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2023 Annual Report

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

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(V) Overseas trade places for listed negotiable securities: None.

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One. Letter to Shareholders

I. Implementation of the 2023 business plan

Benefitting from the post-COVID-19 boom in aerospace materials and the geo-economic advantages created by the international geopolitical changes such as the Russo-Ukrainian War, which consolidated differential competitive advantages, the aerospace materials with high gross profit margin recovered this year, which helped enhance the Company's profitability. Demand for tool steel products contracts due to the downstream applications being hit hard by the recession and the slow recovery of the Chinese market. However, due to the vigorous development of the aerospace and defense industries, the consolidated turnover of 2023 was $13,525,251 thousand, a growth of 9.38% compared to 2022, and the net profit before tax of 2023 was $2,896,244 thousand, an increase of 11.72% compared to 2022.

Growth of consolidated sales and pre-tax profit

Unit: NT$ thousand

	Operating revenue	Gross margin	Operating profit	Pre-tax profit
2023	13,525,251	3,644,650	2,374,232	2,896,244
2022	12,365,317	3,955,630	2,414,961	2,592,521
Percentage Growth	9.38%	-7.86%	-1.69%	11.72%

(I) Budget implementation

Despite the recovery of demand from the aerospace industry and the defense industry, the orders received by downstream manufacturing industries, such as the automotive industry and the mold industry were not as good as expected due to the economic downturn. As the supply chain was overstocked, tool steel's orders did not grow in the second half of the year and annual revenues and profits lagged slightly behind the budget target. In 2023, the actual parent company only net operating revenue was $12,439,123 thousand, achieving 95.72% of the budget; the actual parent company only net income after tax was $2,339,563, with a budget achieving rate of 124.55%.

Unit: NT$ thousand

Year / Item	2023 parent company only budget	Actual 2023 parent company only	Achievement rate %
Net operating revenue	12,995,061	12,439,123	95.72%
Gross margin	3,649,869	3,101,019	84.96%
Operating profit	2,207,677	2,123,583	96.19%
Pre-tax profit	2,279,583	2,766,990	121.38%
Net profit	1,878,400	2,339,563	124.55%

(II) The capacity of financial revenue and profitability

1. The net cash inflow from consolidated operating activities was $2,018,821 thousand, mainly due to the increase in revenue, decrease in inventories and increase in accounts receivable turnover; the net cash outflow from investment activities of NTD 661,974 thousand was mainly due to the purchase of fixed assets for plant expansion; NTD 2,658,712 thousand net cash inflow from financing activities is due to the issuance of corporate bonds.
2. Profitability analysis (consolidated)
   Return on assets: 9.20%
   Return on shareholders' equity: 18.15%
   Operating profit to paid-in capital ratio: 44.00%
   Income before tax to paid-in capital ratio: 53.68%
   Basic EPS (after tax): 4.66

(III) Description of the research and development review

In response to the development of high-end steel, GMTC has developed new types of steel for hot work tool steels that have both high strength and toughness, which can be effectively used in the die casting and aluminum extrusion industries. A new product launch was held in June of that year.

The main tasks of R&D and quality in 2023 are as follows:

1. In response to equipment replacement and regulations/standards revision, the Company will continue to negotiate with end customers to expand the scope of certified products and trial production of First Article Inspection (FAI).
2. We continue to comply with the steel type, shape, size, weight, and simplified processes, so as to increase the flexibility of order delivery and achieve effective production.
3. We have been improving the steelmaking process, including source management of raw materials, optimized ingredients and adjustment of process parameters to shorten the melting time and improve the internal and external quality standards of ingots.
4. Regarding the physical testing of mold materials, we continue to collect data to verify and realize production localization of high-grade tool steel.
5. Expand various sizes and steel grades of roll bars.
6. We have made preparations for the introduction of the 50T into production to facilitate the subsequent hot commissioning.
7. Continuous research and development of new products: mirror steel, cold and hot work steel

II. **2024 Business plan**

(I) Business development

In 2023, due to factors such as high interest rates, high inflation, and China's post-pandemic weaker than expected economic performance, global demand for end products was weak, resulting in a slowdown of manufacturing activities in various countries. In addition, the Russian-Ukrainian war and the Israel-Hamas conflict have not yet ceased, resulting in impacts on global economic development and social stability.

Major international forecasting institutions believe that the global economic growth in 2024 will be slightly lower than that in 2023. However, it is still expected that global merchandise trade will show a recovery trend, which will help Taiwan's foreign trade performance become stable. The business development plans at home and abroad are summarized as follows:

Domestic sales market:	As the inflation gradually eases and the global economy continues to recover, the demand in the domestic machinery/mold/automobile industry will also increase accordingly in 2024. As a local enterprise, GMTC is committed to continuously refining the production process and expanding the availability of product sizes and formats. Driven by the newly released high-grade tool steel products, general industrial materials are also expected to expand. It is anticipated that the start of mass production of continuous casting machines will increase the cost competitiveness of general commercial steel and will expand the scope of services in the domestic market in the future, providing domestic industries with more choices of self-made/customized materials.
Overseas markets:	In the midst of the gradual easing of inflation, the U.S. infrastructure and other issues will continue to grow in the next few years, coupled with the benefits of order transfer derived from geopolitics and the issue of the international military technology transfer, the steel market will be driven to a feverish sales boom continually. In response to global carbon emissions and other related issues and supporting measures, the Company is actively building up to meet international standards. GMTC not only continues to deepen high-value industries such as the aerospace, energy, and oil and gas industries, but also provided competitive products, actively developing high-end tool steel products to tap into high-end applications in Europe, the U.S., and Japan. After the newly constructed equipment is put into mass production, it is expected to enhance the competitiveness of the general industrial/commercial materials, and will be able to supply the relevant products to the market in a more comprehensive manner.

(II) Product development:

New product/ new process development:

In 2024, in addition to the concrete achievements of expanding the applications of high-grade hot work steels in end-users' molds, new products will also be developed and launched in the market this year, which will be mainly used in the precision plastic mold industry and will replace the competing products of foreign steel makers, so as to enhance the overall domestic independent technological capabilities and cost competitiveness.

The key tasks of 2024 in line with the above product lines are as follows:

1. Production:

   The expansion and adjustment of production equipment in the two plants have been completed. Each plant can produce competitive products. Firstly, the new equipment mass production yield increased; the cost is controlled; and a better maintenance capacity is set up; secondly, we focus on the precision of production management and logistics, the scheduling logic and the smoothness of the system interface, so that the new product line can be successfully introduced into the market. The new forging equipment will also eliminate the outlet of steel water to the sea and the actual consistent production of special steel will be completed this year, thereby becoming the most complete bar steel production base in Taiwan.

2. Sales:
   a. In response to the expansion of new production lines, the total sales volume is expanded in all sizes and steel types.
   b. The tool steel market share in each region has been increased.
   c. Americas market: The recovery of aerospace, oil and gas, coupled with the increase in demand for infrastructure, will help stabilize the market.
   d. European market: the aerospace industry will receive stable orders. In response to the issue of carbon tax in Europe. We will change the layout of our sales model and ordering arrangements for the market.
   e. Asian markets: The Indian market was stable due to strong domestic demand.

3. R&D:

   As the 50T steelmaking plant is about to enter trial operation and production stage, detailed process planning has been carried out. Related production, testing and adjustment will be carried out in phases from Q2 to Q4, so that the new plant will be able to fulfill the functions, enable the quality and grade to reach the set target and introduce better products to the market through the expansion of the capacity of the equipment.

(III) The Company's business policy for 2024

In the face of ever-changing regional market dynamics in the post-pandemic era, in 2024, GMTC's international operations will need to adjust its order portfolio in response to the rapidly changing characteristics of the market in order to maintain its share in the competitive market.

The focus of this year's business policy is as follows:

1. Continued expansion of business scale.
2. We will Improve the production scheduling system to ensure the smoothness of production and increase the speed of logistics.
3. Process design and improvement of new production lines.
4. To reduce work-in-progress inventory.
5. Sales and purchasing strategies will be aligned to create low cost raw material inventories.

III. Future development strategy

GMTC's market is mainly based on export and the proportion of exported products has reached 87%, selling in nearly 50 countries around the world. In the face of global competitors and the ever-changing international situation, sales volume, price, cost, and quality determine the battlefield. Low price and sufficient material purchasing mechanism, as well as process cost control are the most important strategies to expand market share:

(I) Marketing strategy:

1. Formulating the strategy to achieve leading market share in the Asian tool steel market.
2. We will expand the global market share of 6 series of functional stainless steels and continue to develop in industries that require certification, such as the aerospace, energy, oil and gas and defense industries.
3. We will strengthen market expansion in Northeast and Southeast Asia and India.
4. We will plan the domestic sales network and global layout for new products.
5. Expand the equipment and market for high purity steel.

(II) Production strategy:

1. Re-design the production process and execute the production positioning in the two factories.
2. Strengthen the competitiveness of different product sizes, specialization and division of labor, and scale production to reduce costs.
3. We will continue to improve the manufacturing process, increase the production efficiency, increase the competitiveness from large to small and stabilize the manufacturing quality.
4. We will expand the high purity steel production equipment.
5. We will install green power and design energy-saving and carbon-reducing production processes to minimize the impact on the environment and fulfill our responsibility for green energy and environmental protection.

(III) Human resource:

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

In response to global market trends and new generations, we internally conducted efficient labor deployment and management, and functional and organizational transformation. In addition, with stable profits, the Company has adjusted the salary for three consecutive years. In 2022 and 2023, salaries were adjusted by 5% and 3%. respectively, and in 2024, salaries were adjusted by 4% to share the operating results with employees.

In addition, the company has cooperated with Kao Yuan University to set up master's program for in-service adults, new type of specialized programs and so on. Through the multi-dimensional and multi-win platform of industry-academia cooperation, we are able to cultivate excellent talents and create a multi-win situation for both parties.

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

(I) Economic environment

In 2023, the world enters a period of turbulence that has not been seen in decades; the U.S. economy is in recession; the Federal Reserve keeps raising interest rates; and OPEC's production cuts have limited stimulus for oil prices. Meanwhile, frequent geopolitical conflicts, the spillover of the Israel-Palestine conflict into the Red Sea, coupled with the Russian-Ukrainian war and the impact of interest rate hikes in various countries, have slowed down the global economic growth, which led to a number of downward revisions to growth rates.

The global economic growth of about 2.9% in 2024 is mainly due to the expected lack of economic growth in the United States and China, which has slowed global economic growth; however, emerging countries with strong domestic demand, such as India and Southeast Asia, have a growth rate of more than 4%.

The iron and steel industry will gradually move out of the 2023 downturn and onto the path of growth, driven by the demand for infrastructure in emerging countries and the recovery from the Russian-Ukrainian war, high inflation and moderating high interest rates.

(II) Industry environment analysis:

In 2023, the global economy has experienced post-pandemic turbulence and restructuring. The two major economies, the U.S. and China, have not recovered as well as expected; the Federal Reserve has continued to raise interest rates; and frequent geopolitical conflicts have all had different impact on various industries. The following is a description of the speculative analyses of several important industries related to specialty steel:

I. Aviation industry:

The COVID-19 outbreak in 2020 brought the aviation industry through a three-year freeze and in 2023 the industry came out of the darkness. Airbus forecasts that by 2042, the global fleet size will be 46,560 aircraft, of which 23,680 will be new passenger aircraft and 17,170 will be replacements. As travel and commerce return to normal, the aerospace supply chain is gradually adjusting its inventory levels for the demand, resulting in the shipment of materials.

The main market for passenger aircraft is still Asia and Asia continues to lead the vigorous development of the global aviation industry.

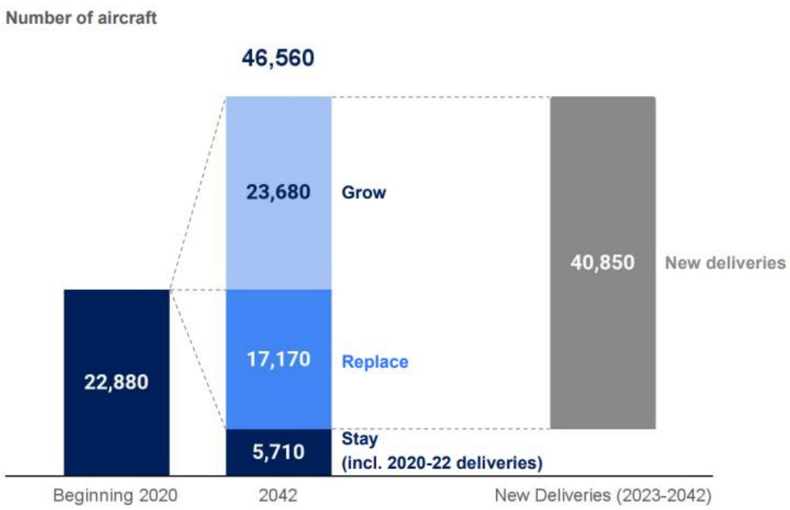


Chart Forecast of New Machine Demand in 2023 - 2042

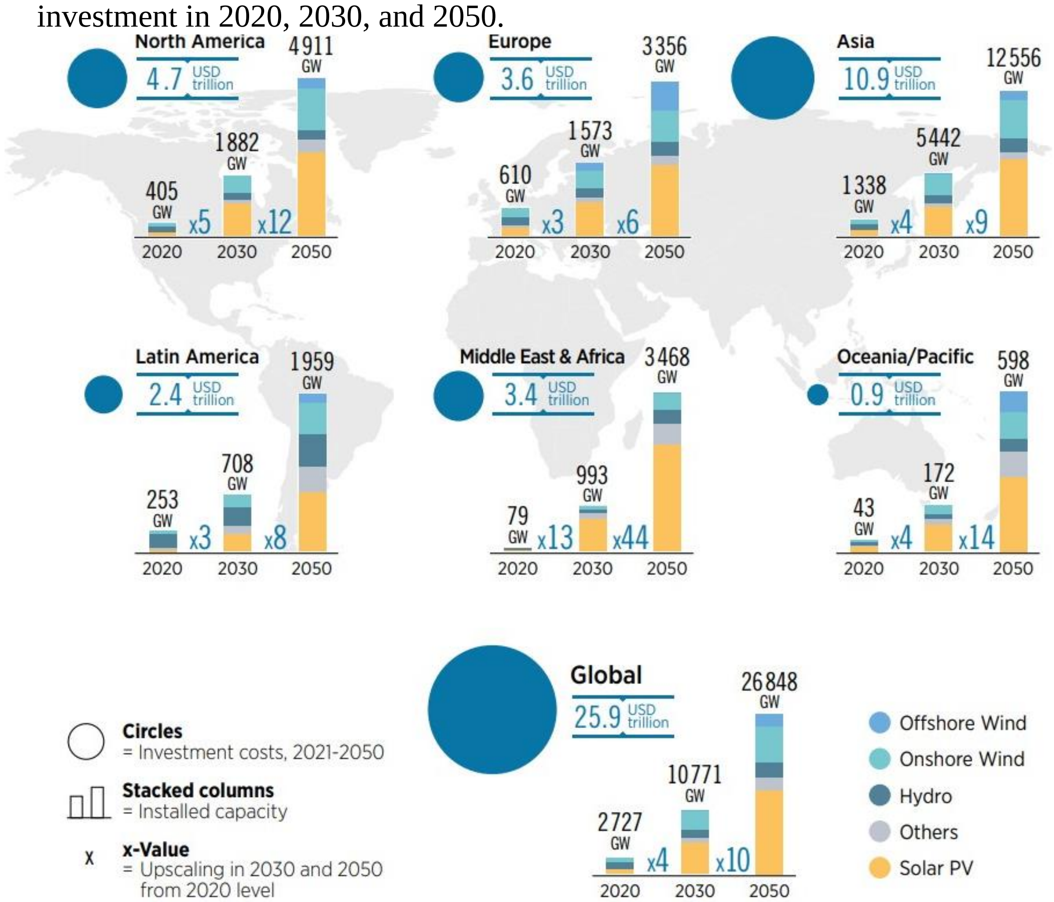
Data source: Airbus, Global Market Forecast, 2023-2042

II. Power industry

Given the global concern about climate change and the reduction of carbon emissions, countries around the world are actively developing various green energy, including renewable energy such as wind power and solar power. According to a study by the International Renewable Energy Agency (IRENA), under the 1.5℃ simulation scenario, Asia, North America and Europe will account for about 83% of the world's demand for installed renewable energy capacity by 2030. Whereas Asia will need to quadruple its installed renewable energy capacity, North America and Europe will have to increase their installed capacity by about five and three times respectively, and the cumulative investment globally will reach US$25.9 trillion.

Under the influence of the Russo-Ukrainian war, Russia has restricted the supply of natural gas and oil, resulting in sharp fluctuations in energy prices; however, this has also increased the demand in the energy industry, which is favorable to the demand for electric turbine blade materials in the energy industry. Furthermore, with the climate change and carbon emission reduction issues taking place, the Company is still optimistic about the energy market and have high expectations.

The chart shows the total installed capacity of renewable energy and cumulative investment in 2020, 2030, and 2050.

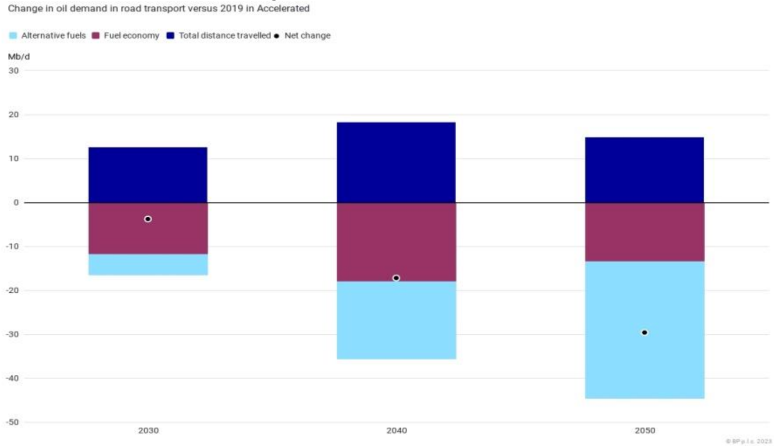


Source: IRENA, World Energy Transitions Outlook 2022

III. Crude oil industry

Global oil demand will remain stable for the next 10 years or so and then gradually decline, partly due to the decline in the use of oil in road transportation as vehicles become more efficient and increasingly use alternative energy sources as fuels, such as electricity. Nevertheless, demand for oil in emerging countries is growing modestly due to economic development.

The capacity of wind and solar installations will substantially increase to offset the reduction of electricity from oi and the cost of solar and wind technology and production will decline and eventually stabilize as additional installations are built.



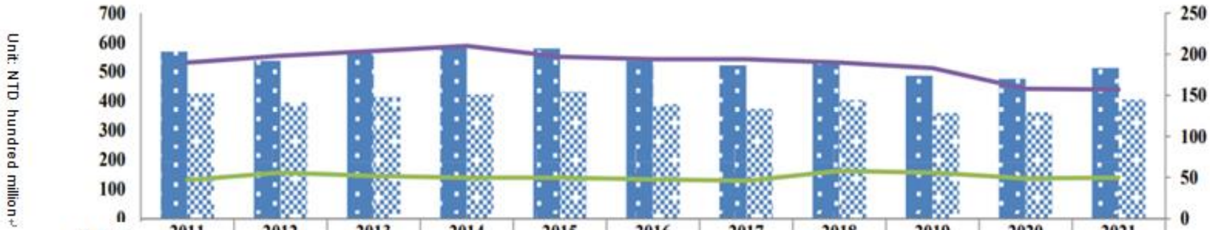
Source: BP, Energy Outlook

IV. Mold market

The output value of Taiwan's mold industry is quite stable. The materials are mainly used for plastic molds, die-casting molds and forging molds. Taiwan is also an important production center for 3C products such as notebooks and mobile phones. In recent years, the increased demand has led to a rise in orders for the mold industry; coupled with the growth of the automotive industry, the demand for aluminum extrusion dies has also increased, resulting in a significant increase in the demand for alloy tool steel, plastic film tool steel, and other materials in recent years.

At present, domestic mold materials are still imported to make up for the lack of self-sufficiency, especially in the high-end mold steel materials, which have long been dominated by imported materials. According to the estimates of the metal center, the domestic demand is about 45,000 - 50,000 tons.

R&D of high-end mold materials has been active in recent years and we have successfully launched the hot work tool steel, a double-remelting grade in 2023. This steel is mainly used in die casting and aluminum extrusion molds. Through the specialized alloy preparation technology and advanced production, the toughness, high-temperature strength, and fatigue resistance of the material are well demonstrated, and the service life of the molds is extended, which also improves the competitiveness of the mold industry.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Industry output	569	538	566	581	580	538	522	537	487	476	513
Domestic demand	426	396	414.8	423	433	390	374	404	360	362	406
Export	47	56	52	50	50	48	46	58	56	49	50
Import	190	198	204	210	197	194	194	190	183	158	157

V. Automotive industry:

In recent years, due to the pandemic's impact, people's transportation habits have changed. The automotive industry has experienced significant sales growth since 2020. Among them, hot work tool steel is the most used in the automotive industry, accounting for almost half. The demand for molds increases the demand for alloy tool steel.

Secondly, as environmental awareness rises, the appearance and structural parts of vehicles are all developing towards lightweight, energy-saving and electrification. As a result, the materials and structural strength are also changing, and the development of molds and materials must also undergo transformation.

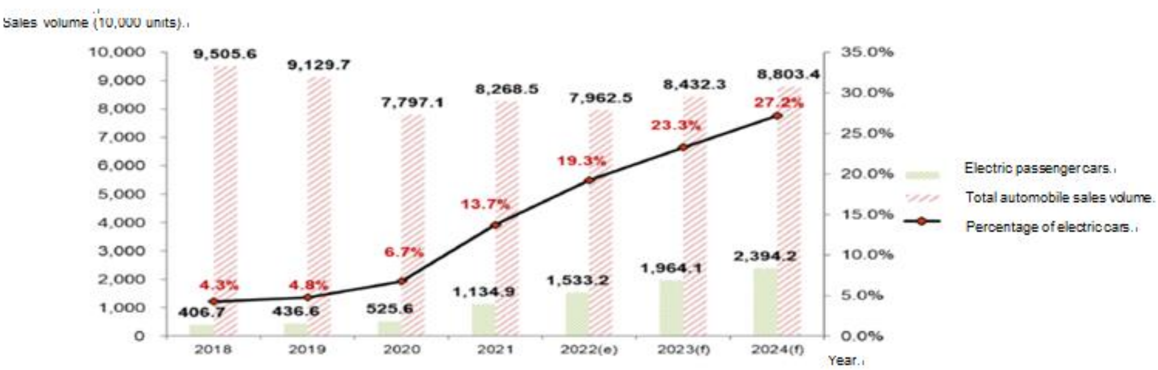


Figure 13 Trends in global auto sales

Source: OICA (2022/10); compiled by the Metal Industries Research and Development Centre

(III) Iron and steel industry:

World Steel Association forecasts the growth rate of global steel demand to be around 1.9% in 2024. Steel demand is expected to increase by 34.6 million tonnes from 2023, with major growth in Europe, India and Asia.

