498,388
Reclassification	<u>67,595</u>	<u>256,420</u>	<u>324,015</u>
Balance at December 31, 2022	<u>\$ 189,518</u>	<u>\$ 632,885</u>	<u>\$ 822,403</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ 150,043	\$ 150,043
Reclassification	-	43,743	43,743
Depreciation expenses	<u>-</u>	<u>14,687</u>	<u>14,687</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 208,473</u>	<u>\$ 208,473</u>
Carrying amount at December 31, 2022	<u>\$ 189,518</u>	<u>\$ 424,412</u>	<u>\$ 613,930</u>
			(Concluded)

Refer to Note 29, the Group sold the investment property to S-Tech Corp. with the price of \$207,438 thousand for the year ended December 31, 2023.

As of December 31, 2023 and 2022, the determination of fair value was performed by independent qualified professional valuers in the balance sheet date.

The fair value as appraised was as follows:

	December 31	
	2023	2022
Fair value	<u>\$ 1,464,213</u>	<u>\$ 1,681,139</u>

The Group leases property, plant and equipment to S-Tech Corp. and Taiwan Steel Group Aerospace Technology 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 30.

16. OTHER ASSETS

	December 31	
	2023	2022
Prepayments	\$ 140,715	\$ 45,529
Refundable deposits (Note 30)	123,675	173,413
Restricted deposits (Note 30)	61,007	18,101
Other financial assets	300,000	264,564
Others	<u>22,597</u>	<u>10,270</u>
	<u>\$ 647,994</u>	<u>\$ 511,877</u>
		(Continued)

	December 31	
	2023	2022
Current	\$ 522,524	\$ 350,692
Non-current	<u>125,470</u>	<u>161,185</u>
	<u>\$ 647,994</u>	<u>\$ 511,877</u>
		(Concluded)

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 30)</u>		
Bank loans	\$ 94,787	\$ 103,762
<u>Unsecured borrowings</u>		
Letters of credit	9,409	26,051
Line of credit borrowings	<u>1,059,745</u>	<u>1,457,156</u>
	<u>\$ 1,163,941</u>	<u>\$ 1,586,969</u>
Range of interest rates per annum	0.5%-7.8%	1.88%-7.06%

b. Short-term bills payable

Outstanding short-term bills payable (unsecured) were as follows:

	December 31	
	2023	2022
Commercial paper	\$ 5,000	\$ 40,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>-</u>
	<u>\$ 5,000</u>	<u>\$ 40,000</u>

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Union Bank of Taiwan Co., Ltd.	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>	1.707%

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
International Bills Finance Corp.	\$ 10,000	\$ -	\$ 10,000	
Mega Bills Finance Co., Ltd.	10,000	-	10,000	
Dah Chung Bills Finance Corp.	<u>20,000</u>	<u>-</u>	<u>20,000</u>	
	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	1.66%-1.86%

c. Current portion of long-term borrowing

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Current portion of long-term borrowing	<u>\$ 13,350</u>	<u>\$ 1,211,877</u>

d. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings (Note 30)</u>		
Bank loans	\$ 4,835,755	\$ 5,246,778
Less: Current portion	<u>(13,350)</u>	<u>(1,211,877)</u>
Long-term borrowings	<u>\$ 4,822,405</u>	<u>\$ 4,034,901</u>
Range of interest rates per annum	2.0105%-2.19%	1.3367%-1.94%

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. In August 2023, the Group repaid all of the syndicated loan in advance.

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. In August 2023, the Group repaid all of the syndicated loan in advance.
 - 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 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 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.

- 3) Due to bank loan repayment and operating fund needs, the Company obtained a syndicated loan with a credit line of NT\$8,000,000 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\$3,800,000 thousand; non-revolving credit line.
 - b) Term Loan B: Loan limit NT\$4,200,000 thousand; revolving credit line.
 - c) Term Loan C: Loan limit NT\$2,100,000 thousand; revolving credit line.
 - d) The shared credit line of Term Loan B and Term Loan C cannot exceed the credit line of Term Loan B.

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 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	
	2023	2022
Secured domestic bonds (Note 30)	\$ 1,500,000	\$ 1,500,000
Less: Discount on bonds payable	(64,316)	(76,810)
	<u>1,435,684</u>	<u>1,423,190</u>
Unsecured domestic convertible bonds	5,075,398	3,031,928
Less: Discount on bonds payable	(259,265)	(118,075)
	<u>4,816,133</u>	<u>2,913,853</u>
	<u>\$ 6,251,817</u>	<u>\$ 4,337,043</u>

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. The 6th unsecured domestic convertible 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. The Company redeemed the bonds at par on December 12, 2023 and terminated the over-the-counter trading on December 13, 2023.

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 stock 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 5, 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 - stock 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)	<u>(114,739)</u>
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	<u>(12,763)</u>
Liability components as of December 31, 2022	2,913,853
Interest calculated at an effective rate of 1.5258%	13,669
Convertible bonds converted into ordinary shares	(2,926,234)
Redeemed convertible bonds	<u>(1,288)</u>
Liability components as of December 31, 2023	<u>\$ -</u>

c. The 7th unsecured domestic convertible bonds

On July 31, 2023, the Group issued 50,000 unsecured convertible bonds with a face value of \$100 thousand each at an interest rate of 0% at 100.5% of par value, with a total principal amount of \$5,000,000 thousand. The maturity period is three years from July 31, 2023 to July 31, 2026.

Unless the holders of the convertible bonds apply for conversion into the Company's ordinary shares, redeemed, 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 (101.51% 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 1, 2023) to the maturity date (July 31, 2026), 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 stock options from cash capital increase to the base date; (c) 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; (d) Except for the period from the start date of the suspension of conversion (subscription) for the change of face value of the stock to the day before the day of the issue of new shares in exchange for the old 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 July 21, 2023. 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\$59.2 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 - stock options under equity. The effective interest rate originally recognized for the liability component was 2.0524%.

Issue price (net of transaction costs and adjusted for related income tax effects)	\$ 5,019,682
Components of equity (net of transaction costs allocated to equity and adjusted for related income tax effects)	<u>(244,291)</u>
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	4,775,391
Interest calculated at an effective rate of 2.0524%	40,838
Convertible bonds converted into ordinary shares	<u>(96)</u>
Liability components as of December 31, 2023	<u>\$ 4,816,133</u>

19. OTHER PAYABLES

	December 31	
	2023	2022
Other payables		
Payable for salaries and bonuses	\$ 284,337	\$ 304,671
Payable for annual leave	56,176	56,674
Payable for purchase of equipment	110,864	51,968
Payable for fuel	25,018	35,875
Payable for utility bill	32,922	46,066
Payable for export fees	71,052	81,040
Others	<u>158,283</u>	<u>154,618</u>
	<u>\$ 738,652</u>	<u>\$ 730,912</u>

20. OTHER LIABILITIES

	December 31	
	2023	2022
<u>Non-current</u>		
Long-term deferred revenue (a)	\$ 4,786	\$ 4,868
Advanced expropriation receipts (b)	462,121	470,030
Guarantee deposit received	329	333
Others	<u>34,914</u>	<u>60,488</u>
	<u>\$ 502,150</u>	<u>\$ 535,719</u>

- 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 CNY106,597 thousand and CNY106,597 thousand, as of December 31, 2023 and 2022, respectively. 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	
	2023	2022
Present value of defined benefit obligation	\$ 340,067	\$ 389,207
Fair value of plan assets	<u>(306,046)</u>	<u>(255,337)</u>
Net defined benefit liability	<u>\$ 34,021</u>	<u>\$ 133,870</u>

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, 2022	<u>\$ 399,397</u>	<u>\$ (250,641)</u>	<u>\$ 148,756</u>
Service cost			
Current service cost	2,102	-	2,102
Net interest expense (income)	<u>2,743</u>	<u>(1,728)</u>	<u>1,015</u>
Recognized in profit or loss	<u>4,845</u>	<u>(1,728)</u>	<u>3,117</u>
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	<u>36,960</u>	<u>-</u>	<u>36,960</u>
Recognized in other comprehensive income	<u>18,829</u>	<u>(20,379)</u>	<u>(1,550)</u>
Contributions from the employer	-	(16,453)	(16,453)
Benefits paid	<u>(33,864)</u>	<u>33,864</u>	<u>-</u>
Balance at December 31, 2022	<u>389,207</u>	<u>(255,337)</u>	<u>133,870</u>
Service cost			
Current service cost	1,642	-	1,642
Past service cost and loss on settlements	16	-	16
Net interest expense (income)	<u>4,774</u>	<u>(3,144)</u>	<u>1,630</u>
Recognized in profit or loss	<u>6,432</u>	<u>(3,144)</u>	<u>3,288</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,750)	(2,750)
Actuarial loss - changes in demographic assumptions	(2)	-	(2)
Actuarial loss - changes in financial assumptions	1,344	-	1,344
Actuarial loss - experience adjustments	<u>(2,327)</u>	<u>-</u>	<u>(2,327)</u>
Recognized in other comprehensive income	<u>(985)</u>	<u>(2,750)</u>	<u>(3,735)</u>
Contributions from the employer	-	(98,067)	(98,067)
Benefits paid	(53,062)	53,062	-
Liabilities extinguished on settlement	<u>(1,525)</u>	<u>190</u>	<u>(1,335)</u>
Balance at December 31, 2023	<u>\$ 340,067</u>	<u>\$ (306,046)</u>	<u>\$ 34,021</u>

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	
	2023	2022
Discount rate(s)	1.15%-1.20%	1.20%-1.25%
Expected rate(s) of salary increase	1.00%-2.00%	1.00%-2.00%

Mortality rate for the years ended December 31, 2023 and 2022 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 increase/decrease as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	\$ (6,611)	\$ (7,845)
0.25% decrease	\$ 6,812	\$ 8,089
Expected rate(s) of salary increase		
0.25% increase	\$ 6,761	\$ 8,026
0.25% decrease	\$ (6,593)	\$ (7,820)

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	
	2023	2022
Expected contributions to the plan for the next year	\$ 5,506	\$ 6,084
Average duration of the defined benefit obligation	5-8 years	6-8 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
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)	539,551	457,122
Shares issued	\$ 5,395,512	\$ 4,571,224

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and the right to dividends.

As of December 12, 2023 and December 31, 2022, the holders of the Company's 6th unsecured domestic convertible bonds had applied for conversion into the cumulative amount of 89,142 thousand shares and 386 thousand shares of the Company's ordinary shares, respectively. The company has redeemed the bonds payable on December 12, 2023.

As of December 31, 2023, the holders of the Company's 7th unsecured domestic convertible bonds had applied for conversion into the cumulative amount of 2 thousand shares of the Company's ordinary shares.

As of December 31, 2023, the holders of the bonds have transferred 9,728 thousand shares, which the Company has issued but has not yet complete the registration of the change. The Company has applied to the Ministry of Economic Affairs for the registration of the change prior to the date of the financial statement authorized for the issue, but the application has not been approved.

On April 13, 2023, the board of directors of the Company resolved to cancel the treasury shares. The base date for capital reduction was May 22, 2023. After canceling 6,329 thousand treasury shares, the registration was completed in June 2023.

On December 21, 2023, the board of directors of the Company resolved to increase capital and issue new shares in exchange for the new shares issued by Soft-World International Corporation. The Company issued 62,920 thousand new shares as consideration in exchange for 28,600 thousand ordinary shares of Soft-World International Corporation. The base date for the share exchange was January 31, 2024. The Company has applied to the Ministry of Economic Affairs for the registration of the change prior to the date of the financial statement authorized for the issue, but the application has not been approved.