Taiwan Institute of Economic Research also estimated that Taiwan's economic growth rate will reach 3.15% in 2024, which is revised up by 1.72% compared to the original forecast and nearly twice the expected GDP growth rate in 2023.

In 2024, the global steel market is expected to perform better than last year as investment in the manufacturing industry rebounds significantly; investment demand for emerging technologies and net-zero emissions continues to increase; geopolitical risks decline; and interest rate hikes in Europe and the U.S. slow down.

However, the uncertainty of the impact of the Israel–Hamas conflict, the Russo-Ukrainian war and geopolitical risks in the Middle East, as well as the effective CBAM of the European Union and the global net-zero emission requirements will affect the cost of steel, which will need to be continuously monitored.

Economy	Million metric tons			Annual growth rate (%)		
	2022	2023(e)	2024(f)	2022	2023	2024
Western Europe + the U.K.	152.0	144.3	152.7	-7.8	-5.1	5.8
Other parts of Europe	39.2	45.0	47.3	-2.5	14.9	5.1
Russia, Ukraine and the Commonwealth of Independent States	51.6	54.6	55.2	-12.0	5.8	1.1
North America	132.9	134.1	136.1	-3.0	0.9	1.5
Central and South America	44.9	44.2	45.1	-11.5	- 1.6	2.2
Africa	39.5	37.9	39.9	0.8	-4.1	5.4
Middle East	57.1	56.1	57.9	7.7	-1.7	3.2
Asia and the Pacific	1,265.3	1,298.3	1,314.9	-2.7	2.6	1.3

Source: Source: Worldsteel Short Range Outlook, 2023/10

Source: Compiled by Taiwan Institute of Economic Research

(IV) Regulatory environment and overall business environment

In recent years, global steel protectionism has continued to intensify, and the competition in the global market of alloy tool steel is particularly fierce.

After the pandemic, countries are still imposing a number of steel tariff quota and import strategies or additional import duties on the market to protect the regional markets from the impact. Until 2023, these measures had not been loosened and the global cold war has not yet been resolved, which has led to the shift of market segments.

Taiwan is a mineral resource-deficient country and relies on imported alloy iron raw materials, which is vulnerable to fluctuations in international raw materials prices. As a result, it is not easy to control production costs, which puts additional pressure on the iron and steel industry.

1. The global market competition of alloy tool steel is still fierce:
2. Obstacles to trade remain in place across countries
   (1) Trade Barriers from the U.S Section 232: Some steel products have been exempted. However, the measure is still enforced in the United States.
   (2) European Union: The trade barrier of steel tariff quota continues.
   (3) Signing RCEP: The steel industry in Southeast Asia is in a price war. Although the impact of tariffs will not happen immediately, it will be a pressure for Taiwan's steel industry in the long run

3. In recent years, the global geopolitical frictions have affected the global economy and the steel industry.
4. Carbon emission topic:

   In light of the global net zero trend, Taiwan has promoted the collection of carbon fees and will further promote the carbon tax and carbon border management mechanism in the future to improve the international carbon competitiveness of the domestic industry, which the steel industry needs to pay more attention to.

   Taiwan is also considered an iron and steel exporting country; in the future, it will also realize the establishment of carbon footprints of products by organizing carbon inventories. In addition, the global demand for green iron and steel products will become increasingly high. In the face of the technical aspects, it should focus on low-carbon production processes, equipment development or replacement, in order to address the future effects of the industry as soon as possible.

   Green subsidies are also a hidden concern of future trade wars and must be closely monitored.
5. In recent years, the implementation of the green power policy that requires large power users to provide their own green power will gradually come into effect, which will increase the cost of electricity for the iron and steel industry. In addition, adjusting the production schedule and the choice of green power is also one of the issues for the industry.

Looking ahead to 2024, all manufacturing industries, especially the automotive industry, are optimistic about a rebound this year. The slowdown in interest rate hikes in the U.S. is favorable to the construction industry and domestic demand in India and Southeast Asia can drive economic growth and steel demand. With the mitigation of geopolitical conflicts and post-war recovery, the iron and steel industry is expected to recover from the haze of 2023 in 2024.

GMTC makes adjustments to its operation and management at any time in response to changes in the macro environment. We have been implementing internal streamlined management and professional division of responsibilities, establishing a procurement and inventory mechanism, expanding production lines and equipment to make our products more complete, increasing production capacity, enhancing technical capabilities, increasing R&D energy, developing new products, and exploring new market segments. At the same time, we will stabilize our financial position and control costs to strengthen our market competitiveness and expand our market share in Asia. Finally, we would like to thank all shareholders for the support and recognition. Despite the downturn in the global economy in 2023, the Company's management team and employees still strived to create maximum business performance for shareholders and employees. In the future, we will continue to work hard to bring profits and growth to shareholders.

We wish you all good wealth and prosperity!

Chairman: Manager: Accounting Manager:

Two. Company Profile

I. Date of Establishment

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

(II) Contact information of the headquarters and factories:

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

Phone: 06-6520031

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

II. Company Profile

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

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

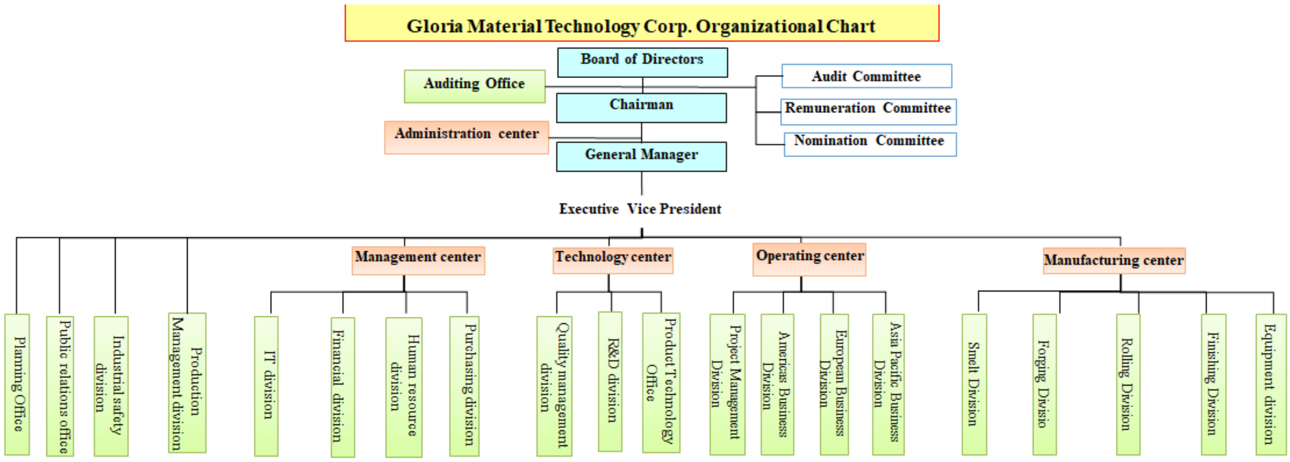
September 2010	Awarded as SAFRAN/Messier-Dowty qualified supplier.
December 2010	Awarded as a GKN Aerospace qualified supplier.
February 2011	Honor the approval of S400/S1000 from GE Aviation.
June 2011	Honored the ISO 14001, OHSAS 18001, and TOSHMS from AFNOR.
September 2011	Qualified as aircraft materials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

March 2022	Obtained JIS Mark G4303 certification
April 2022	Ranked in the top 5% of the 8th Corporate Governance Evaluation in 2021
October 2022	Obtained ISO9001:2015 certification from the UK accreditation body UKAS
November 2022	BIS stainless steel (IS 6603) certification renewal, and addition of new steel types and increase the variety in size of supplies
April 2023	Ranked in the top 5% of the 9th Corporate Governance Evaluation in 2022
July 2023	Acquired IATF 16949:2016 quality management system certification
August 2023	Awarded "2023 Taiwan Best-in-Class 100"
October 2023	Received the "2023 Net Zero Industry Competitive Excellence Award" by 21st Century Foundation

Three. Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Major Corporate Functions

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

2. The Company has appointed a chief executive officer (CEO) and general manager to represent the Board of Directors in comprehensive business management, with 5 centers including the administrative center, management center, technology center, business center, manufacturing center, as well as the public relations office, business planning office, audit office, and industrial safety department. The Company also appointed the deputy CEO, deputy general managers, and (deputy) assistant vice president to be responsible for the overall business of the centers, departments and offices. It appointed managers, assistant managers and (deputy) section chief for each unit.

<table>
<tr><th colspan="2">Department</th><th>Job Description</th></tr>
<tr><td colspan="2">Administration Center</td><td>Integration of the company’s resources to exert comprehensive synergy. In addition, the administration center is also responsible for rationalizing the company operations and making the division of labor more effective, in order to achieve better business management.</td></tr>
<tr><td rowspan="3">Management Center</td><td>IT Division</td><td>1. Information strategy planning, application and management
2. Promote the development of internal and external IT services
3. Development of organizational and inter-departmental process and data integration technology
4. Development of supply chain data tandem technology
5. E-business planning of the company and its subsidiaries
Data integration services</td></tr>
<tr><td>Financial Division</td><td>1. Formulation, amendment and control of accounting systems, funding systems, rules and accounting forms.
2. The company’s tax payment, check, application for review, petition, and administrative litigation matters.
3. General accounting process and collection, analysis and estimation of various cost data.
4. Preparation of budgets and budget control.
5. Preparation of meetings for directors and supervisors, and (extraordinary) shareholders meetings.
6. Negotiation and settlement of external short-, medium- and long-term corporate loans.
7. Preparation of various statements of cash receipts and disbursements.
8. Receipt and management of various receivables, bills payable and securities.
9. Issuance and verification of invoices and sales vouchers.</td></tr>
<tr><td>Human Resource Division</td><td>1. Research and drafting of the human resource system.
2. Human resource-related tasks such as attendance, recruitment, performance appraisal, rewards and punishments.
3. Foreign workers’ application, recruitment, management and other procedures
4. Labor and health insurance for employees
5. The unit responsible for education and training (corporate)
Legal consulting</td></tr>
</table>

Department		Job Description
Management Center	Purchasing Division	1. Procurement of scrap steel, iron alloy, round bar steel billet and materials, equipment, engineering contracting, equipment repair and its follow-up. 2. Procurement related to various subcontracting services and its follow-up. 3. The progress and follow-up of domestic shipments & inter-factory transportation & OEM transportation & waste recycling and transportation-related procurement projects
Technology center	Quality management division	1. Formulation and development of quality and environmental assurance systems 2. Promotion of quality control education and planning 3. Coordination and promotion of the Company's standard activities 4. Production and management of quality control reports, application and promotion of quality control verification 5. Abnormality and customer complaints handling and statistical analysis 6. Certificate management and maintenance of cooperative vendors 7. Implementing audits related to customers and suppliers/ cooperative vendors 8. Implementation and maintenance of special process assessment activities, personnel certification training maintenance 9. Management, certification and testing of chemical and physical laboratories 10. Compilation of testing technology and operating standards, and formulation of product test standards and specifications 11. Testing analysis and judgment of material quality

Department		Job Description
Technology center	R&D Office	1. Evaluation and parameter formulation of new tool steel and low alloy steel product specification. 2. Reverse engineering collection and research 3. New steel grade development trial production and mass production 4. Development and formulation of new grades and manufacturing processes for stainless steel. 5. Trial production and mass production with new grades and manufacturing processes for stainless steel. 6. Other matters related to the development and application of stainless steel products. 7. Coordination with technical partners
	Product Technology Office	1. Product specification and parameter formulation, module production. 2. Advanced review of order specifications. 3. Collection and research of technical specifications; drafting and introduction of specifications and parameters. 4. Drafting and revising product specs and relevant standards. 5. Support matters related to the research and improvement of product quality and manufacturing processes. 6. Dealing with anomalies in the factory and responding to customer complaints. 7. Provide customers with technological services related to materials selection and heat treatment. 8. Production cost control and budget execution. 9. Assisting in cost management, variance analysis and promotion of cost improvement 10. Promotion and management of quality objectives. 11. Handling and statistical analysis of anomalies. 12. Promote quality improvement projects.

Department		Job Description
Operating center	Asia Pacific Business Division	Asia Pacific (tool steel, stainless steel): 1. Formulation and implementation of business plan 2. Formulation and implementation of marketing strategies 3. Collection and analysis of market information 4. Develop of new customers and maintain customer relationships 5. Pricing and contract signing
	European Business Division	Europe (tool steel, stainless steel): 1. Formulation and implementation of business plan 2. Formulation and implementation of marketing strategies 3. Collection and analysis of market information 4. Develop of new customers and maintain customer relationships 5. Pricing and contract signing
	Americas Business Division	Americas (tool steel, stainless steel): 1. Formulation and implementation of business plan 2. Formulation and implementation of marketing strategies 3. Collection and analysis of market information 4. Develop of new customers and maintain customer relationships 5. Pricing and contract signing
	Project Management Division	Materials, defense materials and semi-finished products: 1. Formulation and implementation of business plan 2. Formulation and implementation of marketing strategies 3. Collection and analysis of market information 4. Develop of new customers and maintain customer relationships 5. Pricing and contract signing
Manufacturing center	Smelt division	1. Execution of smelting, refining and remelting work orders 2. Smelting, casting and demolding 3. Bricklaying and repairing of production furnaces and barrels 4. Establishment of smelting equipment operation manual and operation standards 5. Improvement of smelting process 6. Autonomous preventive maintenance
	Forging division	1. Execution of forging work orders 2. Forging and heat treatment 3. Planning and improvement of forging and heat treatment technology 4. Formulation of manuals and operating standards of forging equipment

<table>
<tr><th colspan="2">Department</th><th>Job Description</th></tr>
<tr><td rowspan="3">Manufacturing center</td><td>Rolling division</td><td>1. Execution of rolling, quenching and tempering, and cogging work orders
2. Maintenance and repair of rolling, quenching and tempering, and cogging equipment
3. Planning and improvement of rolling, quenching and tempering, cogging and heat treatment technology
4. Formulation of manuals and operating standards of rolling, quenching and tempering equipment
5. Autonomous maintenance of machinery and equipment</td></tr>
<tr><td>Finishing division</td><td>1. Straightening, peeling and calendering
2. Planning and improvement of finishing technology
3. Formulation of manuals and operating standards of finishing equipment
4. Autonomous maintenance of machinery and equipment
5. Centerless grinding and packaging</td></tr>
<tr><td>Equipment division</td><td>1. Related operations, management and maintenance of public equipment in Shinying plant, Liuying plant and the digital building
2. Facilities management and processing support for power systems, air compressor systems, natural gas, vehicles, electric welding, and lathe processing.
3. Equipment upgrade and factory construction projects.
4. Maintain equipment stability and deal with anomalies.
5. Technical support for plant maintenance and troubleshooting.
6. Planning and guidance for fifth echelon maintenance of related plant equipment.</td></tr>
<tr><td colspan="2">Planning Office</td><td>1. Information preparation for public announcements
2. Information integration and implementation of policies promoted by industrial and commercial groups
3. Collection, evaluation and analysis of data related to company operations
4. Maintenance and update of the Company's website
5. Annual CSR report integration, execution and update
6. Coordination and execution of planning related matters</td></tr>
</table>

Department	Job Description
Production management division	1. Formulation of the production planning system and operating procedures, formulation and revision of production and shipping plans 2. Production schedule and progress management, and filling out work orders 3. Matters related to the coordination of production and sales of each unit, order receiving and delivery and capacity load control 4. Control over delivery approval and inventory turnover 5. Delivery and receiving, inventory control and storage management of various raw materials 6. Finished product warehouse entry/ exit operations, storage management, customer complaint and reverse logistics management 7. Smelting production ingredients and smelting material cost control
Auditing Office	1. Discussion of audit enforcement procedures and improvements 2. Financial business and financing cycle auditing 3. Preparation and implementation of routine audits and project audit plans 4. Submit internal audit documentation to the FSC
Public relations office	1. Responsible for communication between the company and capital market 2. Hold investor conferences 3. Collect and respond to shareholder opinions 4. Analysis of the capital market and shareholder structure 5. Internal/ external communications and coordination 6. Participate in the Company's public consultation, complaints and visitors reception 7. Organizational press release and dissemination of image 8. Formulation of reputation management plan for the Company and its products (services) 9. Planning, implementation and evaluation of various thematic public activities

Department	Job Description
Industrial safety division	1. Planning and supervision of occupational safety and health management of various departments 2. Instruct and supervise the relevant personnel to conduct inspections, regular inspections, key inspections and operating environment testing 3. Supervising or carrying out the inspection and identification of the discharge pipelines and the surrounding air pollutants, analyzing and testing data, and reporting the information of the pollution sources 4. Wastewater treatment and disposal of hazardous industrial waste 5. Protection and management of plant safety 6. Supervision of occupational accident investigations and response measures, and statistical analysis of occupational disasters

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

(I) Board Members Information

March 31, 2024

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%				Title	Name	Relation	
Chairman	R.O.C.	Taiwan Steel Group United Co., Ltd.	Male 50~59 years old	2023.05.25	3	2017.06.02	19,636,000	3.79	19,636,000	3.26	-	-	None	N/A	N/A	None	None	None	None
		Representative: Chiung-Fen Wang					10,000	-	10,000	-	-	-	None	Department of Law, National Chung Hsing University	Note 2	None	None	None	Note 1
Director	R.O.C.	Taiwan Steel Group United Co., Ltd.	Male 70~79 years old	2023.05.25	3	2018.05.29	19,636,000	3.79	19,636,000	3.26	-	-	None	N/A	N/A	None	None	None	None
		Representative: Shih-Chieh Chao					-	-	-	-	-	-	None	Bachelor of Automation, Tsinghua University Chairman of TMP Steel Corporation	Director of E-TOP Metal Co., Ltd. Director of E-SHENG Steel Co., Ltd. Director of TMP Steel Corporation Director of S-Tech Corp Supervisor of TAI YU Investment Co., Ltd.	None	None	None	None
	R.O.C.	Gloria Investments Limited	Male 60~69 years old	2023.05.25	3	2017.06.02	1,000	-	1,000	-	-	-	None	N/A	N/A	None	None	None	None
		Representative: Wen-Yuan Lin					-	-	-	-	-	-	None	Master of Civil Engineering, University of Hawaii Chairman of China Steel Corporation	Chairman of Taiwan Styrene Mo nomer Corp. Chairman of Eastern Broadcasting Co., Ltd. Director of Yang Ming Shan Tien Lai Resort & Spa Independent Director of Taroko Co., Ltd. Director of Nanho Industrial Co., Ltd. Director of United Renewable Energy Co., Ltd. Independent Director of LOCUS Cell Co., Ltd. Chairman of Overseas Investment & Development Corp	None	None	None	None
	R.O.C.	Gloria Investments Limited	Male 60~69 years old	2023.05.25	3	2018.05.29	1,000	-	1,000	-	-	-	None	N/A	N/A	None	None	None	None
		Representative: Cheng-Hsiang Chen					1,270,871	0.28	1,270,871	0.26	-	-	None	Master of Materials Science and Engineering, National Tsing Hua University	Consultant of Gloria Material Technology Corp.. Director of Hoyang Investment Co., Ltd. Director of S-Tech Corp. Director of Guangzhou Goldway Special Metal Co., Ltd. Director of Tianjin Goldway Special Metal Co., Ltd.	None	None	None	None

Title	Nationality or Place of Registration	Name	Gender Age	On-Board Date	Term	Date first elected	Shareholding when Elected		Current shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at The Company and Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
							Shares	%	Shares	%	Shares	%				Title	Name	Relation	
															Director of Xian Goldway Special Metal Corp. Ltd. Director of Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.				
Director	R.O.C.	Baijiayuan Investment Co., Ltd. (Note 3)	Female 40~49 years old	2023.5.25	3	2019.06.06	1,000	-	1,000	-	-	-	None	N/A	N/A	None	None	None	None
		Yi-Ching Wu					-	-	-	-	-	-	None	Alliant International University (San Diego, USA), Doctorate of Business Management (DBA) Chairman of Taiwan Styrene Monomer Corp.	Chairman of Hoho International Development Ltd. Director of Yang Ming Shan Tien Lai Resort and Spa Director of Chun Yu Works & Co., Ltd. Director of Star Travel Co., Ltd.	None	None	None	None
Independent director	R.O.C.	Chin-Chen Chien(Note4)	Male 60~69 years old	2023.5.25	3	2017.06.02	-	-	-	-	-	-	None	PhD in Accounting, Rutgers University Professor f Accounting, National Cheng Kung University	Independent Director of Taiwan Styrene Monomer Corp. I Independent Director of Chun Yu Works & Co., Ltd. Director of Soft-World International Corp.	None	None	None	None
Independent director	R.O.C.	Chun-Hsiung Chu	Male 50~59 years old	2023.5.25	3	2018.05.29	-	-	-	-	-	-	None	Master of Law, National Chung Hsing University	Attorney of Chuan Ying International Law Firm Independent Director of D-Link Corp Independent Director of PANJIT International Co., Ltd. Independent Director of Huang Long Development Co., Ltd	None	None	None	None
Independent director	R.O.C.	Yi-Lang Lin	Male 60~69 years old	2023.5.25	3	2020.06.20	-	-	-	-	-	-	None	Department of Business Management, National Sun Yat-Sen University Deputy Chief Planning Officer of China Steel Corp.	Independent Director of Launch Technologies Co., Ltd. Director of President Co., Ltd.	None	None	None	None
Independent director	R.O.C.	Tzu-Meng Liu	Male 60~69 years old	2023.5.25	3	2023.5.25	-	-	-	-	-	-	None	EMBA of National Cheng Kung University	Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Finesse Technology Co., Ltd.	None	None	None	None

Note 1: For operations and management, the Company has appointed Chairman Chiung-Fen Wang to concurrently serve as the chief executive officer.

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

Chairperson of Kings Asset Management Co., Ltd. Chairperson of Taiwan Steel Group United Co., Ltd. Chairperson of Taiwan Network Group United Co., Ltd. Chairperson of Gloria Material Technology Corp. Chairperson of S-Tech Corp. Chairperson of TSG Hawks Baseball Co., Ltd. Chairperson of TSG Sports Marketing Co., Ltd. Director of Taiwan Steel University of Science and Technology Director of Soft-World International Corporation Representative of Institutional Director of Taiwan Styrene Monomer Corporation Representative of Institutional Director of D-Link Corporation Representative of Institutional Director of Chun Yu Works & Co., Ltd. Representative of Institutional Director of Chun Yu Bio-Tech Corp. Representative of Institutional Director of Chun Yu Investment Co., Ltd. Representative of Institutional Director of Chun Bang Precision Co., Ltd. Director of Shanghai Chun Zu Machinery Industry Co., Ltd. Supervisor of Chun Yu (DongGuan) Metal Products Co., Ltd. Supervisor of ShangHai Uchee Hardware Products Co., Ltd. Chairperson of Ho Yang Investment Corp. Chairperson of Rong Yang Investment Co., Ltd. Chairperson of Na Neng Co., Ltd. Chairperson of Jade Colorful Co. Chairperson of East Win Administration consultant Co., Ltd. Representative of Institutional Director of UFC Gym Taiwan Ltd. Chairperson of GuanZhou Goldway Special Metal Corp., Ltd. Chairperson of TianJin Goldway Special Metal Corp., Ltd. Chairperson of XiAn Goldway Special Metal Corp., Ltd. Chairperson of ZheJiang JiaXing Goldway Special Metal Corp., Ltd. Chairperson of Shiang Yang Metal Material Technology Co., Ltd. Chairperson of G-Yao Enterprises Ltd. Chairperson of All Win Enterprises Ltd. Chairperson of Faith Enterprises Ltd. Chairperson of Alloy Tool Steel Inc. Chairperson of Gloria Material Technology Japan Co., Ltd.

Note 3: The corporate director, Jinggang Investment Co., Ltd. was discontinued due to the merger, and the position of the former corporate director was succeeded by the surviving company, Baijiayuan Investment Co., Ltd. The record date of the merger was November 30, 2023.

Note 4: Independent Director Chien resigned from the position of independent director on January 31, 2024.

Major shareholders of institutional shareholders

March 31, 2024

Name of Institutional Shareholder	Major shareholders of institutional shareholders (Note)
Taiwan Steel Group United Co., Ltd.	Kings Asset Management Co., Ltd. (100%)
Gloria Investments Limited	Chu-Yen Huang (100%)
Baijiayuan Investment Co., Ltd.	PROMINENT SINO HOLDINGS LIMITED (100%)

Note: The top ten in holdings and its shareholding.

Major shareholders of the Company’s major institutional shareholders

March 31, 2024

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

Note: The top ten in holdings and its shareholding.

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

	Professional qualifications and experience	Independence Attribute	Number of Holding Concurrent Independent Director Position in Other Public Companies
Representative of Taiwan Steel Group United Co., Ltd.: Chiung-Fen Wang	Attorney Qualification Attorney-at-Law, Pro Law Firm Chairman of Kings Asset Management Co., Ltd. Chairman of Taiwan Steel Group United Co., Ltd. Chairman of Taiwan NetCom Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	N/A	-
Representative of Taiwan Steel Group United Co., Ltd.: Shih-Chieh Chao	Chairman of TMP Steel Corporation General Manager of E-TOP Metal Co., Ltd. Director of S-Tech Corp. Not been a person of any conditions defined in Article 30 of the Company Act		-
Representative of Gloria Investments Limited: Wen-Yuan Lin	Chairman of China Steel Corporation Chairman of Taiwan Styrene Monomer Corp. Chairman of Eastern Broadcasting Co., Ltd. Independent Director of Taroko Co., Ltd. Independent Director of LOCUS Cell Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		2
Representative of Gloria Investments Limited: Cheng-Hsiang Chen	Consultant of Gloria Material Technology Corp. Director of Forcera Materials Co., Ltd. Director of Hoyang Investment Co., Ltd. Director of S-Tech Corp. Not been a person of any conditions defined in Article 30 of the Company Act		-
Representative of Baijiayuan Investment Co., Ltd. (Note 1): Yi-Ching Wu	Lecturer in Mahasarakham University's International Program Chairman of Taiwan Styrene Monomer Corp. Chairman of Hoho International Development Ltd. Director of Chun Yu Works & Co., Ltd. Director of Star Travel Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		-
Chin-Cheng Chien (Note 2)	Professor of Accounting, National Cheng Kung University CPA qualifications (USA) Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Chun Yu Works and Co., Ltd. Director of Soft-World International Corp. Not been a person of any conditions defined in Article 30 of the Company Act	According to the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles," directors are elected by a candidate nomination system. The Company has obtained written statements, work experience, proof of service from each director during the nomination and selection of board members and the table of kinship to verify the independence of the company himself/herself, his/her spouse and his/her relatives within three degrees of kinship. During the two years prior to their assumption of duty and during their term of office, the four independent directors on the left have also been verified in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission. The independent directors have been given the powers of reference to make decisions and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can exercise relevant powers independently.	2
Chun-Hsiung Chu	Attorney Qualification Attorney-at-Law of Britannia Law Firm Independent Director of D-Link Corp Independent Director of PANJIT International Co., Ltd. Independent Director of Huang Long Development Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		3
Yi-Lang Lin	Deputy Chief Planning Officer of China Steel Corp. Engineer of CSC's Industrial Engineering Division Independent Director of Launch Technologies Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		1
Tzu-Meng Liu	Certified Public Accountant CPA of Southern Taiwan Office, PwC Taiwan Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Finesse Technology Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		2

Note 1: The corporate director, Jinggang Investment Co., Ltd. was discontinued due to the merger, and the position of the former corporate director was succeeded by the surviving company, Baijiayuan Investment Co., Ltd. The record date of the merger was November 30, 2023.
Note 2: Independent Director Chien resigned from the position of independent director on January 31, 2024.

Diversity of the Board of Directors:

The Company has stipulated diversified policies for the composition of Board members in the "Corporate Governance Best Practice Principles." With regard to the board composition, it is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. In addition, the Company has, based on its own operations, operational patterns and developmental needs, formulated appropriate diversification policies including but not limited to the following:
1 Basic conditions and value: gender, age, nationality and culture.
2.Professional knowledge and skills: operational judgment capability, accounting and financial analysis capability, business management capability, risk management capability, industry knowledge, international market outlook, leadership capability, and decision-making capability.

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

Specific management objectives for diversification	Implementation status
Directors who concurrently serve as the company's manager shall not exceed one-third of directors	Only one director serves as concurrent manager of the company, accounting for 11.11% of the total number of directors, which conforms with the objective of not exceeding one-third of directors.
The Board members shall include at least one female director.	The company's Board members include one female director, which achieved the objective of gender equality.
At least one director should have a professional background in finance or accounting, or management experience in the steel industry.	Among the board members, 4 directors shall have financial accounting backgrounds, 2 directors shall have expertise in law, and all directors shall have industry-related management experience.
Among the board members, the directors who concurrently serve as employees of the company, parent company, subsidiary or sister company shall be less than (including) one-third of directors to achieve the objective of supervision.	2 directors concurrently serve as employees, accounting for 22.22% of directors, with the objective of not exceeding one-third of directors.

Core items for diversification / Director Name	Basic composition					Business management	Leadership and decision-making	Industrial knowledge	Law	Financial accounting	Human resource	Marketing
	Gender	Age Distribution										
		40-49	50-59	60-69	70-79							
Chairman Chiung-Fen Wang	Male		✓			✓	✓	✓	✓			
Director Shih-Chieh Chao	Male				✓	✓	✓	✓				
Director Wen-Yuan Lin	Male			✓		✓	✓	✓				✓
Director Cheng-Hsiang Chen	Male			✓		✓	✓	✓				
Director Yi-Ching Wu	Female	✓				✓	✓	✓		✓		✓
Independent Director Chin-Chen Chien (Note 1)	Male			✓		✓	✓	✓		✓		
Independent Director Chun-Hsiung Chu	Male		✓			✓	✓	✓	✓			
Independent Director Yi-Lang Lin	Male					✓	✓	✓		✓	✓	
Independent Director Tzu-Meng Liu	Male				✓	✓	✓	✓		✓		

Note 1: Independent Director Chien resigned from the position of independent director on January 31, 2024.

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

March 31, 2024

Title	Nationality	Name	Gender	Inauguration Date	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%				Title	Name	Relation	
President	R.O.C.	Yung-Chang Kang	Male	2021.01.01	25,000	-	5,268	-	None	PhD in Materials Science and Engineering, National Taiwan University	Representative the juristic (corporate) person director of Golden Win Steel Industrial Corp.	None	None	None	None
Executive Vice President/ Financial Manager	R.O.C.	Yu-Chen Li	Female	2018.01.23	661	-	-	-	None	EMBA of National Cheng Kung University Bachelor of Accounting, Soochow University	Representative of the juristic person supervisor of Hoyang Investment Co., Ltd., Supervisor of Guangzhou Goldway Special Metal Co., Ltd, Supervisor of Tianjin Goldway Special Metal Co., Ltd., Supervisor of Xian Goldway Special Metal Corp. Ltd., Supervisor of Zhejiang Jiaxing Goldway Special Metal Co. Ltd., Supervisor of Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd., Representative of the juristic person Supervisor of Gloria Material Technology Japan Co. Ltd. Supervisor of Alloy Tool Steel Inc.	None	None	None	None
Vice President	R.O.C.	Li-Ling Chen	Female	2012.01.01	433,175	0.07	-	-	None	Department of English Language and Literature, Soochow University	General Manager of Alloy Tool Steel Inc. Director of Gloria Material Technology Japan Co. Ltd.	None	None	None	None
Assistant Vice President	R.O.C.	Chun-Che Chien	Male	2012.07.01	548,126	0.09	5,988	-	None	Bachelor of Materials and Mineral Resources Engineering, National Taipei University of Technology	None	None	None	None	None
Assistant Vice President	R.O.C.	Yung-Chin Lin	Male	2011.01.01	88,451	0.01	-	-	None	Bachelor of Materials and Mineral Resources Engineering, National Taipei University of Technology	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Ming-Hung Chuang	Male	2013.01.01	82,697	0.01	-	-	None.	Department of Business Management, National Sun Yat-Sen University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Mei-Hsia Li	Female	2016.08.11	53,837	0.01	-	-	None.	Department of Business Administration, Feng Chia University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Ying-Jen Chen	Male	2016.11.01	19,270	-	-	-	None	Master of Automation Engineering and Mechatronoptic Systems, Chienkuo Technology University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Chien-Chun Tung	Male	2018.06.01	-	-	-	-	None	Bachelor of Materials and Mineral Resources Engineering, National Taipei University of Technology	None	None	None	None	None

Title	Nationality	Name	Gender	Inauguration Date	Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others	Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remarks
					Shares	%	Shares	%				Title	Name	Relation	
Deputy Assistant Vice President	R.O.C.	Ching-Fu Wang	Male	2019.01.08	10,361	-	-	-	None	Master of Business Management, National Sun Yat-Sen University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Yen-Chao Lin	Male	2019.07.01	25,034	-	-	-	None	Bachelor of Industrial Management, National Taiwan University of Science and Technology	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Che-Liang Kuo	Male	2020.01.06	6,031	-	3,736	-	None	Master in Mechanical Engineering, National Taiwan University of Science and Technology	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Chung-Yi Wang	Male	2020.01.06	60,247	0.01	-	-	None	Bachelor of Materials Science and Engineering, Feng Chia University	None	None	None	None	None
Deputy Assistant Vice President	R.O.C.	Chang-Shan Lu	Male	2020.01.06	-	-	-	-	None	Department of Business Administration, Soochow University	None	None	None	None	None
Accounting Manager	R.O.C.	Yi-Ting Tseng	Female	2021.05.06	104,000	0.02	35,000	0.01	None	Department of Accounting, Soochow University	None	None	None	None	None
Corporate Governance Officer.	R.O.C.	Ya-Rong Chang	Female	2023.07.27	-	-	-	-	None	Department of Accounting, Tunghai University	None	None	None	None	None

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

(I) Remunerations of directors and independent directors

Units: NT$ thousand; December 31, 2023

Title	Name	Remunerations of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income				Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)								
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	
																Cash	Stock	Cash	Stock					
Juristic (corporate) person director	Taiwan Steel Group United Co., Ltd.	-	-	-	-	7,812	7,812	-	-	7,812	7,812	0.33%	0.33%	-	-	-	-	-	-	7,812	7,812	0.33%	0.33%	-
Chairman	Chiung-Fen Wang	720	720	-	-	-	1,673	180	220	900	2,613	0.04%	0.11%	20,623	20,623	6,000	-	7,500	-	27,523	30,736	1.18%	1.31%	1,200
Director	Shih-Chieh Chao	600	600	-	-	-	-	160	160	760	760	0.03%	0.03%	-	-	-	-	-	-	760	760	0.03%	0.03%	600
Juristic (corporate) person director	Gloria Investments Limited	-	-	-	-	5,208	5,208	-	-	5,208	5,208	0.22%	0.22%	-	-	-	-	-	-	5,208	5,208	0.22%	0.22%	-
Director	Wen-Yuan Lin	600	600	-	-	-	-	160	160	760	760	0.03%	0.03%	-	-	-	-	-	-	760	760	0.03%	0.03%	-
Director	Cheng-Hsiang Chen	600	600	-	-	-	120	160	200							-	-	100	-	760	1,020	0.03%	0.04%	600
Juristic (corporate) person director	Baijiayuan Investment Co., Ltd.	-	-	-	-	2,604	2,604	-	-	2,604	2,604	0.11%	0.11%	-	-	-	-	-	-	2,604	2,604	0.11%	0.11%	-
Director	Yi-Ching Wu	780	780	-	-	-	-	260	260	1,040	1,040	0.04%	0.04%	-	-	-	-	-	-	1,040	1,040	0.04%	0.04%	-
Independent director	Chin-Chen Chien	960	960	-	-	2,604	2,604	320	320	3,884	3,884	0.17%	0.17%	-	-	-	-	-	-	3,884	3,884	0.17%	0.17%	-
Independent director	Chun-Hsiung Chu	960	960	-	-	2,604	2,604	320	320	3,884	3,884	0.17%	0.17%	-	-	-	-	-	-	3,884	3,884	0.17%	0.17%	-
Independent director	Yi-Lang Lin	900	900	-	-	2,604	2,604	290	290	3,794	3,794	0.16%	0.16%	-	-	-	-	-	-	3,794	3,794	0.16%	0.16%	-
Independent director	Tzu-Meng Liu	420	420	-	-	1,563	1,563	110	110	2,093	2,093	0.09%	0.09%	-	-	-	-	-	-	2,093	2,093	0.09%	0.09%	-

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

(1) In accordance with the Company's Articles of Incorporation, the Board of Directors is authorized to determine the amount of compensation to the directors of the Company based on the directors' level of operational participation as well as the value of the contribution. The standard terms in the industry shall also be considered and shall not exceed the standard of the highest salary level stipulated in the Company's pay method.

(2) The Company's Articles of Incorporation also stipulates that no more than 5% of profits shall be allocated as remuneration for directors. In accordance with the Company's Remuneration Committee Organizational Rules, the remuneration for directors is paid in accordance with the Regulations Governing Remuneration Of Directors.

(3) The remuneration for independent directors is higher than that of directors as they concurrently serve as members of the Audit Committee and Remuneration Committee, they are required to participate in the discussions and resolutions of relevant committee meetings in accordance with the organizational rules of each committee.

Except as disclosed in the above table, the remuneration for directors for providing services to all companies in the consolidated financial statement (such as consultants not classified as employees) in the most recent fiscal year are as follows: The Remuneration for Director Cheng-Hsiang Chen is NT$4,200 thousand.

Note 1: For the proposal of 2023 earnings distribution, the proposed allotment of shares for the remuneration of directors and employee compensation has been approved by the Board of Directors before the shareholders' meeting.

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

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

NT$ thousand; December 31, 2023

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Allowances (C)		Employee Compensation (D) Note 1				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)				Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company	All companies in the consolidated financial statement	The Company		All companies in the consolidated financial statement		The Company		All companies in the consolidated financial statement		
								Cash	Stock	Cash	Stock					
CEO	Chiung-Fen Wang	8,543	8,543	-	-	9,500	9,500	6,000	-	7,500	-	24,043	1.03%	25,543	1.09%	1,200
President	Yung-Chang Kang	3,245	3,245	-	-	6,960	6,960	3,000	-	3,000	-	13,205	0.56%	13,205	0.56%	-
Executive Vice President	Yu-Chen Li	2,919	2,919	-	-	3,550	3,550	1,500	-	2,000	-	7,969	0.34%	8,469	0.36%	-
Vice President	Li-Ling Chen	2,529	4,758	-	-	2,887	2,887	1,200	-	1,200	-	6,616	0.28%	8,845	0.36%	-

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

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

Item	2022		2021	
	The Company (%)	All companies in the consolidated financial statement (%)	The Company (%)	All companies in the consolidated financial statement (%)
Remunerations of the director	2.60	2.73	2.57	2.72
Remunerations of, the general manager, and deputy general manager	1.14	1.27	1.19	1.30
Reason of the difference	No significant difference			

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

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

Unit: NT$ thousand
December 31, 2023

Title	Name	Stock	Cash (Note)	Total	Ratio of Total Remuneration to Net Income (%)
CEO	Chiung-Fen Wang	0	16,148	16,148	0.69
President	Yung-Chang Kang				
Executive Vice President	Yu-Chen Li				
Deputy General Manager	Li-Ling Chen				
Assistant Manager	Chun-Che Chien				
Assistant Manager	Yung-Chin Lin				
Assistant Manager	Mei-Hsia Li				
Deputy Manager	Ming-Hung Chuang				
Deputy Manager	Ying-Jen Chen				
Deputy Manager	Chien-Chun Tung				
Deputy Manager	Ching-Fu Wang				
Deputy Manager	Che-Liang Kuo				
Deputy Manager	Chang-Shan Lu				
Deputy Manager	Chung-Yi Wang				
Deputy Manager	Yen-Chao Lin				
Accounting Manager	Yi-Ting Tseng				
Corporate Governance Officer.	Ya-Rong Chang				

Note: For the proposal of 2023 earnings distribution, the proposed allotment of shares for the remuneration of directors and employee compensation has been approved by the Board of Directors before the shareholders' meeting.

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

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

11 meetings were held by the Board of Directors in the current fiscal year (2023), and the attendance of directors is shown below:

<table>
<tr><th>Title</th><th colspan="2">Name</th><th>In-person Attendance Number of seats</th><th>By proxy</th><th>In-person Attendance Rate (%)</th><th>Remarks</th></tr>
<tr><td>Chairman</td><td rowspan="5">Taiwan Steel Group United Co., Ltd. Representative</td><td>Chiung-Fen Wang</td><td>11</td><td>0</td><td>100</td><td>Re-elected on May 25, 2023</td></tr>
<tr><td rowspan="8">Director</td><td>Wen-Yuan Lin</td><td>5</td><td>0</td><td>100</td><td>Resigned on May 25, 2023</td></tr>
<tr><td>Shih-Chieh Chao</td><td>9</td><td>0</td><td>100</td><td>Re-elected on May 25, 2023</td></tr>
<tr><td>Shih-Yi Chiang</td><td>5</td><td>0</td><td>100</td><td>Resigned on May 25, 2023</td></tr>
<tr><td>Cheng-Hsiang Chen</td><td>5</td><td>0</td><td>100</td><td>Resigned on May 25, 2023</td></tr>
<tr><td rowspan="2">Representative of Gloria Investments Limited</td><td>Wen-Yuan Lin</td><td>5</td><td>1</td><td>83</td><td>Newly elected on May 25, 2023</td></tr>
<tr><td>Cheng-Hsiang Chen</td><td>6</td><td>0</td><td>100</td><td>Newly elected on May 25, 2023</td></tr>
<tr><td>Baijiayuan Investment Co., Ltd. Representative</td><td>Yi-Ching Wu</td><td>6</td><td>0</td><td>100</td><td>Newly elected on May 25, 2023</td></tr>
<tr><td rowspan="5">Independence Director</td><td colspan="2">Chin-Cheng Chien</td><td>11</td><td>0</td><td>100</td><td>Re-elected on May 25, 2023 Resigned on January, 31, 2024</td></tr>
<tr><td colspan="2">Chun-Hsiung Chu</td><td>11</td><td>0</td><td>100</td><td>Re-elected on May 25, 2023</td></tr>
<tr><td colspan="2">Yi-Lang Lin</td><td>11</td><td>0</td><td>100</td><td>Re-elected on May 25, 2023</td></tr>
<tr><td colspan="2">Yi-Ching Wu</td><td>5</td><td>0</td><td>100</td><td>Resigned on May 25, 2023</td></tr>
<tr><td colspan="2">Tzu-Meng Liu</td><td>6</td><td>0</td><td>100</td><td>Newly elected on May 25, 2023</td></tr>
</table>

Other matters to be recorded:

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

(I) Matters specified in Article 14-3 of the Securities and Exchange Act in the following table:

Meeting Date (Period)	Content	Qualified Opinions from any Independent Director and Resolutions
January 12, 2023 The 18th meeting of the 10th term	(1) Approved the distribution of year-end bonuses for the Company's managers in 2022 (2) Approved the change in remuneration for managers (3) Approved the selling of S350 forging plant and finishing plant (4) Approved the purchasing of shares of Hoyang	Motion was passed as proposed by independent directors.
February 23, 2023 The 19th meeting of the 10th term	(1) Approved the Company's distribution of 2022 remuneration for directors. (2) Approved the amendments to the "Procedures for Loaning of Funds and Endorsement/Guarantees" (3) Approved the appointment and the independence and competency assessment of the Company's external auditor for 2022. (4) Approved the adjustment of the Company's internal control system (5) Approved the donation (6) Approved the application and renewal of the financing guarantee for the subsidiary	Motion was passed as proposed by independent directors.
April 13, 2023 The 20th meeting of the 10th term	(1) Approved the selling of S-Tech's shares (2) Approved the selling of the forging equipment and other movable properties of the S350 Plant and the finishing plant (3) Approved the application and renewal of the financing guarantee for the subsidiary	Motion was passed as proposed by independent directors.
April 27, 2023	(1) Approved the Company's distribution of 2022 remuneration for managers.	Motion was passed as proposed by independent

Meeting Date (Period)	Content	Qualified Opinions from any Independent Director and Resolutions
The 21st meeting of the 10th term	(2) Approved the distribution of bonuses for managers in Q4 of 2022 and Q1 of 2023. (3) Approved to participate in the issuance of common stock for cash by S-Tech Corp. (4) Approved to participate in the issuance of common stock for cash by Gloria Material Technology Japan Co., Ltd. (5) Approved the motion to apply for a loan to the syndicated bank led by First Commercial Bank, Ltd. ("First Commercial Bank") to repay the Company's existing loan and increase its working capital.	directors.
May 18, 2023 The 22nd meeting of the 10th term	(1) Approved the 7th issuance of domestic unsecured convertible bonds	Motion was passed as proposed by independent directors.
July 27, 2023 The 2nd Meeting of the 11th term	(1) Approved the additional budget for the purchase of continuous casting equipment and plant rectification (2) Approved the purchase of BDM steel rolling mill equipment and plant renovation (3) Approved the selling of D-Link's shares (4) Approved the adjustment of the Company's internal control system (5) Approved the application and renewal of the financing guarantee for the subsidiary	Motion was passed as proposed by independent directors.
September 18, 2023 The 3rd meeting of the 11th term	(1) Approved the Company to participate in the issuance of common stock for cash by Hoyang Investment Co., Ltd. (2) Approved the solar energy installation on the roof of the 50-ton furnace plant	Motion was passed as proposed by independent directors.
October 26, 2023 The 4th meeting of the 11th term	(1) Approved the distribution of bonuses for managers in Q2 and Q3 of 2023. (2) Approved the purchase of Liuying heat treatment equipment and heat treatment plant expansion.	Motion was passed as proposed by independent directors.