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 stipulated that the Company's a dividends 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 2022 and 2021, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 202,208	\$ 70,670
Special reserve	\$ (59,692)	\$ (84,105)
Cash dividends	\$ 1,239,092	\$ 630,570
Cash dividends per share (NT\$)	\$ 2.3694	\$ 1.4

Cash dividends were approved by board of directors on April 13, 2023 and February 24, 2022, respectively. Other appropriations of earnings were approved by the shareholders in the shareholders' meetings on May 25, 2023 and May 26, 2022, respectively.

The board of directors proposed the following distribution of earnings for 2023 on February 29, 2024:

	2022
Legal reserve	\$ 233,498
Special reserve	\$ 24,378
Cash dividends	\$ 1,506,178
Cash dividends per share (NT\$)	\$ 2.5

The above cash dividends have been resolved by the board of directors. Other appropriations of earnings for 2023 are subject to the resolution in the shareholders' meeting to be held in May 2024.

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, 2023	9,527	6,329	15,856
Increase during the year	4,255	-	4,255
Decrease during the year	<u>(404)</u>	<u>(6,329)</u>	<u>(6,733)</u>
Number of shares at December 31, 2023	<u>13,378</u>	<u>-</u>	<u>13,378</u>
Carrying amount of shares at December 31, 2023	<u>\$ 270,930</u>	<u>\$ -</u>	<u>\$ 270,930</u>
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	<u>(2,494)</u>	<u>-</u>	<u>(2,494)</u>
Number of shares at December 31, 2022	<u>9,527</u>	<u>6,329</u>	<u>15,856</u>
Carrying amount of shares at December 31, 2022	<u>\$ 122,176</u>	<u>\$ 99,735</u>	<u>\$ 221,911</u>

For the years ended December 31, 2023 and 2022, subsidiaries sold 404 thousand and 2,494 thousand, respectively shares of the Company for \$22,119 thousand and \$75,507 thousand, respectively.

The Company's board of directors resolved to retire the treasury shares on April 13, 2023, and the base date of capital reduction was on May 22, 2023. The Company cancelled 6,329 thousand shares of treasury shares, and the share capital and additional paid-in capital decreased by \$63,290 thousand and \$36,445 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	
	2023	2022
Rental income	\$ 57,700	\$ 64,207
Dividends income	25,667	8,380
Sale of electricity	13,380	13,042
Others	<u>31,096</u>	<u>63,242</u>
	<u>\$ 127,843</u>	<u>\$ 148,871</u>

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 180,705	\$ 174,145
Amortization of long-term borrowing costs	11,387	6,888
Interest on lease liabilities	1,345	1,051
Interest on bonds payable	76,751	38,685
Less: Amount included in the cost of qualifying assets	<u>(75,903)</u>	<u>(49,658)</u>
	<u>\$ 194,285</u>	<u>\$ 171,111</u>

Information on capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	\$ 75,903	\$ 49,658
Capitalization rate	1.34%-2.61%	1.14%-1.68%

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets designated as at FVTPL	\$ 252,826	\$ (12,611)
Gain on disposal of associates	173,781	160,573
Gain on disposal of property, plant and equipment	52,829	5,642
Gain on disposal of right-of-use assets	53,476	-
Net foreign currency exchange gains	521,798	654,016
Net foreign currency exchange losses	(445,176)	(557,564)
Others	<u>(114,009)</u>	<u>(101,204)</u>
	<u>\$ 495,525</u>	<u>\$ 148,852</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 370,182	\$ 326,541
Operating expenses	41,666	30,780
Other losses	<u>65,841</u>	<u>69,515</u>
	<u>\$ 477,689</u>	<u>\$ 426,836</u>
An analysis of amortization by function		
Operating costs	\$ 366	\$ 252
Operating expenses	<u>605</u>	<u>460</u>
	<u>\$ 971</u>	<u>\$ 712</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Defined contribution plan	\$ 44,981	\$ 40,802
Defined benefit plan (Note 21)	3,288	3,117
Other employee benefits	<u>1,367,788</u>	<u>1,236,954</u>
	<u>\$ 1,416,057</u>	<u>\$ 1,280,873</u>
An analysis by function		
Operating costs	\$ 966,675	\$ 859,366
Operating expenses	<u>449,382</u>	<u>421,507</u>
	<u>\$ 1,416,057</u>	<u>\$ 1,280,873</u>

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 29, 2024 and February 23, 2023, the employees' compensation and the remuneration of directors and supervisors were as follows:

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 50,000	\$ -	\$ 50,000	\$ -
Remuneration of directors and supervisors	25,000	-	25,000	-

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 compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors 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	
	2023	2022
Current tax		
In respect of the current period	\$ 520,254	\$ 486,265
Income tax on unappropriated earnings	2,493	3,704
Adjustments for prior year	<u>(29,773)</u>	<u>(10,237)</u>
	<u>492,974</u>	<u>479,732</u>
Deferred tax		
In respect of the current period	<u>8,019</u>	<u>14,774</u>
Income tax expense recognized in profit or loss	<u>\$ 500,993</u>	<u>\$ 494,506</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	<u>\$ 2,896,244</u>	<u>\$ 2,592,521</u>
Income tax expense calculated at the statutory rate	\$ 579,249	\$ 518,504
Nondeductible expenses/(income) in determining taxable income	1,784	(3,001)
Investment income of foreign operations	1,800	40,971
Tax-exempt income	(54,690)	(37,631)
Income tax on unappropriated earnings	2,493	3,704
Current investment credit	-	(11,339)
Adjustments for prior year	(29,773)	(10,237)
Effect of different tax rates of group entities operating in other jurisdictions	<u>130</u>	<u>(6,465)</u>
Income tax expense recognized in profit or loss	<u>\$ 500,993</u>	<u>\$ 494,506</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets were as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Recognized in Equity	Closing Balance
Temporary differences						
Unrealized foreign exchange loss	\$ 56	\$ 9,559	\$ -	\$ -	\$ -	\$ 9,615
Unrealized gains with subsidiaries	717	58	-	-	-	775
Defined benefit obligation	26,495	(19,228)	(747)	-	-	6,520
Payable for annual leave	9,973	(4)	-	-	-	9,969
Allowance for impairment loss	30,564	11,238	-	-	-	41,802
Property, plant and equipment	35,153	-	-	-	-	35,153
Others	39,285	(11,753)	-	100	52	27,684
	<u>\$ 142,243</u>	<u>\$ (10,130)</u>	<u>\$ (747)</u>	<u>\$ 100</u>	<u>\$ 52</u>	<u>\$ 131,518</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Recognized in Equity	Closing Balance
Temporary differences						
Unrealized foreign exchange gains	\$ 1,942	\$ 1,990	\$ -	\$ -	\$ -	\$ 3,932
Investment gain on foreign operations	140,068	1,800	-	-	-	141,868
Others	6,213	(5,901)	-	(228)	-	84
	<u>\$ 148,223</u>	<u>\$ (2,111)</u>	<u>\$ -</u>	<u>\$ (228)</u>	<u>\$ -</u>	<u>\$ 145,884</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Recognized in Equity	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
	<u>\$ 122,722</u>	<u>\$ 19,235</u>	<u>\$ (310)</u>	<u>\$ 555</u>	<u>\$ 41</u>	<u>\$ 142,243</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Recognized in Equity	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
	<u>\$ 114,214</u>	<u>\$ 34,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,223</u>

c. Income tax assessments

The Company's tax returns through 2021 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	
	2023	2022
Profit for the year attributable to owners of the Group	\$ 2,339,563	\$ 2,018,769
Effect of dilutive potential ordinary shares:		
Employees' compensation	-	-
Interest on convertible bonds (after tax)	<u>43,606</u>	<u>13,307</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 2,383,169</u>	<u>\$ 2,032,076</u>

Shares (In Thousands)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	502,590	446,847
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,198	1,474
Convertible bonds	<u>66,985</u>	<u>33,701</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>570,773</u>	<u>482,022</u>

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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2023, the Group acquired additional shares of Ho Yang Investment Corp. in the amount of \$325,794 thousand, increasing its continuing interest from 62% to 75%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

27. 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.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

In addition to the following table, the Group's management believes that the carrying amounts of the financial assets and financial instruments that are not measured at fair value approximate their fair value in the consolidated financial statements.

December 31, 2023

	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 4,816,133	\$ 5,332,393	\$ -	\$ -	\$ 5,332,393

December 31, 2022

	Fair Value				
	Carrying Amount	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Convertible bonds	\$ 2,913,853	\$ 3,270,656	\$ -	\$ -	\$ 3,270,656

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 268,418	\$ -	\$ -	\$ 268,418
Unlisted shares	\$ -	\$ -	\$ 1,455	\$ 1,455
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 954,757	\$ 954,757
<u>Financial assets at FVTPL</u>				
Listed shares and emerging market shares	\$ 7,091	\$ -	\$ 394,587	\$ 401,678
Mutual funds	\$ 31,955	\$ -	\$ -	\$ 31,955
Film investment agreements	\$ -	\$ -	\$ 5,000	\$ 5,000

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
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
<u>Financial assets at FVTPL</u>				
Listed shares and emerging market shares	\$ 52,879	\$ -	\$ -	\$ 52,879

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, 2023

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1, 2023	\$ -	\$ 828,334
Recognized in profit or loss (included in other losses)	224,690	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	-
Net changes in trade receivables	-	127,878
Purchases	<u>179,897</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 399,587</u>	<u>\$ 956,212</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
Balance at January 1, 2022	\$ -	\$ 451,779
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
Purchases	<u>-</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 828,334</u>

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. The valuation of unlisted shares is determined by using the market approach and adjusted for the impact of a lack of market liquidity. Valuation of domestic listed private stocks is based on observable stock prices at the end of the period and discounted for lack of liquidity. The film investment agreement adopts the income method and calculates the present value of the income that can be obtained and distributed by holding this contract based on the discounted cash flow method.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (Remark 1)	\$ 8,618,211	\$ 4,723,689
FVTPL		
Equity instruments	438,633	52,879
Financial assets at FVTOCI		
Equity instruments	269,873	230,853
Debt instruments	954,757	826,879

Financial liabilities

Financial liabilities at amortized cost (Remark 2)	13,136,416	12,270,540
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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, lease liabilities and borrowings. 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). The Group entered into forward foreign exchange contracts to manage its exposure to foreign currency risk.

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 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 34. 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 their adjusted 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	
	2023	2022
CNY impact	\$ 10,234	\$ 5,027
USD impact	\$ 30,503	\$ 12,504
EUR impact	\$ 6,163	\$ 7,044
GBP impact	\$ 9,036	\$ 6,258

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	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 3,647,837	\$ 966,732
Financial liabilities	6,328,006	4,423,661
Cash flow interest rate risk		
Financial assets	1,981,500	1,084,322
Financial liabilities	5,999,696	6,833,747

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole 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, 2023 and 2022 would have decreased by \$4,018 thousand and \$5,749 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 listed equity securities. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in Taiwan.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 10% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$26,987 thousand and \$23,085 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI, and the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$43,363 thousand and \$5,288 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, 2023 and 2022, the Group had available unutilized bank loan facilities with \$7,940,768 thousand and \$5,711,017 thousand, respectively.