Meeting Date (Period)	Content	Qualified Opinions from any Independent Director and Resolutions
	(3) Approved the purchase of a large hydraulic forging machine and add the expansion of the forging plant (4) Approved the purchase of the real estate transaction of the Jin Fong Co., Ltd. at Nos. 150, 151, 152 and 153 at Yishi Section, Liuying District, Tainan City (5) Approved the application and renewal of the financing guarantee for the subsidiary	
November 13, 2023 The 5th meeting of the 11th term	(1) Approved to subscribe privately placed common shares of Sheng Hua Entertainment Communication Co., Ltd.	Motion was passed as proposed by independent directors.
December 21, 2023 The 6th meeting of the 11th term	(1) Approved to increase capital and issue new shares as a method of transferring shares to Soft-World International Corp. through the issuance of new shares to conduct a share exchange collaboration	Motion was passed as proposed by independent directors.

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

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

Meeting Date	Avoiding conflict of interest Name of Directors	Content	Reason for avoiding conflict of interest	Voting Participation
January 12, 2023 The 18th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the manager’s year-end bonus.	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Review of the change in remuneration for managers.	Avoid conflict of interest as the matters involve the directors’ personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Reviewed the selling of the S350 forging plant and finishing plant.	Avoid conflict of interest as the matters involve the related party’s interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Review of the proposal for the purchasing of shares of Hoyang	Avoid conflict of interest as the matters involve the related party’s interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

Meeting Date	Avoiding conflict of interest Name of Directors	Content	Reason for avoiding conflict of interest	Voting Participation
February 23, 2023 The 19th meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the donation.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
April 13, 2023 The 20th meeting of the 10th term	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Review of the selling of S-tech's shares.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Review of the selling of the forging equipment and other movable properties of the S350 Plant and the finishing plant	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
April 27, 2023 The 21st meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the distribution of 2022 remuneration for managers.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

Meeting Date	Avoiding conflict of interest Name of Directors	Content	Reason for avoiding conflict of interest	Voting Participation
April 27, 2023 The 21st meeting of the 10th term	Chairman Chiung-Fen Wang	Review of the distribution of bonuses for managers in Q4 of 2022 and Q1 of 2023.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Review of participating in the issuance of common stock for cash by S-Tech Corp.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang	Review of participating in the issuance of common stock for cash by Gloria Material Technology Japan Co., Ltd.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
	Chairman Chiung-Fen Wang Independent Director Chun-Hsiung Chu	Review of the selling of D-Link's stock.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

Meeting Date	Avoiding conflict of interest Name of Directors	Content	Reason for avoiding conflict of interest	Voting Participation
September 18, 2023 The 3rd meeting of the 11th Term	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen	Review of participating in the issuance of common stock for cash by Hoyang Investment Co., Ltd.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
October 26, 2023 The 4th meeting of the 11th term	Chairman Chiung-Fen Wang	Review of the disbursement of the distribution of bonuses for managers in Q2 and Q3 2023.	Avoid conflict of interest as the matters involve the directors' personal interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
October 26, 2023 The 4th meeting of the 11th term	Chairman Chiung-Fen Wang	Review of the donation.	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
October 26, 2023 The 4th meeting of the 11th term	Chairman Chiung-Fen Wang Director Cheng-Hsiang Chen Director Shih-Chieh Chao	Review of the renewal of the VIM plant asset lease	Avoid conflict of interest as the matters involve the related party's interests, and appointed Independent Director Chin-Cheng Chien as the Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

Meeting Date	Avoiding conflict of interest Name of Directors	Content	Reason for avoiding conflict of interest	Voting Participation
December 21, 2023 The 6th meeting of the 11th term	Chairman Chiung-Fen Wang Independent Director Chin-Cheng Chien	Review of the increase of capital and issue new shares as a method of transferring shares to Soft-World International Corp. through the issuance of new shares to conduct a share exchange collaboration	Chairman Chiung-Fen Wang and Independent Director Chin-Cheng Chien also served as directors of both parties, creating a conflict of interest. To avoid conflicts of interest, it has been decided to appoint Independent Director Chun-Hsiung Chu as Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

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

Status of appraisal conducted by the Board of Directors

Conducted in accordance with the "Rules for Performance Evaluation of the Board of Directors" adopted at the 2nd meeting of the 10th term Board of Directors on August 13, 2020. In addition to the 2022 internal board performance evaluation, there were also external evaluations by the Taiwan Corporate Governance Association.

For detailed board performance evaluation results, please refer to page 62 of the Annual Report "(III) The implementation of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies and cause thereof," which is also disclosed on the Company website.

Appraisal Cycle	Appraisal Period	Scope of Appraisal	Method of Appraisal	Contents of Appraisal
At least once every year	From January 1 to December 31, 2023.	The scope of evaluation of the Company's Board of Directors covers the overall board performance and	Self-evaluation of Board performance and its members, and self-evaluation of functional	The criteria for evaluating the performance of the Board of Directors should cover five aspects, including the participation in the operation of the company, improvement of the quality of the Board of Directors'

Appraisal Cycle	Appraisal Period	Scope of Appraisal	Method of Appraisal	Contents of Appraisal
		its members, and the evaluation of the Remuneration Committee, Nomination Committee and Audit Committee.	committee members.	decision-making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control. The criteria for evaluating the performance of the board members should cover six aspects, including the alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, the director's professionalism and continuing education, and internal control.The criteria for evaluating the performance of functional committees shall cover five aspects, including the participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, the makeup of the functional committee and election of its members, and internal control.

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

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

b. Directors have been re-elected to strengthen corporate governance in 2020. One independent director was added, and the Board is currently composed of 9 directors (including 4 independent directors). In addition, the Company's board members have diverse professional backgrounds in different industries, educational backgrounds, and 巜 the legal profession. The Board is composed of one female director. In order to help the Company to establish quality corporate governance and sound supervisory capabilities on the part of the Board of Directors of the Company, and to strengthen management capabilities in accordance with the regulations of the competent authority, the Remuneration Committee was established on December 20, 2011, and the Nomination Committee was established on October 28, 2020 to implement corporate governance.

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

d. On July 27, 2023, the Company's Board of Directors appointed Section Manager Ya-Rong Chang as the full-time Corporate Governance Officer, responsible for handling matters related to the board of directors and shareholders' meetings in accordance with relevant laws and regulations, preparing the minutes of the board of directors' meetings and shareholders' meetings, assist directors when they take office and support further training, information required for directors to execute their business, and assist directors with legal compliance, in order to protect shareholder interests and strengthen board functions.

e. The Company has dedicated efforts to promoting information disclosure and better transparency of corporate governance and was ranked as the top 5% performing companies of the 8th &9 th term Corporate Governance Evaluation organized by the Securities and Futures Institute.

(II) Operations of the Audit Committee

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

The main focus of work in 2023 is as follows:

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

- Inspection Report

  The Board of Directors made the Company's 2023 business report, financial statements and appropriation of earnings, among which the financial statements were certified by Deloitte Taiwan which issued a verification report. The above-mentioned business report, financial statements and appropriation of earnings are approved by the Audit Committee, and it is considered that there is no disagreement.

- The effectiveness of the internal control system

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

- Appointment of CPA

  The Audit Committee of the Company evaluates the independence and suitability of its subordinate CPAs every year. In addition to requiring the CPAs to provide "Declaration of Independence" and "Audit Quality Indicators (AQIs)," the assessment is conducted in accordance with the 17 AQI indicators specified in Note 1. It was confirmed that the CPAs have no other financial interests or business relationships with the Company and that the CPA's family members do not violate the independence requirements. AQI indicator information is also used to confirm that the CPA and the firm have different experiences and that the training hours were better than the industry average. The evaluation results for the most recent year were passed by the 7th meeting of the 6th Audit Committee on February 29, 2024 and were submitted to the 8th meeting of the 11th Board of Directors on the same day. The resolution was passed on the evaluation of the independence and suitability of the CPAs.

Note 1: AQI indicator information:

Professionalism	• Indicator 1-1: Audit Experience • Indicator 1-2: Training hours • Indicator 1-3: Liquidity • Indicator 1-4: Professional support
Quality control	• Indicator 2-1: CPA Load • Indicator 2-2: Audit Input • Indicator 2-3: EQCR review status • Indicator 2-4: Quality control support capability
Independence	• Indicator 3-1: Non-audit services • Indicator 3-2: Customer Familiarity
Supervision	• Indicator 4-1: External Inspection Defects and Penalties •Indicator 4-2: The competent authority issues a letter to improve
Innovation ability	• Indicator 5-1: Innovative plans or initiatives

10 meetings were held by the Audit Committee held in the current fiscal year (2023) and the attendance of independent directors is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Independent director	Chin-Cheng Chien	10	0	100	Convenor, re-elected on May 25, 2023 Resigned on January, 31, 2024
Independent director	Chun-Hsiung Chu	10	0	100	Re-elected on May 25, 2023
Independent director	Yi-Ching Wu	5	0	100	Resigned on May 25, 2023
Independent director	Yi-Lang Lin	10	0	100	Re-elected on May 25, 2023
Independent director	Tzu-Meng Liu	5	0	100	Newly elected on May 25, 2023

The state of operations in 2023:

Meeting Date (Period)	Content	Matters specified in Article 14-5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
January 12, 2023 The 17th meeting of the 5th term	(1) Approved the Company's 2023 operating budget.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date.		
	(3) Approved the selling of the S350 plant and the finishing plant.	✓	
	(4) Approved the purchasing of shares of Hoyang	✓	
	(5) Approved the amendments to the Company's "Corporate Governance Best Practice Principles"		
	(6) Approval of bank credit.		

Meeting Date (Period)	Content	Matters specified in Article 14-5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
February 23, 2023 The 18th meeting of the 5th term	(1) Approved the issuance of a "Statement of Declaration for the Internal Control System" that is effective for the design and implementation of the Company's internal control system to comply with all applicable laws and regulations.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the 2022 financial statements and consolidated financial statements.	✓	
	(3) Approved the Company's 2022 business report.		
	(4) Approved the amendments to the "Procedures for Loaning of Funds and Endorsement/Guarantees."	✓	
	(5) Approved of the Company’s general pre-approval policy for providing non-assurance services.		
	(6) Approved the appointment and the independence and competency assessment of the Company's external auditor for 2022.	✓	
	(7) Approved the adjustment of the Company's internal control system.	✓	
	(8) Approved the donation.	✓	
	(9) Approved the bank credit.		
	(10) Approved the application and renewal of financing guarantee for the subsidiary.	✓	
April 13, 2023 The 19th meeting of the 5th term	(1) Approval of the Company's earnings distribution for Q4 of 2022.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approval of the Company's capital reduction from cancellation of the fourth purchase of treasury shares.		
	(3) Approved the selling of S-Tech's shares	✓	
	(4) Approved the amendments to the "Procedures for Loaning of Funds and Endorsement/Guarantees.	✓	
	(5) Approved selling of the forging equipment and other movable properties of S350 Plant and finishing plant	✓	
	(6) Approval of bank credit.		
	(7) Approved the application and renewal of financing guarantee for the subsidiary.	✓	

Meeting Date (Period)	Content	Matters specified in Article 14-5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
April 27, 2023 The 20th meeting of the 5th term	(1) Approved the Company’s consolidated financial statements for Q1 of 2023.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the earnings distribution for Q1 of 2023.		
	(3) Approved to participate in the issuance of common stock for cash by S-Tech Corp.	✓	
	(4) Approved to participate in the issuance of common stock for cash by Gloria Material Technology Japan Co., Ltd.	✓	
	(5) Approved the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date.	✓	
	(6) Approved the motion to apply for a loan to the syndicated bank led by First Commercial Bank, Ltd. (hereinafter referred to as "First Commercial Bank") to repay the Company's existing loan and increase its working capital.	✓	
May 18, 2023 The 21nd meeting of the 5th term	(1) Approved the 7th issuance of domestic unsecured convertible bonds.	✓	Approved by all independent directors, and approved by the Board of Directors after discussion.
July 27, 2023 The 1st meeting of the 6th term	(1) Approved the Company's consolidated financial statements for Q2 of 2023.	✓	Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the Company's earnings distribution for Q2 of 2023.		
	(3) Approved the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date.		
	(4) Approved the additional budget for the purchase of continuous casting equipment and plant rectification.	✓	
	(5) Approved the purchase of BDM steel rolling mill equipment and plant renovation	✓	
	(6) Approved the selling of D-Link's shares.	✓	

Meeting Date (Period)	Content	Matters specified in Article 14-5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
July 27, 2023 The 1st meeting of the 6th term	(7) Approved the adjustment of the Company's internal control system.	✓	Approved by all independent directors, and approved by the Board of Directors after discussion.
	(8) Approved the amendments to the Company's "Information Security Policy and Management Plan."		
	(9) Approved to amend the Company's "Risk Management Policy and Procedures".		
	(10) Approval of bank credit.		
	(11) Approved the application and renewal of financing guarantee for the subsidiary.	✓	
September 18, 2023 The 2nd meeting of the 6th term	(1) Approved to participate in the issuance of common stock for cash by Hoyang Investment Co., Ltd.	✓	Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the solar energy installation on the roof of the 50-ton furnace plant.	✓	
	(3) Approval of bank credit.		
October 26, 2023 The 3rd meeting of the 6th term	(1) Approved the Company’s consolidated financial statements for Q3 of 2023.		Approved by all independent directors, and approved by the Board of Directors after discussion.
	(2) Approved the Company's earnings distribution for Q3 of 2023.		
	(3) Approved the Company's 2024 audit plan.		
	(4) Approved the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date.		
	(5) Approval of the redemption of the Company's 6th issuance of domestic unsecured convertible bonds.		
	(6) Approved the purchase of Liuying heat treatment equipment and the addition of heat treatment plant expansion.	✓	
	(7) Approved the purchase of a large hydraulic forging machine and add the expansion of the forging plant.	✓	
	(8) Approved the purchase of the real estate transaction of the Jin Feng Development Co.,	✓	

Meeting Date (Period)	Content	Matters specified in Article 14-5 of the Securities and Exchange Act	Qualified Opinions from any Independent Director and Resolutions
October 26, 2023 The 3rd meeting of the 6th term	Ltd. at Nos. 150, 151, 152 and 153, Yishi Section, Liuying District, Tainan City.		
	(9) Approved the donation.	✓	
	(10) Approved the renewal of the VIM plant asset lease	✓	
	(11) Approved the risk management report of the Company in 2023		
	(12) Approval of bank credit.		
	(13) Approved the application and renewal of financing guarantee for the subsidiary.	✓	
November 13, 2023 The 4th meeting of the 6th term	(1) Approval to subscribe privately placed common shares of Sheng Hua Entertainment Communication Co., Ltd.	✓	Approved by all independent directors, and approved by the Board of Directors after discussion.
December 21, 2023 The 4th meeting of the 6th term	(1) Approval to increase capital and issue new shares as a method of transferring shares to Soft-World International Corp. through the issuance of new shares to conduct a share exchange collaboration	✓	Except for the independent directors who had recused, the motion was approved by the Chairman without objection from the independent directors present at the meeting upon inquiry.

Other matters to be recorded:

1. During operations of the Audit Committee, the meeting date, period, content, the dissenting opinion, qualified opinion and major proposals of Independent Directors, and resolution made by the Audit Committee should be specified:

(I) Conditions specified in Article 14-5 of the Securities and Exchange Act: Please refer to pages 53-57 about the state of operations of the Audit Committee in 2023.

(II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.

2. Avoidance of involvements in interest-conflicting motions by Independent Directors: None.

Meeting Date	Avoiding conflict of interest Name of Directors	Content	Reason for avoiding conflict of interest	Voting Participation
July 27, 2023 The 1st meeting of the 6th term	Independent Director Chun-Hsiung Chu	Review of the selling of D-Link's stock.	Avoid conflict of interest as the matters involve the related party’s interests	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.
December 21, 2023 The 4th meeting of the 6th term	Independent Director Chin-Cheng Chien	Review of the increase of capital and issue new shares as a method of transferring shares to Soft-World International Corp. through the issuance of new shares to conduct a share exchange collaboration	Independent Director Chin-Cheng Chien also served as directors of both parties, creating a conflict of interest. To avoid conflicts of interest, it has been decided to appoint Independent Director Chun-Hsiung Chu as Acting Chairperson.	Except for the directors listed on the left, the motion was passed as proposed by all other attending directors.

3. Communication between Independent Directors and internal/external auditors:

(I) The chief of internal audit sends audit reports of the previous month to members of the Audit Committee, prepares internal audit reports before or during the quarterly audit committee meetings, and immediately reports to the Audit Committee members under special circumstances. There were no special circumstances in 2023. The Company’s Audit Committee maintains good communication with the internal audit manager.

(II) In the quarterly audit committee meetings, the Company’s CPAs report the quarterly audit results or review of financial statements and other communications stipulated in relevant laws and regulations. For special circumstances, the CPAs will also immediately report to audit committee members. There were no special circumstances in 2023. The Company’s Audit Committee maintains good communication with the CPA.

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

Meeting Date (Period)	Communication with internal auditors	Communication with external auditors
February 23, 2023 The 18th meeting of the 5th term	1.Review of the internal audit report. 2.Review of the "Statement of Declaration for the Internal Control System" in 2022.	1. Review of the audit of the 2022 financial statements, including any problems or difficulties during the review, and management response. 2. Review with reference to the Audit Quality Indicators (AQIs) for CPAs Qualification, performance and independence of CPAs. 3. General pre-approval policy for providing non-assurance services
April 27, 2023 The 20th meeting of the 5th term	1. Review of the internal audit report.	None.
July 27, 2023 The 1st meeting of the 6th term	1. Review of the internal audit report.	None.
October 26, 2023 The 4th meeting of the 6th term	1. Review of the internal audit report.	1. Communication with the Company's top management on key audit matters and audit plans in the 2023 Annual Report.

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

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

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
4. Does the company establish internal rules against insiders trading with undisclosed information?	✔		4. The Company has formulated the “Procedures for Handling Material Inside Information,” “Ethical Corporate Management Best-Practice Principles” and “Code of Ethical Conduct,” prohibiting company insiders from trading securities using information not disclosed to the market for any profit and disclosing it to others.	
III. Composition and Responsibilities of the Board of Directors 1. Does the Board develop and implement a diversified policy for the composition of its members?	✔		1. The Company has stipulated diversified policies for the composition of Board members in the “Corporate Governance Best Practice Principles.” The company's 11th Board of Directors has nine members (including four independent directors), with independent directors accounting for 44%, and one female director. The nine directors have different industry operating experience and have different professional capabilities. This has a complementary effect on the corporate development and business operations, as well as a synergistic effect on future development. Please refer to Notes 1 and 2 for the management objectives and implementation status of the diversification policy of board members.	No difference
2. Aside from establishing the Remuneration Committee and Audit Committee, did the Bank voluntarily create other functional committees?	✔		2. Aside from establishing the Remuneration Committee and Audit Committee in accordance with the law, the Company also voluntarily set up the nomination committee based on its business development. The Audit Committee and Remuneration Committee shall be composed of independent directors, and more than 50% of the Nomination Committee members shall also be composed of independent directors. The functional committee operated smoothly, with sound supervisory capabilities which strengthened Board functions.	