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, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 560,854	\$ 128,602	\$ 533,336	\$ 3,871	\$ -
Lease liabilities	1,535	3,070	13,392	32,858	27,120
Liabilities instruments	<u>262,006</u>	<u>466,182</u>	<u>563,323</u>	<u>11,477,147</u>	<u>-</u>
	<u>\$ 824,395</u>	<u>\$ 597,854</u>	<u>\$ 1,110,051</u>	<u>\$ 11,513,876</u>	<u>\$ 27,120</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 17,997</u>	<u>\$ 32,858</u>	<u>\$ 9,193</u>	<u>\$ 17,927</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 779,927	\$ 131,845	\$ 565,918	\$ -	\$ -
Lease liabilities	641	1,282	5,555	16,952	29,572
Liabilities instruments	<u>308,009</u>	<u>875,424</u>	<u>1,788,622</u>	<u>7,059,091</u>	<u>1,622,583</u>
	<u>\$ 1,088,577</u>	<u>\$ 1,008,551</u>	<u>\$ 2,360,095</u>	<u>\$ 7,076,043</u>	<u>\$ 1,652,155</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 7,478</u>	<u>\$ 16,952</u>	<u>\$ 9,193</u>	<u>\$ 20,379</u>

e. Transfers of financial assets

Factored trade receivables at the end of the year were as follows:

December 31, 2023

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Financial institution	<u>\$ 52,323</u>	<u>\$ 10,465</u>	<u>\$ 41,858</u>	7

December 31, 2022

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Financial institution	<u>\$ 126,326</u>	<u>\$ 25,265</u>	<u>\$ 101,061</u>	5

The Group has factoring agreements with financial institutions. The credit limit is US\$10,000 thousand for both 2023 and 2022 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.

29. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties are disclosed as follows:

a. Related parties and relationships

Related Party	Relationship
Forcera Materials Co., Ltd.	Associate (Remark)
S-Tech Corp.	Associate (Remark)
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 Technology 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
Tsg Power Corp.	Related party in substance
Tsg Hawks Baseball Co., Ltd.	Related party in substance
Zung-Fu Co., Ltd.	Related party in substance
Dong-Ying Management Consulting Co., Ltd.	Related party in substance

Remark: The Group sold all the shares and dismissed the directors of Forcera Materials Co., Ltd. in January 2023. The Group is no longer a related party to Forcera Materials Co., Ltd.

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Associate	\$ 275,835	\$ 374,985
Related party in substance	<u>13,809</u>	<u>260</u>
	<u>\$ 289,644</u>	<u>\$ 375,245</u>

The terms of the transactions with S-Tech Corp. is 30 to 60 days T/T (settled by mutual offset of receivables and payments). The terms of the transactions with other domestic parties usually is 30 T/T. 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	
	2023	2022
Associate	\$ 370,341	\$ 472,555
Related party in substance	<u>26,435</u>	<u>128,141</u>
	<u>\$ 396,776</u>	<u>\$ 600,696</u>

The terms of transaction with domestic is 30 days T/T. 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	
		2023	2022
Operating expenses	Associate	\$ 2,412	\$ 771
	Tsg Transport Corp.	92,104	680,657
	Related party in substance	<u>63,921</u>	<u>15,565</u>
		<u>\$ 158,437</u>	<u>\$ 696,993</u>
Manufacturing costs	Associate	\$ 1,229	\$ 14,738
	Related party in substance	<u>76,169</u>	<u>23,275</u>
		<u>\$ 77,398</u>	<u>\$ 38,013</u>
Non-operating income and expenses	S-Tech Corp.	\$ 60,559	\$ 59,347
	Associate	-	95
	Related party in substance	<u>14,380</u>	<u>7,060</u>
		<u>\$ 74,939</u>	<u>\$ 66,502</u>
Other losses			
	Related party in substance	<u>\$ 727</u>	<u>\$ -</u>

e. Receivables from related parties (excluding loans to related parties)

Account Item	Related Party Category	December 31	
		2023	2022
Trade receivables to related parties	Associate	\$ 43,072	\$ 81,763
	Related party in substance	<u>6,819</u>	<u>-</u>
		<u>\$ 49,891</u>	<u>\$ 81,763</u>
Other receivables	Associate	\$ 7,486	\$ 8,224
	Related party in substance	<u>1,485</u>	<u>1,115</u>
		<u>\$ 8,971</u>	<u>\$ 9,339</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties

Account Item	Related Party Category	December 31	
		2023	2022
Accounts payable	Associate	\$ 59,700	\$ 32,928
	Related party in substance	<u>9,081</u>	<u>19,058</u>
		<u>\$ 68,781</u>	<u>\$ 51,986</u>
Other payables	Associate	\$ 86	\$ -
	Related party in substance	<u>13,636</u>	<u>18,657</u>
		<u>\$ 13,722</u>	<u>\$ 18,657</u>

The outstanding of trade receivables from related parties are unsecured.

g. Other assets

Account Item	Related Party Category	December 31	
		2023	2022
Other current assets	Related party in substance	\$ -	\$ 1,740
Prepayments for equipment	Related party in substance	\$ 3,819	\$ 494

h. Acquisition of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31	
	2023	2022
Related party in substance	\$ 385	\$ 570

i. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
S-Tech Corp.	\$ 340,729	\$ -	\$ 277	\$ -
Related party in substance	97	3,798	18	3,798
	<u>\$ 340,826</u>	<u>\$ 3,798</u>	<u>\$ 295</u>	<u>\$ 3,798</u>

j. Lease arrangements

Account Item	Related Party Category	December 31	
		2023	2022
Lease liabilities	S-Tech Corp.	\$ -	\$ -
For the Year Ended December 31			
		2023	2022

Interest expense

S-Tech Corp.	\$ -	\$ 125
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k. Acquisition of investment property

Related Party Category/Name	Proceeds	
	2023	2022
Related party in substance	\$ 2,095	\$ -

l. Disposals of investment property

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	2023	2022	2023	2022
S-Tech Corp.	\$ <u>207,438</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

m. Acquisition of financial assets

December 31, 2023

Related Party Category	Account	Shares (Thousands)	Object	Proceeds
S-Tech Corp.	(Note)	3,900	Ho Yang Investment Corp.	\$ <u>57,954</u>

Remark: Investment in subsidiaries was eliminated from consolidation.

n. Endorsements and guarantees provided by the Group (Refer to Table 2)

Related Party Category	December 31	
	2023	2022
Associate	\$ <u>-</u>	\$ <u>10,000</u>

o. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 111,790	\$ 96,053
Post-employment benefits	<u>907</u>	<u>1,214</u>
	\$ <u>112,697</u>	\$ <u>97,267</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, issuance of bonds and letters of credit:

	December 31	
	2023	2022
Restricted deposits (classified as other current assets)	\$ 61,007	\$ 18,101
Pledged foreign currency time deposit (classified as refundable deposits)	12,896	13,166
Pledged time of deposit (classified as refundable deposits)	56,200	112,200
Land	1,679,681	2,500,478

(Continued)

	December 31	
	2023	2022
Buildings, net	\$ 688,594	\$ 978,452
Machinery and equipment, net	<u>-</u>	<u>640,730</u>
	<u>\$ 2,498,378</u>	<u>\$ 4,263,127</u>
		(Concluded)

31. 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, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2023	2022
USD	\$ <u>656</u>	\$ <u>199</u>
EUR	\$ <u>5,875</u>	\$ <u>9,533</u>
JPY	\$ <u>13,463</u>	\$ <u>-</u>
CNY	\$ <u>-</u>	\$ <u>434</u>

- b. As of December 31, 2023 and 2022, unrecognized commitments for purchases of machinery and equipment and plant were as follows:

	December 31	
	2023	2022
NTD	\$ <u>2,794,669</u>	\$ <u>2,239,587</u>
EUR	\$ <u>46,311</u>	\$ <u>9,507</u>
USD	\$ <u>2,728</u>	\$ <u>6,959</u>
JPY	\$ <u>-</u>	\$ <u>193,700</u>
CNY	\$ <u>145,773</u>	\$ <u>83,851</u>
VND	\$ <u>-</u>	\$ <u>1,582,038</u>
CHF	\$ <u>95</u>	\$ <u>272</u>

Payment paid as commitment progress

	December 31	
	2023	2022
NTD	\$ <u>2,222,903</u>	\$ <u>1,752,907</u>
EUR	\$ <u>36,569</u>	\$ <u>2,417</u>
USD	\$ <u>795</u>	\$ <u>6,615</u>
JPY	\$ <u>-</u>	\$ <u>193,700</u>
CNY	\$ <u>66,968</u>	\$ <u>65,078</u>
VND	\$ <u>-</u>	\$ <u>1,099,867</u>
CHF	\$ <u>67</u>	\$ <u>156</u>

- c. As of December 31, 2023 and 2022, \$1,969,750 thousand and \$2,346,900 thousand of issued bills were used for deposit guarantees of financing lines. They can be cancelled when the guarantee obligations are terminated

32. SIGNIFICANT LOSSES FROM DISASTERS: NONE

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. The board of directors resolved to distribute earnings for the fourth quarter of 2023 on February 29, 2024.
- b. In order to promote sports activities and the development of Taiwan's sports industry, the board of directors resolved to donate amounts of \$30,000 thousand to the TSG Hawks of TSG Hawks Baseball Co., Ltd. on February 29, 2024.

34 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 foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,565	30.705 (USD:NTD)	\$ 1,399,063
USD	3,149	7.0827 (USD:CNY)	96,690
USD	41	25,376 (USD:VND)	1,255
EUR	7,988	33.980 (EUR:NTD)	271,440
AUD	1,028	20.980 (AUD:NTD)	21,558
GBP	9,858	39.150 (GBP:NTD)	385,941
JPY	82,811	0.2172 (JPY:NTD)	17,987
CNY	50,957	4.3352 (CNY:NTD)	220,909
<u>Financial liabilities</u>			
Monetary items			
USD	23,013	30.705 (USD:NTD)	706,620
USD	4,810	7.0827 (USD:CNY)	147,692
USD	1,063	25,376 (USD:VND)	32,641
EUR	4,361	33.980 (EUR:NTD)	148,175
GBP	5,242	39.150 (GBP:NTD)	205,226
JPY	11,704	0.2172 (JPY:NTD)	2,542
CNY	3,745	4.3352 (CNY:NTD)	16,235

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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
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

The following information was aggregated by the functional currencies of entities in the Group, 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				
Foreign Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.155 (USD:NTD)	\$ 7,024	29.805 (USD:NTD)	\$ (6,334)
VND	0.00129 (VND:NTD)	(1,285)	0.00126 (VND:NTD)	(1,487)
NTD	1 (NTD:NTD)	69,914	1 (NTD:NTD)	112,824
CNY	4.4019 (CNY:NTD)	1,000	4.422 (CNY:NTD)	(8,551)
JPY	0.2221 (JPY:NTD)	(31)	0.2275 (JPY:NTD)	-
		<u>\$ 76,622</u>		<u>\$ 96,452</u>

35. 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 (Table 4)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 6)
- c. Information on investees (Table 7)
- d. 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
- e. Information of major shareholders: (Table 10)

36. 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. The Group's reportable segments were as follows:

- The Company
- Golden Win Steel Industrial Corp.
- Faith Easy Enterprises Ltd.
- Others

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		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
The Company	\$ 12,439,123	\$ 11,265,158	\$ 2,123,583	\$ 2,014,786
Golden Win Steel Industrial Corp.	1,205,297	1,573,873	54,479	162,976
Faith Easy Enterprises Ltd.	1,000,438	1,225,784	46,720	126,177
Others	<u>1,699,167</u>	<u>1,667,759</u>	<u>117,856</u>	<u>101,004</u>
Continuing operations amounts	16,344,025	15,732,574	2,342,638	2,404,943
Less: Eliminations	<u>(2,818,774)</u>	<u>(3,367,257)</u>	<u>31,594</u>	<u>10,018</u>
Revenue/income from external customers	<u>\$ 13,525,251</u>	<u>\$ 12,365,317</u>	2,374,232	2,414,961
Interest income			38,108	6,154
Other income			127,843	148,871
Other gains and losses			495,525	148,852
Finance costs			(194,285)	(171,111)
Share of profit or loss of associates			<u>54,821</u>	<u>44,794</u>
Profit from operations			<u>\$ 2,896,244</u>	<u>\$ 2,592,521</u>

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.

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	
	2023	2022
Stainless steel	\$ 7,762,897	\$ 7,120,234
Alloy steel	5,111,095	4,858,805
Others	<u>651,259</u>	<u>386,278</u>
	<u>\$ 13,525,251</u>	<u>\$ 12,365,317</u>

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	
	2023	2022	2023	2022
Taiwan	\$ 1,871,016	\$ 2,678,837	\$ 12,465,730	\$ 12,271,578
USA	3,902,330	3,554,321	22,407	1,673
China	1,481,235	1,360,821	271,339	246,864
Others	<u>6,270,670</u>	<u>4,771,338</u>	<u>28,236</u>	<u>21,474</u>
	<u>\$ 13,525,251</u>	<u>\$ 12,365,317</u>	<u>\$ 12,787,712</u>	<u>\$ 12,541,589</u>

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.

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 45,173	\$ -	\$ -	3.7	b	\$ -	For working capital	\$ -	-	\$ -	\$ 133,194 (Note 7)	\$ 133,194 (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: \$332,984 (net worth) × 40% = \$133,194.

b. The aggregate financing limit is 40% of the lender’s net equity. For No. 0: \$332,984 (net worth) × 40% = \$133,194.

TABLE 2

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 2,697,756 (Note 3)	\$ 48,768	\$ 24,564	\$ 24,564	\$ -			Y	N	N	
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	2,697,756 (Note 3)	31,140	-	-	-			Y	N	Y	
		All Win Enterprises Ltd.	b	2,697,756 (Note 3)	349,696	122,115	-	-			Y	N	N	
		Xian Goldway Special Material Co., Ltd.	c	2,697,756 (Note 3)	327,494	208,795	64,665	-			Y	N	Y	
		Faith Easy Enterprises Ltd.	b	2,697,756 (Note 3)	61,480	30,705	-	-			Y	N	N	
		Guangzhou Goldway Special Material Co., Ltd.	c	2,697,756 (Note 3)	318,600	153,525	-	-			Y	N	Y	
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	2,697,756 (Note 3)	171,011	64,905	-	-			Y	N	Y	
		S-Tech Corp.	a	2,697,756 (Note 3)	20,000	-	-	-	4	\$ 5,395,512 (Note 3)	N	N	N	
						<u>\$ 604,609</u>	<u>\$ 89,229</u>							
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	405,976 (Note 4)	19,455	<u>\$ 18,423</u>	<u>\$ 13,715</u>	-	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 are categorized as follows:

a. Business partner.

b. Subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.

c. An investee over which the Company and its subsidiary has a combined shareholding of more than fifty percent (50%).

d. 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\$5,395,512 (paid-in capital) × 50% = NT\$2,697,756.

b. The aggregate endorsement/guarantee limit is NT\$5,395,512 (paid-in capital) × 100% = NT\$5,395,512.

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 from consolidation.

TABLE 3

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
Gloria Material Technology Corp.	Ordinary shares							
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income - non-current	88	\$ 1,377	-	\$ 1,377	
	CJW International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	251	2,652	-	2,652	
	OFCO Industrial Corporation	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	103	2,667	-	2,667	
	Zung-Fu Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	42	1,455	-	1,455	
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through profit or loss - current	41	642	-	642	
	Yuanta Japan Leading Enterprises Fund - New Taiwan Dollar Type A	-	Financial assets at fair value through profit or loss - current	1,011	10,111	-	10,111	
	D-Link Corporation	-	Financial assets at fair value through profit or loss - current	323	6,449	-	6,449	
	ShengHua Entertainment Communication Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	25,700	267,537	13	267,537	
Golden Win Steel Industrial Corp.	Ensure Global Corp., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	127,050	3	127,050	
	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	15	733	-	733	
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,781	27,873	-	27,873	
	TMP Steel Corporation	-	Financial assets at fair value through other comprehensive income - non-current	893	25,127	1	25,127	
	Chun Yu Works & Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	467	11,788	-	11,788	
	Taidoc Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	269	44,385	-	44,385	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	134	8,201	-	8,201	
	Yuanta US 20+ Year BBB Corporate Bond ETF	-	Financial assets at fair value through profit or loss - current	329	11,844	-	11,844	
	OFCO Industrial Corporation	Related party in substance	Financial assets at fair value through other comprehensive income - non-current	969	25,097	1	25,097	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership	Fair Value	
Ho Yang Investment Corp.	Youngtek Electronics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	100	\$ 6,250	-	\$ 6,250	
	Vanguard International Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income - non-current	17	1,385	-	1,385	
	Formosa Plastics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	110	8,712	-	8,712	
	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	13,363	652,785	3	652,785	
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income - non-current	5,067	79,299	1	79,299	
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income - non-current	377	7,525	-	7,525	
	Cameo Communications, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,600	16,080	-	16,080	
	Yuanta Japan Leading Enterprises Fund - New Taiwan Dollar Type A	-	Financial assets at fair value through profit or loss - current	1,000	10,000	-	10,000	

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 from consolidation.

(Concluded)

TABLE 4

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Gloria Material Technology Corp.	A batch of movable assets such as forging equipment	2023.4.13	2016.1.15	\$ 340,452	\$ 340,512	Recovered in full	\$ 60	S-Tech Corp.	Associate	Effective utilization of resources in the light of the Group’s overall business planning	The movable property valuation report	-

- Note 1: If the disposal assets are subject to appraisal which should be stated in the column of “Reference basis for price determination”.
- Note 2: Paid-in capital refers to the parent company’s paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the 20% of paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.
- Note 3: The term “event date” refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of boards of directors’ resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