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
3. Has the TWSE/TPEx-listed bank established a set of policies and assessment tools to evaluate the Board's performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	✔		3. The Company formulated the Rules for Performance Evaluation of the Board of Directors at the 2nd meeting of the 10th term Board of Directors on August 13, 2020. At the end of each year, the Finance Department collects information on Board activities and performs internal board performance evaluation for the Board of Directors, directors, Audit Committee, Remuneration Committee and Nomination Committee. Questionnaires were used for self-evaluation, and the evaluation results were collected and submitted to the Nomination Committee for approval, and reported to the Board of Directors as the basis for review and improvement. The overall Board performance results will be used as reference for selecting or nominating director candidates (including independent directors), and the evaluation results of individual directors will be considered as future reference for determining their individual remuneration. In addition, the aforementioned Regulations clearly stipulate that external evaluations should be performed at least once every three years. (1) Internal evaluation: The Company completed the 2023 self-evaluation of the Board and its members, and the self-evaluation of functional committee members in January 2024, each with a maximum of 100 points. The self-evaluation of the Board and its members were 98.44 and 99.33 points., respectively, while the self-evaluation of functional committee members was 100 points for the Audit Committee, 100 points for the Remuneration Committee, and 99.75 points for the Nomination Committee. The results of previous internal and external evaluations were submitted to the 8th meeting of the 11th term Board of Directors and the 1st meeting of the 2nd	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
4. Does the company regularly evaluate the independence of CPAs?	✔		term Nomination Committee on February 29, 2024. (2) External evaluation: In August 2022, the Company appointed Taiwan Corporate Governance Association (TCGA) to conduct the external evaluation. We also completed self-evaluation, review, and on-site evaluation in November, and obtained the performance evaluation results prepared by TCGA. The results of previous internal and external evaluations were submitted to the 19th meeting of the Board of Directors and the 5th meeting of the 1st term Nomination Committee on February 23, 2023. 4. The Company assesses the CPA independence and competence at least once a year, with indicators including whether there are material indirect financial interests, close business relationships or potential employee relations, whether the CPA acted as a defender, audit fees, or the revision of investigation cases by the competent authority, and interactions with management and internal audit supervisor. It is assessed that the appointed CPAs meet the independence standards. The last evaluations were submitted to the Board of Directors for approval after being reviewed by the Audit Committee on February 29, 2024	
IV. Whether the Bank assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/ supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and	✔		On July 27, 2023, the Company's Board of Directors appointed Section Manager Ya-Rong Chang as the full-time Corporate Governance Officer, responsible for handling matters related to the board of directors and shareholders' meetings in accordance with relevant laws and regulations, preparing the minutes of the board of directors’ meetings and shareholders' meetings, assist directors when they take office and support further training, information required for directors to execute their business, and assist directors with legal compliance, in order to protect shareholder	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, etc.)?			interests and strengthen board functions.	
V. Does the Company establish communication channels and dedicate section for stakeholder (including but not limited to the shareholders, employees, clients and suppliers) on its website to respond to important issues of corporate social responsibility concerns?	✔		The Company requests the public relations, stock affairs, human resources, sales and procurement departments to communicate with stakeholders based on different situations, and discloses the contact information of the spokesperson and relevant departments on the company website, in order to respond appropriately issues concerned by stakeholders such as corporate social responsibility. The communication with stakeholders in 2023 was reported to the Board of Directors on January23, 2024. For relevant contact information and communication, please refer to the dedicate section for stakeholders on the company website (http://www.gmtc.com.tw/csr_investor.php).	No difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✔		The Company appointed the Registrar & Transfer Agency Department of Yuanta Securities to deal with shareholder affairs.	No difference
VII. Disclosure of information 1. Does the company have a corporate website to disclose both financial standings and the status of corporate governance? 2. Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? 3. Whether the company announces and reports the annual financial report within the time limit at the end of each fiscal year,	 ✔ ✔ ✔		1. The company has set up an official website (www.gmtc.com.tw) to disclose both financial standings and the status of corporate governance. 2. In addition to the traditional Chinese website, the Company also set up the simplified Chinese and English website. The Company also appointed designated personnel to handle information collection and disclosure, and created a spokesman system. The investor conferences and related briefings have been webcasted on the company website and MOPS. 3. The company announces and reports the annual financial report within the time limit prescribed by the Securities and Exchange Act at the end of each fiscal year, and the	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
and the financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit?			financial report for Q1, Q2 and Q3 and monthly operation overview before the prescribed time limit.	
VIII. Does the company have other information that enables a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/ supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of bank's directors and supervisors)?	✔		1. Employee rights and interests: The Company's management rules are formulated in accordance with relevant laws and regulations (such as the Labor Standards Act) and the Company's work rules. The welfare committee has been established, which provide various benefits to reward employees for their hard work. 2. Employee care: Provide multiple channels for employees to express their opinions, in order to create a good working environment. 3. Investor relations: The Company actively ensures and guarantees complete implementation of investor rights, including the voting right for Board members, the right to transfer shares freely equity, the right to share the Company's earnings, obtain the Company's material information, and attend shareholders' meetings. Meanwhile, to ensure the security of stock registration and transfer, and establish a sound channel for investors to express their opinions. 4. Supplier relationship: Suppliers are required to follow the code of conduct of corporate social responsibility, or meet standard requirements, which mainly include issues such as environmental safety and health, ethics and environmental protection. 5. Stakeholders' rights: The Company's official website (www.gmtc.com.tw) has a dedicated section for "Investor Services" which discloses information related to the Company's financial results and business operations, with links to the MOPS as reference for stakeholders. In addition, the company's stock affairs agency "Registrar & Transfer Agency Department Yuanta Securities Co., Ltd." also assists in handling relevant issues and opinions of shareholders and stakeholders. Professional lawyers	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			and legal personnel will be appointed to deal with legal aspects, in order to protect stakeholder rights and interests. 6. Directors' training status: The Company has formulated the "Directions for the Implementation of Continuing Education for Directors" in accordance with the "Sample Template for the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." Please refer to pages 69-73 for details of relevant education and training. 7. The execution of the risk management policy and risk measurement standards: The Company is committed to its core business management and development, and does not engage in high-risk or high-leverage investments, derivatives, loaning of funds, and endorsements/ guarantees. An internal control system has been established for relevant operations, and the execution status is evaluated through the internal audit system, which achieved successful outcomes. 8. Implementation status of customer strategies: The Company maintains smooth communications and relationships with customers and suppliers. 9. Purchase of liability insurance for directors: The Company purchases liability insurance for directors and independent directors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies" to mitigate and diversify the risk of illegal behaviors that may cause serious harm to the Company and shareholders.	

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

In the 2023 corporate governance evaluation, The Company was ranked as top 5% TPEx listed companies of the 9th term Corporate Governance Evaluation organized by the Securities and Futures Institute. Improvements will be made mainly to the following two aspects

(I) To cultivate on sustainable governance, strengthen the Board functions, and increase information transparency:

1. Strengthening the disclosure of financial and corporate governance related information in both Chinese and English versions on the company website .
2. Appoint a full-time Corporate Governance Officer to strengthen the Board functions and protect shareholders' rights.
3. At the end of the year, internally evaluate Board performance, and the evaluation results were reported to the Board of Directors on February 29, 2024.
4. Implement ethical corporate management with related advocacies, and the implementation status in 2023 was reported to the Board of Directors on January 13, 2024.
5. Plan and organize directors' continuing education courses. For details of directors' continuing education, please refer to pages 50-52 .
6. Establish the rules of appeal: Set up the Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior and the complaint mailbox: ethics@gmtc.com.tw which is disclosed on the company website.

(II) Corporate social responsibility practices:

1. Voluntary preparation of the corporate social responsibility (CSR) report: Disclose more non-financial information, exercising corporate governance, fostering a sustainable environment, preserving public welfare, protect the rights and interests of stakeholders, and promote corporate sustainability.
2. Maintaining social welfare: Implementing specific policies to protect human rights, and protective measures related to the personal safety of employees and working environment.
3. Protecting the rights and interests of stakeholders: Hold investor conferences, and setting up a dedicate section for stakeholders on the company website to ensure smooth communication channels with stakeholders and disclose the concerned issues and the Company's response. The communication status in 2023 was reported to the Board of Directors on January 23, 2024.
4. Sustainable environment: Actively engage in and disclose the Company's policies related to energy-saving and carbon reduction, greenhouse gas emissions and other information.
5. Enhance information security management and obtain ISO27001 certification.

Looking forward to 2024, GMTC will continue to strengthen corporate governance, board functions, communicate with stakeholders, and regularly update its official website for better information transparency and corporate social responsibility measures, in order to fulfill the commitment of corporate sustainability and providing a friendly environment.

Note 1: Implementation of board member diversification:

Core items for diversification / Director Name	Basic composition					Business management	Leadership and decision-making	Industrial knowledge	Law	Financial accounting	Human resource	Marketing
	Gender	Age Distribution										
		40-49	50-59	60-69	70-79							
Chairman Chiung-Fen Wang	Male		✓			✓	✓	✓	✓			
Director Shih-Chieh Chao	Male				✓	✓	✓	✓				
Director Wen-Yuan Lin	Male			✓		✓	✓	✓				✓
Director Cheng-Hsiang Chen	Male			✓		✓	✓	✓				
Director Yi-Ching Wu	Female	✓				✓	✓	✓		✓		✓
Independent Director Chin-Chen Chien (Note 1)	Male			✓		✓	✓	✓		✓		
Independent Director Chun-Hsiung Chu	Male		✓			✓	✓	✓	✓			
Independent Director Yi-Lang Lin	Male					✓	✓	✓		✓	✓	
Independent Director Tzu-Meng Liu	Male				✓	✓	✓	✓		✓		

Note 1: Independent Director Chien resigned from the position of independent director on January 31, 2024.

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

Specific management objectives for diversification	Implementation status
Directors who concurrently serve as the company's manager shall not exceed one-third of directors	Only one director serves as concurrent manager of the company, accounting for 11.11% of the total number of directors, which conforms with the objective of not exceeding one-third of directors.
The Board members shall include at least one female director.	The company's Board members include one female director, which achieved the objective of gender equality.
At least one director should have a professional background in finance or accounting, or management experience in the steel industry.	Among the board members, 4 directors shall have financial accounting backgrounds, 2 directors shall have expertise in law, and all directors shall have industry-related management experience.
Among the board members, the directors who concurrently serve as employees of the company, parent company, subsidiary or sister company shall be less than (including) one-third of directors to achieve the objective of supervision.	2 directors concurrently serve as employees, accounting for 22.22% of directors, with the objective of not exceeding one-third of directors.

Directors' training status in the most recent fiscal year

Title	Name	Training period		Organizer	Name of course	Training hours	Whether training courses meet the conditions set out in applicable requirements
		Start date	End date				
Representative of juristic (corporate) person director	Chiung-Fen Wang	May 10, 2023	May 10, 2023	Securities and Futures Institute	Technological development and application opportunities of the chatting robot ChatGPT	3.0	Yes
		May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
		August 9, 2023	August 9, 2023	Securities and Futures Institute	The legality of Information Security Management Act under the threat of ransomware	3.0	Yes
		November 2, 2023	November 2, 2023	Taiwan Corporate Governance Association	Corporate sustainability governance compulsory course: diversified management of external influence and creating positive corporate value	3.0	Yes
Representative of juristic (corporate) person director	Wen-Yuan Lin	June 21, 2023	June 21, 2023	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3.0	Yes
		August 9, 2023	August 9, 2023	Securities and Futures Institute	Ethical Corporate Management Best Practice Principles	3.0	Yes

Title	Name	Training period		Organizer	Name of course	Training hours	Whether training courses meet the conditions set out in applicable requirements
		Start date	End date				
Representative of juristic (corporate) person director	Shih-Chieh Chao	May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
		August 11, 2023	August 11, 2023	Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3.0	Yes
Representative of juristic (corporate) person director	Yi-Ching Wu	May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
		November 2, 2023	November 2, 2023	Taiwan Corporate Governance Association	Corporate sustainability governance compulsory course: diversified management of external influence and creating positive corporate value	3.0	Yes

Title	Name	Training period		Organizer	Name of course	Training hours	Whether training courses meet the conditions set out in applicable requirements
		Start date	End date				
Representative of juristic (corporate) person director	Cheng-Hsiang Chen	May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
		November 2, 2023	November 2, 2023	Taiwan Corporate Governance Association	Corporate sustainability governance compulsory course: diversified management of external influence and creating positive corporate value	3.0	Yes
Independent director	Chin-Cheng Chien	May 10, 2023	May 10, 2023	Securities and Futures Institute	Technological development and application opportunities of the chatting robot ChatGPT	3.0	Yes
		May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
Independent director	Chun-Hsiung Chu	May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
		June 20, 2023	June 20, 2023	Taiwan Corporate Governance Association	New thinking on integrated strategy development and ESG for enterprise risk management	3.0	Yes

Title	Name	Training period		Organizer	Name of course	Training hours	Whether training courses meet the conditions set out in applicable requirements
		Start date	End date				
Independent director	Chun-Hsiung Chu	July 11, 2023	July 11, 2023	Taiwan Corporate Governance Association	Risks are omnipresent; how to manage them effectively	3.0	Yes
		August 29, 2023	August 29, 2023	Taiwan Corporate Governance Association	How to expand influence, contribute to sustainable SDGs, and enhance corporate value	3.0	Yes
		September 12, 2023	September 12, 2023	Taiwan Corporate Governance Association	Corporate growth strategy and external innovation	3.0	Yes
Independent director	Tzu-Meng Liu	May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes
		August 9, 2023	August 9, 2023	Securities and Futures Institute	Ethical Corporate Management Best Practice Principles	3.0	Yes
		November 1, 2023	November 1, 2023	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3.0	Yes
		November 2, 2023	November 2, 2023	Taiwan Corporate Governance Association	Corporate sustainability governance compulsory course: diversified management of external influence and creating positive corporate value	3.0	Yes
Independent director	Yi-Lang Lin	May 25, 2023	May 25, 2023	Taiwan Corporate Governance Association	New corporate governance blueprint and compliance points	3.0	Yes

Title	Name	Training period		Organizer	Name of course	Training hours	Whether training courses meet the conditions set out in applicable requirements
		Start date	End date				
		June 2, 2023	June 2, 2023	Chinese National Association of Industry and Commerce	2023 Taishin Net Zero Summit	3.0	Yes

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

Title	Name	Training period		Organizer	Name of course	Training hours	Whether training courses meet the conditions set out in applicable requirements
		Start date	End date				
Chief corporate governance officer	Ya-Rong Chang	August 24, 2023	August 24, 2023	Taipei Exchange	OTC and Emerging Stock Company Insider Share Promotion Meeting	3.0	Yes
		November 2, 2023	November 2, 2023	Taiwan Corporate Governance Association	Corporate sustainability governance compulsory course: diversified management of external influence and creating positive corporate value	3.0	Yes

(IV) Operations of the Remuneration Committee

1. Information of the Remuneration Committee Members

Identity		Professional qualifications and experience	Independence Attribute	Number of Holding Concurrent Independent Director Position in Other Public Companies	Remarks
Independent director	Chin-Cheng Chien	Professor of Accounting, National Cheng Kung University CPA qualifications (USA) Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Chun Yu Works and Co., Ltd. Director of Soft-World International Corp. Not been a person of any conditions defined in Article 30 of the Company Act	According to the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles," directors are elected by a candidate nomination system. The Company has obtained written statements, work experience, proof of service from each director during the nomination and selection of board members and the table of kinship to verify the independence of the company himself/herself, his/her spouse and his/her relatives within three degrees of kinship. During the two years prior to their assumption of duty and during their term of office, the four independent directors on the left have also been verified in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission. The independent directors have been given the powers of reference to make decisions and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can exercise relevant powers independently.	2	Convenor, re-elected on May 25, 2023 Resigned on January, 31, 2024
Independent director	Chun-Hsiung Chu	Attorney Qualification Attorney-at-Law of Britannia Law Firm Independent Director of D-Link Corp Independent Director of PANJIT International Co., Ltd. Independent Director of Huang Long Development Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		3	Re-elected on May 25, 2023
Independent director	Yi-Ching Wu	Lecturer in Mahasarakham University's International Program Chairman of Taiwan Styrene Monomer Corp. Chairman of Hoho International Development Ltd. Director of Chun Yu Works & Co., Ltd. Director of Star Travel Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		0	Resigned on May 25, 2023
Independent director	Yi-Lang Lin	Deputy Chief Planning Officer of China Steel Corp. Engineer of CSC's Industrial Engineering Division Independent Director of Launch Technologies Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		1	Re-elected on May 25, 2023
Independent director	Tzu-Meng Liu	Certified Public Accountant CPA of Southern Taiwan Office, PwC Taiwan Independent Director of Taiwan Styrene Monomer Corp. Independent Director of Finesse Technology Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		2	Newly elected on May 25, 2023

2. Operations of the Remuneration Committee

Remuneration Committee Meetings were convened 4 times in 2023. The attendance record of members are as follows:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate	Remarks
Independent director	Chin-Chen Chien	4	-	100%	Convenor, re-elected on May 25, 2023 Resigned on January, 31, 2024
Independent director	Chun-Hsiung Chu	4	-	100%	Re-elected on May 25, 2023
Independent director	Yi-Ching Wu	3	-	100%	Resigned on May 25, 2023
Independent director	Yi-Lang Lin	1	-	100%	Re-elected on May 25, 2023
Independent director	Tzu-Meng Liu	-	-	-	Newly elected on May 25, 2023

Operations of the Remuneration Committee in 2023:

Meeting Date (Period)	Concerned Issues and Follow-up Actions	Resolutions	The Company's Response to the Remuneration Committee's Opinion
January12, 2023 The 11th meeting of the 4th term	(1) Review of the manager's year-end bonus in 2022 (2) Review of the changes in salary structure and salary adjustment for the manager	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.
February 23,2023 The12th meeting of the 4th term	(1) Review of the 2022 remuneration for directors. (2) Review of the 2022 compensation for employees	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.
April 27, 2023 The 13th meeting of the 4th term	(1) Review of the distribution of 2022 remuneration for managers. (2) Review of the distribution of bonuses for managers in Q4 of 2022 and Q1 of 2023.	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.
October 26,	(1)Distribution of bonuses for managers in Q2 and Q3 of 2023.	Passed by all	The motion was submitted for

Meeting Date (Period)	Concerned Issues and Follow-up Actions	Resolutions	The Company’s Response to the Remuneration Committee’s Opinion
2023 The 1st meeting of the 5th term		committee members.	review and approval by all attending directors at the Board of Directors’ meeting.

Other matters to be recorded:

I. In the event where the Remuneration Committee's proposal is rejected or amended by the Board of Directors, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the bank had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): There were no rejections or amendments to the Remuneration Committee's by the Board of Directors in 2023.

II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: There were no resolution of the Remuneration Committee objected to by members or expressed reservations in 2023.

(V) Operations of the Nomination Committee

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

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

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

Two meeting was held by the Nomination Committee in the current fiscal year (2023), and the attendance of members is shown below:

Title	Name	In-person Attendance	By proxy	In-person Attendance Rate (%)	Remarks
Independent director	Chun-Hsiung Chu	2	0	100	Convenor, re-elected on May 25, 2023
Independent director	Chin-Chen Chien	2	0	100	Re-elected on May 25, 2023 Resigned on January, 31, 2024
Independent director	Yi-Lang Lin	2	0	100	Re-elected on May 25, 2023
Independent director	Yi-Ching Wu	2	0	100	Resigned on May 25, 2023
Independent director	Tzu-Meng Liu	0	0	100	Newly elected on May 25, 2023
Director	Chiung-Fen Wang	2	0	100	Re-elected on May 25, 2023

The state of operations in 2023:

Meeting Date (Period)	Concerned issues and follow-up actions	Resolutions	The Company's response to the Nomination Committee's opinion
January 12, 2023 The 5th meeting of the 1st term	(1) Review of the 2022 Board Performance Evaluation Results	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.
March 30, 2023 The 6th meeting of the 1st term	(1) Nominated list of candidates for directors (including independent directors)	Passed by all committee members.	The motion was submitted for review and approval by all attending directors at the Board of Directors' meeting.

Other matters to be recorded:

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

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

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

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
I. Does the company establish exclusively (or concurrently) dedicated first line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		GMTC established the "Corporate Sustainability Management Committee" on December 16, 2020. The Chairman is the advisory member of the Committee and the committee meeting shall be chaired by the general manager, while the center supervisors shall review the resolutions of the committee meeting. The board of directors authorized the Corporate Sustainability Management Committee to concurrently promote sustainability in accordance with GMTC's Sustainable Development Best Practice Principles. It authorized the chair of the committee to handle economic, environmental and social issues generated by business activities, as well as to be responsible for the formulation and implementation of sustainable development policies, systems and related management policies and promotion plans, which shall then be reported to the board of directors. The teams on Corporate Governance and Integrity Management, Corporate Sustainability, Value Creation, Social and Employee Care, and Risk Management have been set up under the Corporate Sustainability Management Committee. In addition, relevant unit supervisors were assigned as team conveners to be responsible for formulating promotional strategies and objectives, and then conducting performance evaluations and review according to the competent authority. GMTC also appointed an executive secretary to assist committee members in planning and implementing sustainable development policies. In order to integrate resources and implement corporate sustainable development policies, GMTC's Corporate Sustainability Committee holds at least two meetings every year. In contrast, temporary meetings are held when necessary to review the implementation of and formulation of CSR policies. In order to integrate resources and implement corporate sustainable development policies, GMTC's Corporate Sustainability Committee holds at least two meetings every year. In contrast, temporary meetings are held when necessary to review the implementation of and formulation of CSR policies. Two meetings have been held in 2023. On January 9, 2023, discussions were made on the work achievements of each group in 2022, work plans and goals for 2023, and the analysis results of major issues. On July 24, 2023, it mainly discussed the work execution status for 2023 of each working group of the Corporate Sustainability Committee. The chair of the Corporate Sustainability Management Committee reports to the board of directors the implementation status on an annual basis. The recent implementation status reported to the board of directors are described as follows: January 12, 2023: Communication status with stakeholders in 2022 On February 23, 2023: 2022 Implementation Outcomes of Sustainable Development and 2023 Promotional Plans for Sustainable Development, and the 2022 Sustainability Topic Impact Assessment Report. October 26, 2023: Implementation of risk management in 2023	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
II. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies? (Note 2)	V		1. This discloses the corporate sustainability performance at GMTC's main bases from January to December 2023. The risk assessment boundary mainly covers GMTC's operations including its operating bases in Taiwan. 2. Based on the GRI Standards, United Nations Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board, the Corporate Sustainability Committee has summarized sustainability issues related to the corporate governance, society and environment, with reference to issues related to steel industry peers. The Company's sustainability report was prepared according to the materiality principle, communicating with internal and external stakeholders through surveys and assessing ESG issues in consideration of the severity of the negative impact and the positive impact on the organization, their scale and scope and possibility of occurrence and stakeholder concern. Based on these, an assessment is made on the ESG material topics for the formulation of management guidelines. 3. The "Risk Management Team" under the Corporate Sustainability Committee is responsible for the overall risk management and for formulating the "Risk Management Policies and Procedures" to improve the risk management mechanism. The Corporate Sustainability Committee, risk management team, and business units participated in the WEF 2023 Global Risks Report, COP climate summit trends and resolutions, ESG materiality analysis results, SASB steel industry risk items of concern and the latest international and domestic risk and emerging issues, identify and analyze the key risks faced by the Company through risk management procedures, and clearly focus on these "uncertainty" issues, identify and measure governance risks, and plan management and monitoring measures for major risks to reduce the impact of related risks. 4. GMTC conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies/ strategies as follows:	No difference

Aspects	Risk Type	Potential risks	Management and control strategies
Corporate governance	Supply risks	Work suspension as the imported raw materials become out of stock	● Build relationships with more than two suppliers to supply key raw materials. ● Regularly keep track of the consumption and storage progress. ● Maintain adequate safety stock.
		Supplier delivers raw materials out-of-specifications	● Formulation of clear acceptance specifications for raw materials. ● Implement incoming inspection. ● Build relationships with more than two suppliers to supply key raw materials. ● Maintains adequate safety stock. ● Develops in-factory/outsourced

Item	Yes	No	Description				Deviations and Reasons
						rectification capability.	
					Affected by the economic slowdown, many factories shut down and cut production, resulting in reduced scrap steel output, a sharp drop in market supply, and a shortage of purchased scrap steel, which led to insufficient materials and a production halt	● Continue to develop external product sources. ● Internally, the Company’s relevant units convene discussion meetings to determine the feasibility of amendments to scrap steel specifications. ● Research alternative ingredient solutions in advance.	
				Operating risk	Unable to meet customer specifications or requirements	● Renovation and optimization of machinery. ● Install new machinery. ● Improve communications with industry professionals.	
					Customer's 2nd party quality system certification product invalid	● Arrange MPP audits on a regular basis. ● Obtain and maintain 3rd party auditing certification.	
					AS9100.... (3rd. party) quality system certification invalid	● SOP review on a regular basis. ● Internal audits on a regular basis.	
					Anomalies in equipment, as it cannot be executed using the original process parameters, which led to a high rate in both the abnormal findings on product quality and scrap quantity.	● Manufactured with alternative equipment. ● Equipment is inspected regularly and quality is tracked regularly.	