TABLE 5

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, 2023
(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	\$ 592,717	5	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	\$ 67,623	3	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	Parent company	Purchase	592,717	63	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	67,623	75	
Gloria Material Technology Corp.	Alloy Tool Steel Inc.	Subsidiary	Sale	379,925	3	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	67,245	3	
Alloy Tool Steel Inc.	Gloria Material Technology Corp.	Parent company	Purchase	379,925	81	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	67,245	98	
Gloria Material Technology Corp.	All Win Enterprises Ltd.	Subsidiary	Sale	681,605	5	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	45,190	2	
All Win Enterprises Ltd.	Gloria Material Technology Corp.	Parent company	Purchase	681,605	95	Net 60 days from the end of the month of when invoice is issued, T/T	-	-	45,190	79	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	275,671	2	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	43,072	2	
	S-Tech Corp.	Associate	Purchase	312,656	3	Net 30 days from the end of the month of when invoice is issued, T/T	-	-	21,012	5	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Affiliated company	Sale	125,380	38	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	2,782	3	
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Affiliated company	Purchase	125,380	36	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	2,782	19	
All Win Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Affiliated company	Sale	207,427	26	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	3,412	3	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	207,427	73	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	3,412	9	
All Win Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	Affiliated company	Sale	255,416	32	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	81,818	79	
Xian Goldway Special Material Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	255,416	100	Net 90 days from the end of the month of when invoice is issued, T/T	-	-	81,818	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.

TABLE 6

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 67,245	No significant difference	-
		Alloy Tool Steel Inc.	a	Sales revenue	379,925	No significant difference	3
		Golden Win Steel Industrial Corp.	a	Trade receivables	67,623	No significant difference	-
		Golden Win Steel Industrial Corp.	a	Sales revenue	592,717	No significant difference	4
		All Win Enterprises Ltd.	a	Sales revenue	681,605	No significant difference	5
		All Win Enterprises Ltd.	a	Other income	8,016	No significant difference	-
		All Win Enterprises Ltd.	a	Trade receivables	45,190	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	a	Sales revenue	6,942	No significant difference	-
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	Trade receivables	30,227	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	c	Sales revenue	71,177	No significant difference	1
		Gloria Material Technology Corp.	b	Sales revenue	68,071	No significant difference	1
		All Win Enterprises Ltd.	c	Sales revenue	8,610	No significant difference	-
2	Xian Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	5,667	No significant difference	-
3	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	125,380	No significant difference	1
		Guangzhou Goldway Special Material Co., Ltd.	c	Trade receivables	6,411	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	18,664	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	5,259	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Sales revenue	7,095	No significant difference	-
4	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	89,710	No significant difference	1
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	10,586	No significant difference	-
5	Guangzhou Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	91,016	No significant difference	1
6	Tianjin Goldway Special Material Co., Ltd.	Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	9,068	No significant difference	-
7	All Win Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	207,427	No significant difference	2
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	80,927	No significant difference	1
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	33,506	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	7,281	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	62,596	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Sales revenue	81,818	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Trade receivables	255,416	No significant difference	2

(Continued)

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)

TABLE 7

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income (Loss) of the Investee (Note 2)	Share of Profit (Loss) (Note 2)	Note
				December 31, 2023	December 31, 2022	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	6,000,000	96	\$ 754,353	\$ 105,031	\$ 100,897	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	18,726,481	46	472,342	98,581	44,874	Subsidiary
	Alloy Tool Steel, Inc.	USA	Sale of alloy steel	100,487	100,487	4,300,000	100	242,227	47,313	47,313	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	360,379	115,585	24,385,660	49	93,338	16,497	(2,523)	Subsidiary
	All Win Enterprises Ltd.	Seychelles	General investment	286,604	535,164	10,000,000	100	450,643	96,088	97,104	Subsidiary
	Rong Yang Investment Corp.	Republic of China	General investment	50,000	50,000	5,000,000	100	45,262	20	20	Subsidiary
	Gloria Material Technology Japan	Japan	Sale of alloy steel	15,852	2,232	1,380	100	12,695	(1,648)	(1,648)	Subsidiary
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	Samoa	General investment and trading	89,065	89,065	3,122,222	97	73,213	(6,276)	NA	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	180,208	99,208	12,947,170	26	191,370	16,497	NA	Subsidiary
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	Mauritius	General investment	US\$ 10,000	US\$ 18,000	10,000,000	100	331,398	29,624	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	84,777	(3,601)	NA	Subsidiary
Gloria Material Technology Corp.	S-Tech Corp.	Republic of China	Production and sales of titanium alloys	297,435	261,402	19,580,312	10	361,966	506,445	54,821	Associate
	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	-	32,692	-	-	-	-	-	Associate
Golden Win Steel Industrial Corp.	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	-	29,243	-	-	-	-	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.

TABLE 8

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023**
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	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	\$ 82,874	96	Note 2 (2) \$ 80,498	\$ 197,972	\$ -	
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$3,000 thousand (paid-in capital of CNY22,124 thousand)	b	- (Note 4)	-	-	- (Note 4)	16,675	96	Note 2 (2) 15,980	142,625	-	
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	(1,403)	96	Note 2 (2) (4,550)	152,418	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)	21,760	96	Note 2 (2) 21,598	124,278	-	
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital US\$10,000 thousand (paid-in capital of CNY63,926 thousand)	b	US\$ 18,000	-	US\$ 8,000	US\$ 10,000	29,830	100	Note 2 (2) 29,830	331,398	24,773	

(Continued)

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US\$ 16,137 HK\$ 700	\$ 936,503 (US\$ 30,500)	\$ 9,156,761 (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: $\$15,261,269 \times 60\% = \$9,156,761$.

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)

TABLE 9

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, 2023
(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	\$ 25,170	-	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	\$ 100	-	\$ -	Note 1
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Sale	45,180	-	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	84	Note 1
Tianjin Goldway Special Material Co., Ltd.	Sale	63,175	-	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	389	-	1,654	Note 1
Xian Goldway Special Material Co., Ltd.	Sale	178,697	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	6,349	-	4,393	Note 1
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Sale	132,946	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	7,090	-	8,557	Note 1

Note 1: The Company transacted with the above companies through 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, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Kings Asset Management Corp.	31,292,000	5.79

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.