Item	Implementation Status						Deviations and Reasons
	Yes	No	Description				
					The production/inspection conditions do not meet customer needs and product quality requirements.	● Regular arrangement of product/process audits. • Regularly arrange quality meetings to review and follow up on improvements.	
				Demand risks	Has not yet achieved sales target	● Discuss contingency plans through weekly meetings related to order collection. ● Strengthen the timely update of market conditions through meetings before the stock market opens.	
				Macroeconomic Risk	Rising interest rate risk which led to an increase in interest expense	● Short-term financing by use of commercial promissory notes and bank loans with low-interest rates. ● Consider issuing medium- and long-term corporate bonds when interest rates are relatively low to reduce the impact of interest rate fluctuations on the Company.	
					Exchange Rate Risk - The foreign exchange rate from the evaluated foreign exchange rate exposure is lower than that recognized in the billing report **(material risk)**	● Keep track of changes in the financial market every day, and evaluate the foreign exchange risks and changes in profit/ loss that arise from the Company's assets and liabilities. ● Focus on natural hedging and the spot market, and use derivatives such as currency forwards for hedging. ● Mitigate foreign exchange rate risks by stringent control of the major capital expenditures and capital transfers that cause significant changes in foreign exchange positions.	
				Information Security Risk	Hackers invade and paralyze the information system, resulting in computer	●Acquired ISO 27001 ● Deployment of endpoint anti-virus software. ● Account access management. ● Evaluate MDR deployment on endpoints and delegate	

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	

		equipment failure, data loss and reduced operating efficiency	MDR security event monitoring and alerting to MDR security monitoring vendors.
		The Company is fined by the Personal Data Protection Act for maliciously or negligently leaking personal data in the information system without authorization.	● Regularly conduct web page and system weakness scanning and penetration testing. ● Implement system permissions management and control.
		Hackers use deceptive means to get employees to hand over useful information and then intrude into the information system or defraud improper benefits, resulting in financial losses to the company.	● Conduct social engineering drills from time to time. ● Deployment of firewalls, intrusion detection equipment and SPAM. ● Evaluate MDR deployment on endpoints and delegate MDR security event monitoring and alerting to MDR security monitoring vendors. ● Raise employees' information security awareness through training.
		Employee downloads and installs unauthorized software and the company is fined for software infringement.	● Enhance information security advocacy to raise employees' information security awareness. ● Control and manage employees' illegal installation of software.
	Commercial and Market Risks	Implementation of tariff barriers to protect local markets in various countries **(Material Risk).**	● Apply for tariff exemption in various countries. ● Market development in other countries with duty-free or lower tariffs.
Society	Operating Risk	A large number of grassroots technicians resigned within a month	● Understand the willingness of employees and describe job roles before job transfer. ● Develop various

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	

			recruitment packages, introduction bonuses, transport allowances, and company share for talent retention. ● Improve pay structure and raise monthly salary.
		Resignation of the equipment engineer has led to a loss of equipment-related technology	● Formulate primary equipment SOP. ● Establish equipment maintenance log. ● Improve equipment management system.
	Occupational safety risk	Fatal occupational injuries which led to a full or partial suspension of operations (material risk)	●Acquired ISO 45001 ● Implement safety and health education and training. ● Handle the abnormalities detected during on-site inspections. ● Emergency response drills.
		Fire disaster risk	● Fire drills. ● Routine equipment maintenance and inspection.
		Plant shutdown/casualties in catastrophic illnesses	● Anti-pandemic measures in the factory. ● Encourage vaccination.
	Commercial and Market Risks	Tightening human resource regulations which increases labor costs	● Legal compliance.
		No timely amendments in response to changes in labor-related laws and regulations	● Appoint dedicated personnel to keep track of recent laws and real-time news on a regular basis.
	Commercial and Market Risks	Tightening human resource regulations which increases labor costs	● Legal compliance.
		No timely amendments in response to changes	● Appoint dedicated personnel to keep track of recent laws and real-time news

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>in labor-related laws and regulations</td><td>on a regular basis.</td></tr>
<tr><td rowspan="3">Environment</td><td>Disasters</td><td>Earthquakes, wind disasters, floods</td><td>● Inspection, drainage, pumping and cleaning of the drainage ditch on a regular basis. ● Establish an emergency preparedness team and hold meetings before the rainy season and typhoons. ● Hold evacuation drills.</td></tr>
<tr><td>Climate Risk</td><td>Implementation of carbon pricing mechanisms in various countries (material risk)</td><td>● Inventory the sources of carbon emissions from each production process.
● Ensure that the data are prepared and provided in the format required by the EU to avoid affecting the subsequent export to EU countries. ● The Company will continue to pay attention to the implementation and legislative progress of the filing and taxation of the CCA (Clean Competition Act) in the US. ● Use of clean energy fuels.</td></tr>
<tr><td>Commercial and Market Risks</td><td>Strict environmental regulations and emission standards (Material Risk)</td><td>● Regular maintenance of control equipment.
● Use of clean energy fuels.</td></tr>
</table>
</td><td></td></tr>
<tr><td>III. Environment Issues
(I) Does the company establish proper environmental management systems based on the characteristics of their industries?</td><td>V</td><td></td><td>1. GMTC’s Xinying Plant and Liuying Plant passed the certifications for ISO 14001: 2015 environmental management system, as well as the third-party certification. The certificate validity date is June 7, 2025.
2. According to the regulations of the Ministry of Environment, Xinying Plant conducted annual greenhouse gas inventory according to ISO14064-1 specification.
3. Air pollution, sewage water and waste generated by the plant are handled in accordance with various government regulations.</td><td>No difference</td></tr>
<tr><td>(II) Does the company endeavor to utilize resources more efficiently and use</td><td>V</td><td></td><td>1. GMTC established the ISO 50001 energy management system in Xinying and Liuying Plants and formulated energy-saving plans to promote various measures in the aim to reduce energy consumption in each unit and mitigate the negative environmental impact.</td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2" colspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td>renewable materials which have a low impact on the environment?</td><td></td><td></td><td>In line with the government's policy, the 2023 targets for the Xinying Plant and Liuying Plant is to achieve an annual power saving rate of 1%. Having reported to the central competent authority for review and approval, it is confirmed that the Xinying Plant has achieved an annual power saving rate of 5.46%, and the Liuying Plant has achieved an annual power saving rate 1.00%, and the annual power saving was 346,450 kWh. GMTC still aims to save 1% energy at the Xinying Plant and Liuying Plant every year in the future. For energy management, in addition to various energy-saving plans, we will also continue to optimize production processes for better production efficiency and low energy consumption. Meanwhile, the rooftop solar power systems generate and save energy simultaneously, thereby achieving the goal of optimizing energy efficiency.

2. The company uses an electric arc furnace for steelmaking. The raw materials include recycled steel scrap combined with iron base alloys and the scraps generated during the steelmaking process can be recycled and reused. The finished steel products can be recycled after being sold or used. The input of scrap steel accounts for about 90% of the total input (including the recovered materials in the plant).</td><td></td></tr>
<tr><td>(III)</td><td>Does the company assess climate change's current and future risks and opportunities and relevant responsive measures?</td><td>V</td><td></td><td>1. GMTC's Corporate Sustainability Committee is responsible for discussions and management of climate-related risks and opportunities.
2. GMTC used the framework developed by Task Force on Climate-Related Financial Disclosures (TCFD) to disclose climate-related risks and opportunities and outlines the responsive strategies.

The main risks and opportunities in 2023 are as follows:
<table>
<tr><th>Transition risks</th><th>Impact of transition risks</th><th>Potential financial impact</th><th>Opportunities</th><th>Potential financial impact</th><th>Responding strategies</th></tr>
<tr><td>1. The impact of domestic and foreign carbon emission regulations on costs.
2. Renewable energy regulations</td><td>1. Taiwan's Climate Change Response Act proposes to levy a carbon fee, which is expected to be levied on the Scope 1 and Scope 2 carbon emissions of enterprises in 2025, resulting in an increase in operating costs.
2. The EU will levy a carbon border tax on</td><td>Increase in operating expenses
Increase in capital expenditure</td><td>1. Use high-efficiency production: replace old energy-consuming equipment with lower carbon emission energy sources, simplify production processes, avoid unnecessary waste products and reduce direct carbon</td><td>Increase in operating costs
Increase in capital expenditure
Lower operating expenses</td><td>1. Continue to implement the ISO 50001 energy management system to achieve high energy efficiency, energy-saving and carbon reduction.
2. Installation of rooftop solar power systems for self-build properties to meet</td></tr>
</table></td><td>No difference</td></tr>
</table>

Item	Yes	No	Description	Deviations and Reasons

	importers in 2026, causing pressure to pass on costs. 3. The major electricity user clauses of the Renewable Energy Development Act requires a contracted capacity vendor to install renewable energy or energy storage devices, purchase green electricity or pay a fee. Among them, self-installed renewable energy devices to meet the regulatory requirements is a better choice.		emissions. 2. Use of low-carbon energy: Build green power generation devices or purchase green electricity to increase the percentage of green electricity use to reduce indirect carbon emissions.		the 10% electricity demands of major electricity users. 3. Evaluate the purchase of carbon rights according to the applicability of the law to reduce the impact of related taxes and fees. 4. Continue to pay attention to the development of low-carbon energy related technologies.
Raw material acquisition cost increase	1. In the low-carbon transformation of the iron and steel industry, there is a trend of increasing the use of scrap steel to reduce carbon emissions, which may make it more difficult to obtain raw materials and increase the cost of scrap steel. 2. Elements such as nickel and cobalt are	Increase in operating costs	Recycling to reduce the use of alloys can effectively reduce carbon emissions and Scope 3 emissions through a circular economy and enhance the effectiveness of green operations.	Lower operating expenses	1. Continuously develop new suppliers. 2. Develop viable alternative ingredient models to improve production flexibility. 3. Develop a viable procurement material preparation model.

Item	Implementation Status								Deviations and Reasons
	Yes	No	Description						
				important raw materials for battery manufacturing and the price may gradually increase as the demand increases.					
			Changes in customer behavior	1. Under the net zero scenario, the demand for fossil fuels will decrease rapidly, which will affect the demand for traditional power generators and petroleum exploration materials. 2. Carbon border adjustment mechanisms in various countries strengthen customers' demands for low-carbon emission products or the need to actively reduce greenhouse gas emissions in line with customers' carbon reduction goals. Failure to do so may result in loss of orders.	Decrease in revenue	1. Electric vehicles will quickly replace diesel vehicles and the amount of solar energy installations will increase and the demand for high-quality die-casting and extruded high-alloy tool steel will increase. 2. The construction of wind power plants continues to increase, which brings about the demand for large forgings.	Increase of revenue Increase in capital expenditure	1. Change the product portfolio, develop new markets under the carbon reduction opportunities, continue to develop high-quality tool steel for die-casting and aluminum extrusion and expand the technical capacity of large-scale forging to meet different market needs. 2. Continue energy conservation and carbon reduction to reduce carbon emissions per product unit.	
(IV) Whether the company gathers the statistics about the annual greenhouse gas emission, water	V		**(1) Greenhouse gas** The Company converted the entire company to ISO 14064-1:2018 in 2023 and obtained third-party verification. The verification unit is Afnor. Greenhouse gas emissions in the last 2 years						No difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>consumption and gross weight of waste for the past two years, and adopts policies for greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods?</td><td></td><td></td><td>Scope: 2022 and 2023 Scope 1 and 2 covering the entire company and major manufacturing processes (Xinying Plant + Liuying Plant)
<table>
<tr><td colspan="2">Unit: CO_2e (tons)</td><td>2022</td><td>2023</td></tr>
<tr><td colspan="2">Verification Unit</td><td>Afnor</td><td>Afnor</td></tr>
<tr><td rowspan="2">Scope 1</td><td>Key manufacturing processes</td><td>108,592</td><td>95,941</td></tr>
<tr><td>Entire company</td><td>109,980</td><td>96,005</td></tr>
<tr><td rowspan="2">Scope 2</td><td>Key manufacturing processes</td><td>90,018</td><td>95,989</td></tr>
<tr><td>Entire company</td><td>92,642</td><td>96,784</td></tr>
<tr><td colspan="2">Emission intensity of key manufacturing processes
(CO_2e (tons) / GMTC finished product output (tons))</td><td>2.13</td><td>2.33</td></tr>
</table>

In 2022, the GHG emissions of Scope 1 and Scope 2 for the key manufacturing processes totaled 1,920,360,000 tons CO_2e. The CO2e of electricity consumption in Scope 2 accounted for 50% of the total GHG emissions, while the CO2e of natural gas and fuel oil used in Scope 1 processes accounted for 50% of total GHG emissions. The unit product emission of Xinying Plant and Liuying Plant totaled 2.33 tons CO_2e per GMTC finished product output (tons).

Internally, GMTC promotes GHG reduction measures in the aim to reduce the emission intensity by 1% per unit product every year. 2022 GHG emission intensity was 9.1% more compared to that of the previous year. The main measures in 2023 include the old heavy oil equipment, the simplification of the thermal process, continue to promote various measures for energy conservation and efficient production, in order to reduce carbon emission intensity, and achieve sustainable development. Despite a decrease in production volume due to changes in product portfolio in 2023, the emission intensity nevertheless saw an increase.

<u>(2) Water consumption</u>
For process cooling, recycling and domestic water supplies for employees, GMTC mainly uses tap water instead of directly taking groundwater. GMTC has set up rainwater harvesting systems (for irrigation) and water recovery systems based on the concept of water reclamation and reuse to improve water-use efficiency.

<u>Water consumption in the last 2 years</u>
Scope: Information on water consumption in 2022 and 2023 covers the Company and key manufacturing processes (Xinying Plant + Liuying Plant); the water consumption intensity mainly refers to the comparison based on the key manufacturing processes. The related data has not yet been verified.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
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<tr><td></td><td></td><td></td><td>

Unit: million liters		2022	2023
Water consumption	Key manufacturing processes	342	294
	Entire company	366	306
Water consumption intensity of key manufacturing processes (million liters / GMTC’s finished product output (tons))		0.00367	0.00356

The Company has been promoting water-saving measures internally to reduce the water intensity per unit of product by 10% from the base year in 2014 (base year: water consumption: 450 million liters / water intensity in main production processes: 0.00460 million liter/ton). In addition to daily water conservation advocacies, GMTC recently promoted the wastewater treatment project, including filtration, recycling, and reuse of wastewater to increase the wastewater reclamation rate to reduce pipeline leakage and avoid wasting water.

The water intake of the Company's main production processes in 2023 was 294 million liters, and the water intensity was 0.00356 million liters/ton, which was 3.0% lower than that in 2022 and 23% lower than the base year of 2014.

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

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

Waste generation in the past two years

Scope: Waste output information for the years 2022 and 2023 covers the entire Company and major processes

(Xinying Plant + Liuying Plant). GMTC's waste output is managed under the ISO 14001 management system.

External verification of ISO 14001 is conducted annually in June to ensure the effectiveness of the management

</td><td></td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>system. All related data undergo external verification processes.
.
<table><tr><th>Units: Tons</th><th>2022</th><th>2023</th></tr><tr><td>Hazardous waste</td><td>1,703</td><td>1,986</td></tr><tr><td>Non-hazardous waste</td><td>30,400</td><td>46,490</td></tr><tr><td>Waste output per unit of product (ton / GMTC finished product output (tons))</td><td>0.34</td><td>0.59</td></tr></table>
GMTC has been working towards waste recycling by subsequent treatment, so as to reuse commercial waste and reduce environmental impact. In recent years, the company mainly focused on the recycling of waste bricks, furnace slag, and dust from the steelmaking processes to reduce wastes, with the hope to achieve the target of increasing the utilization ratio by 1% per year.

In 2023, the total waste output was 48,476 tons, of which reusable waste was 45,528 tons, accounting for 94% of total waste, an increase of 4% from90% in 2022.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Did the company draft applicable management policies and procedures based on applicable laws and international human rights agreements?</td><td>V</td><td></td><td>The "GMTC Human Rights Policy" abide by the laws and regulations in each of its global bases, and complies with the human rights standards such as the “International Bill of Human Rights," “International Labor Organization - Declaration on Fundamental and Rights at Work" and the “Ten Principles of the United Nations Global Compact," so that employees and third-party personnel are entitled to dignity and respect at work and preventing human rights violations. The documentation of “Human Rights Policy,” “Work Rules” and “Corporate Social Responsibility Manual” clearly declare the protection of human rights.

The Company's human rights risk mitigation measures are summarized as follows.
<table><tr><th colspan="2">Mitigating human rights risks</th></tr><tr><td>Provision of a Safe and Healthy Working Environment</td><td>1. Aim to achieve zero disasters and risk reduction
2. Upgrade on-site equipment to enhance safety and hygiene awareness
3. Strengthen the protection of mechanical equipment against environmental hazards
4. Conduct analysis, investigation and follow-up based on the association between health examination results and the company’s manufacturing operations</td></tr></table></td><td>No difference</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>5. Promote health promotion activities and encourage employees to participate in maintaining a healthy lifestyle</td></tr>
<tr><td>Prevention of Unlawful Discrimination and Ensure Equality in Work Opportunities</td><td>Abide by the local government labor standards, international norms and GMTC's human rights policies, with standard staff employment procedures to prevent illegal discrimination. The starting salaries are the same between GMTC’s male and female employees with equal seniority and ranks.</td></tr>
<tr><td>Prohibit Child Labor</td><td>According to GMTC's human rights policy, work rules and social responsibility, the company was never engaged in child labor to protect children’s physical and cognitive growth and development. GMTC only accepts job applications from those aged 18 and older and will check the IDs of the new employees when they are hired to reject the candidates below the age of 18 years old.</td></tr>
<tr><td>Prohibit Forced Labor</td><td>GMTC has strictly abided by the local government labor standards and the company's human rights policies to respect human rights at the workplace and prohibits any form of forced labor.</td></tr>
<tr><td>Support employees in maintaining good physical and mental health and improve work-life balance</td><td>In order to encourage employees to participate in workplace social clubs, GMTC’s Employee Welfare Committee has been subsidizing its social clubs every year. In addition, GMTC’s workplace social clubs organized regular activities to improve the employees’ work-life balance.</td></tr>
<tr><td>Regular Review and Evaluation of Related Mechanisms and Behaviors</td><td>GMTC reviews regulations and makes adjustments to relevant systems on a regular basis</td></tr>
</table>
GMTC arranges relevant human rights education and training courses (including the understanding of the Labor Act, and advocacies on the prevention of wrongfully damaging the rights of another and sexual harassment) for new employees, and provides general, occupational safety and health training. In 112, 134 people were trained, with a total of 536 hours of training, while relevant regulations are disclosed on the MOPS.</td><td></td></tr>
</table>

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

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			coworker friendships. <u>Workplace Diversity and Equality</u> GMTC supports gender equality and work force diversity. GMTC's personnel recruitment and selection is solely based on skills and experience instead of race, class, politics, ideology, religious beliefs, place of origin, place of birth, gender, sexual orientation, age, family status, genetic features, disability or previous labor union membership. In addition, the Company has strictly abided by the local government labor standards, and has never engaged in child labor. There was no workplace discrimination in 2023. GMTC actively coordinates and arranges suitable jobs for the disabled from the existing job vacancies, so that the disabled can enter the job market as soon as possible and demonstrate their skills and competencies. In the past years, GMTC's disability inclusion has exceeded legal requirements (1%). In 2023, GMTC hired 12 disabled people, accounting for 1.2% of the total number of employees. Female Diversity Indicator <table><tr><th>Indicator</th><th>Percentage (%)</th></tr><tr><td>Female employees (%)</td><td>10.7%</td></tr><tr><td>Female heads (%)</td><td>12.5%</td></tr><tr><td>Female Ranking of Junior Management (%)</td><td>7.4%</td></tr><tr><td>Female senior executives (%)</td><td>27.8%</td></tr></table>*"Senior executives" refer to the Company's managers, such as general manager and others of equivalent level, vice presidents and people of equivalent level, assistant vice presidents and people of equivalent level, financial department executive, accounting department executive, and others who have the right to manage company affairs and sign on behalf of the company. **Salary equality** The Company has appointed the "Remuneration Committee" to provide employees with competitive remuneration, and to use a transparent and equal remuneration policy to give back the Company's operational performance to employees. Due to the nature of the industry, there are more male employees than female employees. However, there is no gender difference in the compensation structure. We uphold the basic position of gender equality and employees are paid regardless of their gender, race, religion, or political affiliation and marital status. The ratio of starting salaries to	

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>male and female employees at different ranks is 1:1. In addition, the average starting salary of the Company’s grassroots employees is 107% of the minimum wage in Taiwan. In accordance with the Labor Standards Act, if an employee has to work overtime due to business needs, the company shall pay the employee overtime wages on the basis of the employee's full wage.

The promotion, salary adjustment and salary verification of the Company's employees are processed in accordance with the salary structure table, and there is no differential treatment based on gender. The salary difference is mainly based on job duties, seniority, performance and other factors not based on gender.
<table>
<tr><th>Remuneration equality indicator</th><th>Entry-level personnel</th><th>Professional</th><th>Junior management</th><th>Senior management</th><th>Overall</th></tr>
<tr><td>The "average" gap between male and female salaries</td><td>4.0%</td><td>9.9%</td><td>5.5%</td><td>19.4%</td><td>13.7%</td></tr>
<tr><td>Gap in the "median" of male and female salaries</td><td>1.7%</td><td>10.1%</td><td>3.8%</td><td>2.2%</td><td>16.8%</td></tr>
</table>
Note 1: Calculation formula (1- (average salary of females at the same level/average salary of men at the same level)) * 100% of the gap ratio obtained
Note 2: Definition of entry-level personnel: refer to personnel at the technical and administrative levels.
Note 3: Junior management positions: refer to management personnel other than senior executives.
<u>Employee Compensation is Commensurate with the Company's Performance</u>
1. In order to reflect the 2022 business performance in employee remuneration, the overall salary increase in 2023 will be 3%.
2. In 2023, the average salary review of non-managerial personnel charges NT$997,000, with a median of NT$975,000.</td><td></td></tr>
<tr><td>(III) Did the company create a safe and healthy work environment for employees and offer periodic safety and health training to employees?</td><td>V</td><td></td><td><u>1. Occupational health and safety management system</u>
GMTC has established the occupational safety and health management system in accordance with the occupational safety and health regulations, providing safe and healthy work conditions while adhering to the occupational safety and health regulations and related requirements, removing hazards, minimizing occupational safety and health risks, and providing consultation of occupational safety and health issues and promoting employee participation. The Company’s Xinying Plant and Liuying Plant completed ISO 45001:2018 and CNS 45001 certifications in June 2023, with an expiry date of June 7, 2025.

<u>2. Implementation Status of the Environmental Protection and Occupational Safety and Health Committee</u>
GMTC holds safety and health committee meetings on a quarterly basis. The committee consists of 64 members, including General Manager, labor safety personnel, department chiefs, medical staff, and labor union representatives.</td><td>No difference</td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			Among them, there were a total of 26 representatives of the labor union, accounting for 41% of the committee members. The meeting shall be chaired by the company's senior management, and participated by various department chiefs and members of the safety committee. In addition to describing and reviewing the safety and health matters in the previous quarter, the relevant implementations at the workplace were also discussed in order successfully promote occupational safety and health. **3. Safety and health education and training** Since GMTC believes that most accidents are caused by human error, the Company focuses on cultivating employees' knowledge via safety and health education and training. To prevent colleagues and third-party manufacturers from being injured or frightened during work operations, all workers entering the plant must participate in safety and health education and training courses to lower occupational accident rates. (1) New employee training: 37 sessions were held, participated by a total of 88 new employees. (2) On-the-job training: Each unit organizes the on-the-job training courses once a month, which was participated by a total of 2,856 employees. (3) Training for cooperative suppliers: Remind suppliers on safety awareness and comply with regulations. 319 sessions were held, with a total of 957 participants. (4) Fire safety drills: For employees to be familiar with the notification process and operation of emergency equipment to enhance the employees' skills on emergency response. Six sessions were held in GMTC's three plants, which were participated by a total of 116 employees. **4. Regular settings of safety and health operating standards**	

Regular settings of safety and health operating standards	
Fire safety training	Once every six months
Work safety weekly inspection	On an irregular basis
Industrial safety inspection	Once every month
Environmental safety conference	Once every month
Environmental Protection and Occupational Safety and Health Committee	Once every quarter
Health promotion (blood donation)	Once every quarter
Environment, safety and health lectures	Twice every year

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			<table><tr><td>Health check-up</td><td>Once every year</td></tr><tr><td>Flu vaccine</td><td>Once every year (in October)</td></tr></table> **<u>5. Chemicals management</u>** Chemical management includes procurement and disposal. The suppliers are required to provide safety data sheets and hazard labels and perform inspections in accordance with the Regulations for the Labeling and Hazard Communication of Hazardous Chemicals, Toxic and Concerned Chemical Substances Control Act and the Regulations Governing Designating and Handling Permission of Controlled Chemicals. Chemicals containing toxic chemical substances listed by the Environmental Protection Administration or chemical ingredients controlled by the Ministry of Labor are prohibited from being purchased, in order to avoid harm to employee health. After chemicals are purchased, each unit carries out chemical inventory preparations, regularly classifies the chemicals used for management and monitors the operating environment every six months, and after the chemicals are used up, they will be recycled by professional and qualified waste disposal companies. **<u>6. Equipment safety management</u>** In order for effective management, the plant's machinery and equipment are classified into hazardous and general in accordance with relevant laws and regulations. Apart from regular inspections by the inspection agency for hazardous machinery and equipment in accordance with laws and regulations, the plant also conducts self-inspection for the hazardous and general machinery/ equipment before daily operations and monthly and annual inspections. Anomalies are reported immediately for repair and maintenance. Currently, there are 205 units of hazardous machinery/ equipment, including fixed cranes and specific equipment for high pressure gases. **<u>7. Contractor management</u>** For external contractor management, the contractors who enter the factory for construction have the responsibility and obligation on maintaining safety and health on construction sites, machinery and equipment and construction workers. Hence, before entering the factory, the contractors are required to submit the construction application form, list of construction workers, Statement of Commitment to EHS Letter, pre-construction review report, and Notice of Alleged Safety or Health Hazards, and the contractors shall appoint relevant safety and health management personnel to the construction site. All relevant construction workers shall be insured with NT$5 million accident insurance, and take necessary safety and health education and training before entering the factory for construction. During the construction process, GMTC's safety personnel conduct audits on an irregular basis based on four major aspects, including the on-site construction progress, the construction environment, machinery, and worker protection and issue a Statement of Deficiencies for any violations. If there are major violations, the contractor shall be penalized according to the penalty standards for violation of contractor regulations. After the construction is completed,	

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
			GMTC's safety and health personnel will conduct evaluations according to the contractor's safety and health conditions before, during and after construction, which shall be used as a reference for the selection of contractors by various units. The Company holds a safety and health consultation meeting every six months for on-site or external contractors to advocate for occupational safety and health, with explanations for management matters, in order to prevent the occurrence of occupational accidents involving contractors. **<u>8. Emergency response</u>** GMTC has formulated emergency response procedures according to the emergency response regulations, so that employees can report and rescue according to the procedures in the event of an emergency or abnormal situation, ensuring the safety of workers and surrounding residents, and preventing further expansion of disaster. With the aim to reduce the risk of personal injury and environmental pollution, GMTC attaches great importance to emergency response drills and training. In 2023, each factory conducted 6 disaster prevention drills, participated by a total of 116 employees. Since 2017, emergency response drills have also included environmental protection events. The simulation of the air pollution control equipment and abnormal leakage and spillage of wastewater or chemicals enable employees to become more familiar with emergency response. During on-site operations, if the employees discovered environmental or safety and health hazards in the workplace, they shall report to the unit supervisor or occupational safety and health unit using the environmental safety and health communication form, by telephone, by email, or in person, and request for improvements. If, encountering urgent risks and hazards in the environment or during operations, or emergency health issues, the employee was unable to report to the unit supervisor or occupational safety and health personnel in time, the employee can move to a safe location first and will not be penalized by the Company for this. **9. Safety and Health Management** In 2023, the disabling frequency rate of 2.8 was slightly lower than that in 2022, with a total of 8 cases of occupational accidents, involving 8 employees (which account for 0.8% of the total number of employees at the end of 2023). For accident injuries, we plan to improve safety and health management based on four aspects, including improvement of mechanical equipment to prevent clamping injury, use of personal protective equipment, strengthening on-site inspections, and performing thematic inspections every month, in order to reduce the occurrence of work-related accidents. After the occurrence of various accident injuries, the responsible units shall immediately make improvements, report to the Environmental Protection and Occupational Safety and Health Committee about the accident, and require all other units to carry out parallel improvements to reduce the risk of injury. There was a total of one fire in the plant area in 2023, but it was all a small-scale fire on-site with no injuries or fatalities. Preventive measures against recurrence: Proceed immediately as follows 1. Inventory sawing machines and grinders in the factory and set up isolation facilities to remove flammable objects. 2. In addition to flammable chemicals, other flammable materials and items placement in the factory are checked for	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>safety. This is to ensure prevention of fire incidents from occurring.</td><td></td></tr>
<tr><td>(IV) Does the company provide its employees with career development and training sessions?</td><td>V</td><td></td><td>1. Since corporate sustainability depends on the long-term cultivation of talents, GMTC has developed an education and training system according to its strategies, objectives and business plan, and has established the "Regulations Governing Education and Training". All relevant education and training shall be handled in accordance with the Regulations. GMTC planned annual training courses for each level according to business policies, legal compliance, and employee functions to strengthen the learning efficiency of participants and improve employee quality and benefits of employee development.

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

3. From January to December 2023, there were 283 internal and external training sessions, with a total of 3,191 participants.
<table>
<tr><th>Training type</th><th>Item</th><th>Class/ session</th><th>Total training hours</th><th>Number of trainees</th></tr>
<tr><td rowspan="2">Internal training</td><td>Professional technology</td><td>195</td><td>392</td><td>2258</td></tr>
<tr><td>Core technology</td><td>65</td><td>115</td><td>658</td></tr>
<tr><td rowspan="2">External training</td><td>Professional technology</td><td>26</td><td>261</td><td>61</td></tr>
<tr><td>License</td><td>25</td><td>413</td><td>214</td></tr>
<tr><td colspan="2">Total</td><td>311</td><td>1181</td><td>3191</td></tr>
</table></td><td>No difference</td></tr>
<tr><td>(V) Whether the company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy, marketing and</td><td>V</td><td></td><td>1. The company has formulated the "Ethical Corporate Management Best-Practice Principles" and "Code of Ethical Conduct", which stipulates that the R&D, procurement, manufacturing, provision or sales of products and services shall be conducted in accordance with relevant regulations and international standards, so as to ensure product and service information transparency and security. The company has also established and disclosed policies to protect the rights of consumers or other interested parties. The policies are implemented during business activities to prevent products or services from having a direct or indirect impact on consumers' rights, health, and safety or other interested parties. The company's customer/ supplier information shall be kept confidential unless it is authorized to be disclosed according to relevant laws and regulations.</td><td>No difference</td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
labeling for its products and services, and adopts related consumer/customer protection policies and complaining procedures?			2. The Company has established relevant internal regulations. The marketing and labeling of standard products follow international standards, while the customized products follow the specifications agreed by both parties. After-sales and customer complaints service procedures for defective products are provided to protect the rights and interests of customers. In addition, the Company also conducted customer satisfaction surveys to make improvements according to customer opinions, and thereby establish good communication to gain the trust and loyalty of customers. 3. GMTC strictly abides by the Restrictions of Hazardous Substances Directive (RoHS), substance of very high concern under the REACH Regulation (REACH-SVHC), Labelling and SDS Requirements under MoL's Regulations, no radiation requirements, U.S. Securities and Exchange Commission conflict-free mineral requirements, and the Toxic Substances Control Act (TSCA), in order to meet customer needs and reduce environmental impact and public health hazards. 4. To provide the best customer services, GMTC has established comprehensive internal rules for customer complaint handling, with the aim to formulate effective customer complaint handling procedures to quickly respond to customer complaints through proper channels, thereby improving customer satisfaction.	
(VI) Whether the company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?	V		GMTC pursues green procurement, implements the environmental protection 3R principles (Recycle, Reuse, Reduce), and establishes the Supplier Management Procedures. In addition, the company has set up the CSR management system in accordance with Social Accountability 8000 (SA8000) to advocate on the concept of corporate social responsibility and require key raw material suppliers to sign the CSR Commitments, Declaration of Conflict-Free Minerals and the Guarantee for Controlled Environmental Substances/ Declaration of RoHS & REACH SVHC Compliance, in order to jointly implement relevant ethical management, labor and human rights regulations to strengthen the balance of the three dimensions of sustainable development - economic, social and environmental. GMTC attaches great importance to social responsibility such as ensuring quality across the supply chain, environmental protection, safety and health. Therefore, the company investigates whether the new supplier of key raw materials has obtained environmental safety and health certifications including ISO 9001, ISO14001 and ISO45001, whether there have been major environmental safety and health accidents in the past three years, and require the new supplier to comply to the "Labor Standards Act" and "Occupational Safety and Health Act," human rights related laws, regulations and enforcement rules. In order for close cooperation between GMTC and the key raw material suppliers and improve supply quality, material sources and services to stabilize supply and lower relevant costs, all of GMTC's key raw material suppliers must comply with the company's Supplier Management Procedures so that raw materials conform with the company's needs and regulatory requirements.	No difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>In addition to supplier audits on the new suppliers of key raw materials, GMTC also regularly monitors the delivery schedule and quality of suppliers through annual supplier evaluation and other mechanisms for the existing trading partners. In addition, GMTC will also help or guide suppliers towards better quality and environmental protection, in the hope that the joint efforts of upstream and downstream companies can make their supply chains more sustainable.

<u>New Supplier Audit</u>
1. Supplier information (including quality/ EHS (environmental, health and safety) system inspections)
2. Signing of the Declaration of RoHS and REACH Compliance
3. Signing of the Declaration of Minerals Conflict-Free
4. Signing of the Commitment of Social Responsibility

<u>Supplier Qualification, Monitoring and Evaluation</u>
1. After the new supplier audit, the new suppliers are required to receive a stage 2 audit, and will be qualified as the company’s suppliers after receiving the acceptance report issued by the purchasing unit and passing the quality assurance review.
2. GMTC monitors whether the supplier meets the company’s requirements every month based on indicators including the delivery date and supply quality.
3. Every March, GMTC evaluates the quality, delivery date and services of qualified suppliers that have previous year transactions.

<u>Training Suppliers</u>
1. Since scrap steel is one of GMTC’s key raw materials to produce special steel, the company has set up stringent rules for procurement and acceptance. In order to improve the quality of steel scrap supply, GMTC will support and train the suppliers that are willing to improve self-inspection skills to better understand GMTC's steel scrap grades and specifications and achieve stable supply.
2. For some suppliers with unfinished scrap steel storage areas, such as those who directly deposit and store scrap steel on solid ground,
GMTC also requested improving the storage environment, such as laying concrete slab or installing steel plates, to avoid environmental pollution and damage. Improvement of the suppliers’ storage environment can reduce dust and impurities from steel scrap, and enhance the quality and purity of steel scrap.</td><td></td></tr>
<tr><td>V. Whether the company prepares the report disclosing the company's non-financial information, such as the</td><td>V</td><td></td><td>The Company formulated the 2023 Sustainability Report in accordance with the GRI Standards. A third-party verification company, Afnor Asia Ltd., was entrusted with the verification of the Report in accordance with the GRI standard and AA1000 Assurance Standard (AA1000 AS V3) Type 1 Moderate level assurance, to ensure the quality of the data disclosed via an external verification.</td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>corporate sustainability report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">VI. If the Company has established a corporate sustainability code of conduct based on “Corporate Sustainability Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the principles and their implementation:
The Company has formulated the Corporate Sustainability Code of Conduct, with no discrepancy between the code of conduct and their implementation.</td></tr>
<tr><td colspan="5">VII. Other information material to the understanding and promotion of corporate sustainability:

1. Promotion of sports culture: A total of NT$6,0970,000 were invested.
(1) Donation of NT$60 million to the Taisteel Eagles baseball team
(2) Donation of NT$400,000 to support the training of badminton player Wang, Tzu-Wei.
(3) Donation of NT$320,000 to the 2024 Tai Steel Caring and 18th Shangao Cup National Basketball Invitational Tournament.
(4) Sponsored 2023 Kaohsiung Open Golf Tournament with NT$200,000.
(5) Co-organization of the 2023 RUN FOR FUTURE 3rd Shun Fa × Gang Du Charity Road Run for NT$50,000.

2. Local promotion
2.1 Local Care: Total investment was NT$533,431.
(1) Community assistance: Corresponding to government policies, Taizi Community Development Association, Xinying District, Tainan City has been providing meals for the people aged 65 years old and over living alone, as well as low-income families, single-parent families and socially disadvantaged groups within the community. GMTC maintained good relationships in the local community. Meanwhile, the company has been building a socially responsible corporate image, provided subsidies of NT$50,000 every six months or NT$100,000 every year to supply the meals to Taizi Community Development Association in order to improve neighborhoods.
(2) NT$100,000 sponsored the after-school program for children of Chongxi Junior High School in Liuying District, Taiwan, by the Taiwan Pure Education Association.
(3) Donation of a batch of rescue equipment of 1st Brigade Fire Department, Tainan City Government worth NT$333,431.
(4) Donation of 1 Senior Ambulance Squadron of the 1st Brigade New Battalion of the Fire Department of the Tainan City Government, with an estimated value of NT$4.5 million.

2.2 Environmental greening and beautification
(1) Greening and beautification: GMTC’s greening and beautification policies mainly focus on adopting the green spaces surrounding Liuying Plant and the industrial park, with</td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	

a total area of 21,688sqm.

2.3 Support for cultural activities, totaling NT$182,000.
(1) Sponsored the Lantern Festival Parade at Wu Temple in Yanshui.
(2) Sponsored the peace banquet for the Tai Tsu Temple.
(3) Sponsored the Healing Banquet at the Xuanwu Temple
(4) Sponsored the reconstruction of the Fazhu Temple.

2.4 Invested a total of NT$101,000 for the development of good neighborliness.
(1) Sponsored the 2023 Dragon Boat Festival incense burner to promote good neighborliness by the Xinying Industrial Park Manufacturers Association.
(2) Co-sponsored the vendors in Chiaonan Community, Yanshui District, Tainan City, with the Manufacturers Association in Taiwan to sponsor the replacement of duty vehicles.
(3) Sponsored the Mid-Autumn Festival event organized by Chiaonan-Li Office (the "Mid-Autumn Festival and Community Care Gala" organized by Xinying Industrial Park Manufacturers Association).
(4) Sponsorship of the Liuying Milk Festival
(5) Donation of sports expenses for Chongxi Elementary School Games.
(6) Sponsored meal expenses for the social dinner of the Tai-Gong Temple.
(7) Sponsored meal expenses for the annual celebration of the Dunong Community Patrol Team.
(8) Sponsored meals for the 2023 Chongxi police, vigilante, and civil defense gatherings.
(9) Sponsored funds for the Mid-autumn Festival of the Evergreen Care Association in 2023.

3. Industry-academe collaboration: NT$682,500 was invested.
(1) In 2020, in response to Taiwan's New Southbound Policy, GMTC participated in the industry-academe collaboration NCKU-Butterfly Program, a talent cultivation platform, to launch educational exchanges and collaboration between Taiwan and Vietnam and subsidize National Cheng Kung University to provide scholarships for Vietnamese students. In the first and second semesters of 2023, 4 students have received scholarships, which totaled NT$120,000, as GMTC aims to train professionals and strengthen students' practical skills to implement collaborative teaching and enhance students' career orientation and employability.
(2) In response to the Company's rapid development, we cultivate and reserve professional talents. In order to improve employees' knowledge of metal materials and manufacturing, in 2023, the "Department of Mechanical and Automation Engineering Electromechanical Technology Master's Course" was established in cooperation with Kao Yuan University of Science and Technology. The duration is from October, 2023 to July, 2025 and the training is for 15 employees. This special class is expected to take two years to complete, with a total of 36 credits (including 6 thesis credits). The Company has fully subsidized the tuition and fees, and has invested NT$562,500 for the first semester. The total investment amounted to more than 2 million.

4. Promote safety and health
(1) Safety and Health Family: In October 2015, GMTC was entrusted by the Tainan City Government Bureau of Labor Affairs to establish the “Safety and Health Family” to provide assistance and consultancy for small and medium-sized businesses with comparatively dangerous work sites, in order to improve the working environment. GMTC aims to improve occupational safety and health and self-management capabilities through the professional assistance of provincial and municipal government consultants. There were

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
26 companies in GMTC's Safety and Health Family. In 2023, GMTC organized one safety and health family activity. (2) Safety and Health Promotion Association: Participated in the TOSHMS Southern District Promotion Association established by the Safety and Health Technology Center and served as the leader of the education and training team to plan education and training. 5. Public welfare activities: Invested NT$1 million, donated 80,750 cc of blood. (1) GMTC has held blood donation activities every year to give back to society with the vision of social sustainability. In 2023, a total of 207 people from R&D participated in blood donation activities. The total blood donation this year was 80,750 cc. (2) Donation of NT$1 million to the earthquake disaster in Turkey.				

(VII) Climate-related information

1 Climate-related information implementation

Item	Implementation Status
1. Describe board and management level supervision and governance on climate-related risks and opportunities.	Pursuant to the Gloria Material Technology Corp (GMTC) Sustainable Development Best Practice Principles, the Corporate Sustainability Committee is tasked with assessing the potential risks and opportunities of climate change on the Company's present and future operations. Relevant measures are then adopted to address these issues. Annually, the committee presents reports to the Board of Directors on the development, implementation, and progress of sustainability policies, systems, relevant management guidelines, and specific implementation plans. At the operational level, GMTC's Corporate Sustainability Committee discusses and management of climate change-related risks and opportunities. The Risk Management Team identifies and assesses climate-related risks and opportunities, providing regular reports to the Board of Directors and the Audit Committee on the annual risk assessment outcomes. Meanwhile, the Environmental Sustainability Team jointly works with relevant internal units on relevant measures, including green electricity, energy management, greenhouse gas inventory, etc. In addition, an Energy Saving and Carbon Reduction Team was established. The President presides over the meeting and regular discussions are held with the Executive Vice President, Vice Presidents, and relevant managerial officers on carbon reduction from manufacturing processes and equipment, carbon inspection and important regulatory responses such as EU CBAM and domestic carbon tariffs.
2. Describe the climate-related risks and opportunities the organization has identified and their impact on businesses, strategies and financial planning over the short, medium and long term.	Taking the Taiwan operations as the scope of review, through regulatory review, research reports, peer and market information review, the Company has compiled 6 transition risks, 4 physical risks and 6 opportunities. These are categorized based on the time horizon: short-term (within 2 years), mid-term (3 to 7 years), and long-term (over 7 years). After identifying climate risks and opportunities, high-risk factors (4 items) are identified based on their probability of occurrence and impact, while high-opportunity factors (5 items) are identified based on their developmental potential and feasibility. The identified major climate risks include emerging domestic and foreign regulations on the cost of greenhouse gas emissions related to products or factories, such as carbon fee, CBAM, CCA, and so on, renewable energy regulations, increased costs of raw materials and changes in customer behavior. The climate opportunities are mainly due to the use of high-efficiency production, recycling and reuse,

Item	Implementation Status
	changes in consumer preferences, entering new markets and the use of low-carbon energy. For business, strategy and financial planning, the impact of climate-related risks and opportunities, they are listed in "Promoting the Implementation of Sustainable Development and Deviations from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies and the Reasons" 3-(3) in the 2023 annual report .
3. Describe the impact of extreme weather events and transition activities on financial planning.	**Financial impacts of extreme climate events** The Company references the Shared Socioeconomic Pathway (SSP) 5-8.5 from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) as a high-emission scenario. Additionally, we utilize climate change projection data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and 3D hazard potential mapping information from the National Science and Technology Center for Disaster Reduction to assess risks at its operational sites. Based on projections from the TCCIP for the period 2041-2060 in Tainan City, the average temperature is forecasted to rise by 1.6℃, with a maximum increase of 2.2℃. In the event of a 3-degree Celsius warming scenario, the maximum one-day rainfall in Tainan is anticipated to increase by 12.1% to 53.2%, equivalent to 260 to 355 centimeters compared to a baseline of 231.8 millimeters. Although the Xinying and Liuying plants are not directly situated in areas with increased rainfall potential, there remains a risk of production capacity impact due to an average increase of 4.7 days without rainfall (compared to a baseline of 58.9 days), with the minimum and maximum consecutive days without rainfall ranging from 50 to 75 days, averaging 63.6 days. In the future, the Company will continue to refine its analysis of physical risk scenarios and strengthen the Company's climate adjustment management and strategies. **Financial impact of transition initiatives** Given the transition risks, undergoing a transition towards a low-carbon economy may entail navigating through wide-ranging changes in policies, regulations, technology, and market dynamics. During the analyzed timeframe, emerging regulations both domestically and internationally, such as carbon taxes, Carbon Border Adjustment Mechanism (CBAM), Carbon Capture and Storage (CCA), renewable energy regulations, and potential increases in raw material acquisition costs, along with shifts in consumer behavior, may lead to increased operating costs or reduced sales volumes for products or factory plants related to greenhouse gas emissions. The Company addresses transition risks by implementing energy-saving and carbon-reduction measures, such as phasing out heavy fuel oil, replacing outdated equipment, streamlining processes to reduce waste, maintaining a high proportion of recycled steel usage, and investing in renewable energy installations to lower carbon intensity. As steel is the cornerstone of industrial activities, the Company is also enhancing research and development efforts to understand market trends in steel usage, introducing new products to meet evolving customer procurement needs. The related energy conservation projects may result in an increase in operating costs.
4. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Through the TCFD framework, we systematically analyze the impact of policies and regulations, technology, market conditions, corporate image, as well as short-term and long-term climate risks. We discuss the impact of risks and opportunities and periodically identify climate-related risks and opportunities to ensure that the identification results comply with the current situation, while we developed response plans based on the identification results of climate-related risks/opportunities. Issues under consideration include the carbon fee levied in the domestic climate change law, energy management related laws and regulations, the implementation schedule of the EU Carbon Border Adjustment Mechanism (CBAM), the National Development Council's 2050 net zero emission roadmap and the domestic net zero technology evolution estimation, IEA technology and market impact of the Net Zero scenario, and the shadow price is used as the internal carbon pricing to estimate the future cost impact; for the physical risk, reference is made to IPCC AR6, and the estimation data of TCCIP and the National Disaster Prevention Center is used as the preliminary consideration. The Risk Management Team of the Corporate Sustainability Committee identifies major risks and conducts subjective assessments based on the occurrence rate and impact intensity of risk events. The major risks and corresponding countermeasures are discussed in the Corporate Sustainability Committee and the assessment results are reported to the Audit Committee and the Board of Directors.

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td></td><td>The Risk Management Team of the Corporate Sustainability Committee continues to track the risks and opportunities related to climate change, and works with the Energy Conservation and Carbon Reduction Team and the Sustainable Environment Team to implement relevant project execution and performance tracking. For major risks that can be responded to immediately, projects are planned for their improvements and control by the responsible units/teams of the corresponding units. Mid- and long-term risks are regularly tracked and timely responses are made. Each year, the Corporate Sustainability Committee submits the implementation performance and plans to the Board of Directors, and the risk management team submits risk reports to the Audit Committee and the Board of Directors.</td></tr>
<tr><td>5. If scenario analysis is used in the assessment of resilience to climate change risks, please explain the scenarios, parameters, assumptions, analysis factors and main financial impacts.</td><td><u>Parameters, hypotheses, and analysis factors</u>
● Transition Risks and Opportunities: With reference to the IEA's Net Zero Emissions by 2050 (NZE 2050) scenario, climate change adaptation laws, and the National Development Council's Pathway to Net-zero Emissions, the Company estimates the maturity of various technologies, market opportunities, and risks entailed.
● Physical Risks: Drawing from the worst-case global warming scenario (SSP5-8.5) of the IPCC's Sixth Assessment Report, the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and 3D hazard potential mapping information from the National Science and Technology Center for Disaster Reduction, as well as Climate Central's data, the Company assesses the risks associated with future climate conditions.
● The analysis covers the period from 2023 to 2050

In the future, we will continue to refine assessments of the primary financial impacts of transition risks and physical risks under different scenarios.</td></tr>
<tr><td>6. If transition planning is used as a means of managing climate-related risks, please explain the content of the plan and the indicators and goals used in the verification and management of physical risks and transition risks.</td><td>The Company is committed to reducing the carbon footprint per unit of product and minimizing environmental impact. We continue to devise methods to reduce energy and resource consumption, targeting reductions in both direct emissions from operational activities (Scope 1) and indirect emissions from energy usage (Scope 2). Goals for energy conservation, water conservation, and other measures are established to ensure that greenhouse gas emissions intensity meets our expectations. The implementation covers the following:

1. Scope 1: Elimination of heavy fuel oil, replacement of outdated equipment, simplification of the process to reduce waste, maintaining high scrap utilization rate, increasing material yield, and reducing carbon intensity in the manufacturing stage

2. Scope 2: In compliance with regulations, install rooftop photovoltaic power generation systems for self-generation of renewable energy, aiming to address and manage metrics and objectives related to physical and transitional risks.

<table>
<tr><th>Energy management goals</th><th>Water resource goals</th><th>Greenhouse gas management goals</th><th>Raw materials usage targets</th><th>Product development goals</th></tr>
<tr><td>Long-term cooperation with government policies to achieve annual electricity savings of 1%, including Xinying plant and Liuying plant</td><td>The water intensity in the entire company was reduced by 10% compared with the base year of 2014.</td><td>Annual greenhouse gas emission intensity of the entire company decreased by 1% compared to the previous year</td><td>Maintain a total scrap steel utilization of over 90%.
*Formula: Scrap steel/(Scrap steel + Alloy steel)</td><td>Develop high-quality extrusion die and high-grade tool steel that meets the standards of the North American Die Casting Association (NADCA)</td></tr>
</table></td></tr>
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<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td></td><td><table><tr><td>2023
Xinying Plant 5.46%
Liuying Plant 1.00%</td><td>2023 reduction from the base year 2014 by 23%</td><td>GHG emission intensity of major manufacturing processes to increase by 9% in 2023</td><td>Total scrap steel utilization rate of 90% by 2023</td><td>In 2023, TS GHX1 was certified as NDACA Grade C; development of new steel grades will continue</td></tr></table></td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, please describe the bases for setting prices.</td><td>Issues under consideration include domestic climate change laws such as carbon taxation and the implementation timeline of the EU's Carbon Border Adjustment Mechanism (CBAM). Shadow pricing is adopted as an internal carbon pricing method to estimate future cost impacts, with domestic carbon taxation set at a baseline of at least 320 TWD per ton of carbon, and CBAM based on the EU Emissions Trading System (ETS) transaction prices.</td></tr>
<tr><td>8. If the climate-related targets or goals have been set, please describe the information about the scope of activities and emissions included in the target, the defined time horizon by which the target is intended to be achieved. If carbon offsets or renewable energy certificates (“RECs”) have been used to achieve climate-related targets or goals, please describe certain information about the amount of carbon reduction represented by the offsets or the amount of generated renewable energy represented by the RECs.</td><td>Under planning</td></tr>
<tr><td>9. Greenhouse gas inventory, assurance status and reduction targets, strategies and concrete action plans (please fill in 1-1 and 1-2 separately).</td><td>Please refer to the description below.</td></tr>
</table>

1-1 Greenhouse gas inventory and assurance status

1-1-1 Greenhouse Gas Inventory Information

The greenhouse gas emissions (in tCO2e), intensity (in tCO2e per NT$ million), and the scope of data coverage for the past two years
Minimum scope of information to be disclosed according to the Sustainable Development Roadmap for TWSE/TPEx Listed Companies 1. The individual carbon emissions inventory for the parent company should be conducted starting from 2023. 2. Carbon emissions inventory for subsidiaries included in the consolidated financial reports should be conducted starting from 2025 The Company has established a greenhouse gas inventory mechanism based on the ISO 14064-1 standard published by the International Organization for Standardization (ISO). Starting in 2023, the Company has regularly conducted parent company only emissions inventories to comprehensively understand greenhouse gas usage and emissions and to verify the effectiveness of emission reduction initiatives. Additionally, the greenhouse gas inventory data for the past two years is aggregated based on operational control, with the Company's greenhouse gas emissions summarized as follows:

		2022		2023	
		Total emissions (tCO_2e)	Intensity (tCO_2e/ NT$ million in revenue)	Total emissions (tCO_2e)	Intensity (tCO_2e/ NT$ million in revenue)
The Company	Scope 1 Direct GHG Emissions	109,980		96,005	
	Scope 2 Indirect GHG Emissions	92,642		96,784	
	Subtotal	202,622	16.3867	192,790	14.2543
Total		202,622	16.3867	192,790	14.2543

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance
Minimum scope of assurance coverage as described in the Sustainable Development Roadmap for TWSE/TPEx Listed Companies, 1. The parent only company shall implement assurance starting from 2024. 2. Assurance for subsidiaries included in the consolidated financial reports should be conducted starting from 2027.

In the Company's direct emissions disclosure for the years 2022 and 2023, the scope of assurance conducted pertained solely to emissions from the parent only Company's operations, accounting for 98% and 100% of the parent only Company's total emissions for each respective year. For the year 2022, assurance was conducted by Afnor Asia Ltd., in accordance with the International Organization for Standardization (ISO) standard ISO 14064-3:2006 and current regulations of the Ministry of Environment. The assurance opinion was deemed to comply with the reasonable assurance level recognized by the Ministry of Environment. For the year 2023, Afnor Asia Ltd. provided an unqualified opinion, expressing their belief that the Company's greenhouse gas emissions represents a reasonable level of assurance in accordance with ISO 14064-3:2019 issued by the International Organization for Standardization (ISO).

The assurance of the Company's greenhouse gas inventory in the last two years is described as follows:

Scope of Assurance		2022 total emissions (tCO_2e)	2023 total emissions (tCO_2e)
The Company	Scope 1 Direct GHG Emissions	108,592	96,005
	Scope 2 Indirect GHG Emissions	90,018	96,784
	Total	198,610	192,790
	Percentage of the disclosed inventory data as outlined in 1-1-1:	98%	100%
Institute of Assurance		Assurance Institution: Afnor Asia Ltd.	Assurance Institution: Afnor Asia Ltd.
Assurance statement		ISO 14064-3:2006 and the current regulations of the Ministry of Environment stipulates a reasonable level of assurance.	ISO 14064-3:2019 Reasonable assurance
Assurance opinion/conclusion		Unqualified opinion	Unqualified opinion

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

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
1. Has the ethical corporate management policies been established and approved by the Board of Directors? Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✔		1. On October 28, 2020, the Ethical Corporate Management Best-Practice Principles and Code of Ethical Conduct were formulated in the 3rd meeting of the 10th term Board of Directors, which clearly stipulated that the Company should adhere to the concept of integrity, transparency and responsibility in its ethical management policies, and establish good corporate governance and risk control mechanisms, in order to achieve business sustainability. When signing various contracts with external parties, the Company adheres to the principle of mutual benefit, negotiate reasonable contract contents, and actively fulfills the contractual commitments. Education courses were held for directors, independent directors and managers on November 10, 2023.	No difference
2. Has the company establish a risk evaluation mechanism for unethical conduct, analyze and evaluate operating activities involving highly unethical conduct, and formulate policies to prevent unethical conduct, which at least covers the preventative measures under Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✔		2. The Company encourage employees to report any illegal conduct, unethical behavior, or integrity violations as stipulated in the Ethical Corporate Management Best-Practice Principles.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
3. Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies, with review and amendments on a regular basis?	✔		3. In order to prevent any unethical behavior, the Company has established regulations including the “Ethical Corporate Management Best Practice Principles,” “Code of Ethical Conduct,” “Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior” and “Work Rules” as the basis for its implementation. The Company has established the "Procedures for Handling Material Inside Information," advocating for the prevention of insider trading and ethical corporate management, with education courses for directors, independent directors and managers on November 10, 2023. The Company also conducts education and training on relevant work rules for new employees, and establishes a comprehensive reporting, appealing and punishment system to implement the policies to prevent unethical conduct.	No difference
II. Implementation of ethical management 1. Has the Company assess a trading counterpart’s ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?	✔		1. The Company shall engage in commercial activities in a fair and transparent manner based on the Ethical Corporate Management Best-Practice Principles. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. In the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts. There were no transactions with trading counterparties involved in unethical conduct.	No difference

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
2. Does the company have a unit that specializes in business integrity? Does this unit report ethical corporate management policies and preventive measures for unethical conduct to the Board of Directors on a regular basis (at least once every year), and supervise the implementation status?	✔		2. In order to implement ethical corporate management, the company has formulated the "Ethical Corporate Management Best-Practice Principles," with a dedicated unit (Accounting and Statistics Office of Financial Department responsible for promoting its implementation. Education courses were held for directors, independent directors and managers on November 10, 2023.	No difference
3. Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	✔ .		3. For matters related to conflicts of interest, the employees shall not only report to the unit supervisor, but also report to the human resource department and Talent Appeal Committee.	No difference
4. Has the company implemented effective accounting and internal control systems for maintaining business integrity? Did the internal audit unit formulate relevant audit plans based on risk assessment results of unethical conduct, with inspection on the implementation of preventing unethical conduct, or are these systems reviewed by external auditors?	✔		4. The Company has established a complete and effective accounting system and internal control system. In addition to internal auditing on a regular basis, the Company also appointed Deloitte Taiwan to conduct regular audits of financial statements.	No difference
5. Did the company provide internal and external training on ethical operation on a regular basis?	✔		5. The Company has established the "Procedures for Handling Material Inside Information," advocating for the prevention of insider trading and ethical corporate management, with education courses for directors, independent directors and managers on November 10, 2023. The Company also conducts education and training on relevant work rules for new employees, and establishes a comprehensive reporting, appealing and punishment system to implement the policies to prevent unethical conduct.	No difference

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

<table>
<tr><td rowspan="2">Item</td><td colspan="3">Implementation Status</td><td rowspan="2">Deviations and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Description</td></tr>
<tr><td>IV. Enhancing Information Disclosure
Has the Company disclosed the Ethical Corporate Management Best Practice Principles and effect of implementation thereof on its website and Market Observation Post System?</td><td>✔</td><td></td><td>The Company has disclosed the “Ethical Corporate Management Best Practice Principles,” “Code of Ethical Conduct” and “Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior,” and disclosed information on ethical corporate management and its effectiveness in the Company’s principles of corporate governance. Meanwhile, the Company also disclosed its Ethical Corporate Management Best Practice Principles on the MOPS. Company Rules:
https://www.gmtc.com.tw/tw/investor/governance/rules
Corporate Governance:
https://www.gmtc.com.tw/tw/investor/governance/info</td><td>No difference</td></tr>
<tr><td colspan="5">V. If the Company has established ethical management principles based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies,” please describe any discrepancy between the principles and their implementation:
On October 28, 2020, the Company formulated the “Ethical Corporate Management Best Practice Principles” together with the “Code of Ethical Conduct” and the “Regulations Governing the Reporting Cases of Illegal and Unethical or Dishonest Behavior” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies.” We reviewed the implementation status of the Principles to make improvements accordingly. For the implementation status, there were no deviations from the Principles.</td></tr>
<tr><td colspan="5">VI. Other information material to the understanding of ethical management operation:
1. The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
2. The Company’s “Rules of Procedures for the Board of Directors Meeting” stipulated regulations related to recusal. For those who has a stake in a matter under discussion in the meeting shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Corporation would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director.
3. The Company has set up the “Procedures for Handling Material Inside Information,” which clearly stipulates that directors, supervisors, managerial officers, or employees with knowledge of the Company’s material inside information shall not divulge the information to others, and shall not inquire about or collect any non-public material inside information not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of which they become aware</td></tr>
</table>

Item	Implementation Status			Deviations and Reasons
	Yes	No	Description	
for reasons other than the performance of their duties. On October 27, 2022, the Procedures for Handling Material Inside Information was amended to prohibit directors, managers and employees from buying or selling securities using undisclosed information. The aforementioned prohibition ranges from the date the corporate insiders obtained the Company's financial report or related financial performance content, which includes (but is not limited to) the provision that directors are not allowed to trade the securities of listed companies or other equity-based securities held during the close period from within 30 days before the announcement of the annual financial report to 15 days before the announcement of the quarterly financial report. The amended procedures are disclosed on the Company's official website for employee compliance, so as to avoid violations or insider trading. The Company arranged the announcement dates of quarterly and annual financial reports at the beginning of the year, and sent email notices in advance on January 17, 2023, April 7, 2023, July 7, 2023, and October 3, 2023 to insiders (including but not limited to directors) to notify them of the announcement date of the financial report and start and end dates of the close period, prohibiting them from trading securities issued by the Company during the close period, in order to prevent insider trading.				

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

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

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

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

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

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

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

3. Continuing education of managers:

Name	Title	Date	Name of course	Organizer
Yi-Ting Tseng	Accounting Manager	2023.12.28-2023.12.29	Continuing Education and Training for Appointed Accounting Managers	Accounting Research and Development Foundation

(XI) Internal control system implementation status

1. Statement of Internal Control System in 2023

Gloria Material Technology Corp.

Statement of Internal Control System

Date: February 29, 2024

Based on the findings of a self-assessment, Gloria Material Technology Corp. states the following with regard to its internal control system during the year 2024:

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

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

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

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

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations

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

VII. This statement was passed by the Board of Directors in their meeting held on February 29, 2024, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Gloria Material Technology Corp.

Chairman: Chiung-Fen Wang (Signed)

General Manager: Yung-Chang Kang

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

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

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

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

1. Shareholders Meeting

Meeting Date	Name	Major Content of the Resolution	Status of the Resolution	Implementation Status
May 25, 2023	2023 Shareholders Meeting	Proposals for Acceptance and Approval: (1) Rectification of the 2022 business report and financial statements. (2) Rectification of the 2022 earnings distribution.	Number of voting rights of attending shareholders: 381,806,121 (1) The motion was approved as proposed by 83.57% of the voting rights of attending shareholders. (2) The motion was approved as proposed by 83.74% of the voting rights of attending shareholders.	(1) The 2022 business report and financial statements were recognized on May 25, 2023. (2) The ex-dividend date was set on July 3, 2023, and the cash dividends were distributed on July 25, 2023.
		Discussion Items (1) The lifting of non-competition restriction on the newly elected directors and its representatives. (2) Amendment of Procedures for the Loaning of Funds and Making of Endorsements/ Guarantees.	Number of voting rights of attending shareholders: 381,806,121 (1) The motion was approved as proposed by 66.22% of the voting rights of attending shareholders. (2) The motion was approved as proposed by 83.64% of the voting rights of attending shareholders.	(1) According to the resolution of the shareholders' meeting dated May 25, 2023, the non-compete prohibition on the newly elected independent directors was released, and it was announced to the public on the same day. (2) The amendments to the Procedures for the Loaning of Funds and Making of Endorsements/Guarantees were completed on May 25, 2023 and disclosed on the MOPS.

<table>
<tr><td></td><td></td><td>Election Matters:
Election of Directors.</td><td>The newly elected directors (including independent directors) are listed as follows:
<table>
<tr><th>Account No./ Certificate No.</th><th>Name</th><th>Electoral votes</th></tr>
<tr><td>120907</td><td>Representative of Taiwan Steel Group United Co., Ltd.: Chiung-Fen Wang</td><td>307,614,624 votes</td></tr>
<tr><td>120907</td><td>Representative of Taiwan Steel Group United Co., Ltd.: Shih-Chieh Chao</td><td>302,549,121 votes</td></tr>
<tr><td>120920</td><td>Representative of Gloria Investments Limited: Cheng-Hsiang Chen</td><td>302,549,121 votes</td></tr>
<tr><td>120919</td><td>Representative of Gloria Investments Limited: Yi-Ching Wu</td><td>302,549,121 votes</td></tr>
<tr><td>120920</td><td>Representative of Gloria Investments Limited: Wen-Yuan Lin</td><td>302,526,621 votes</td></tr>
<tr><td>S10079****</td><td>Chin-Cheng Chien</td><td>276,304,476 votes</td></tr>
<tr><td>N12009****</td><td>Chun-Hsiung Chu</td><td>276,304,476 votes</td></tr>
<tr><td>D12114****</td><td>Tzu-Meng Liu</td><td>276,304,476 votes</td></tr>
<tr><td>G10119****</td><td>Yi-Lang Lin</td><td>276,304,476 votes</td></tr>
</table></td><td>Handle the change of company registration according to the resolution and the registration was approved by the competent authority on June 15, 2023.</td></tr>
<tr><td></td><td></td><td>Others:
None.</td><td></td><td></td></tr>
</table>

2. Board of Directors

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
January 12, 2023	(1) Approval of the Company’s 2023 operating budget.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(2) Approved the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approved the distribution of 2022 year-end bonuses for managers.	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(4) Approved the change in remuneration for managers	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(5) Approved the selling of the S350 forging plant and finishing plant.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(6) Approved the purchasing of shares of Hoyang	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(7) Approved the amendments to “Corporate Governance Best Practice Principles”.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
February 23, 2023	(1) Approved the Company's distribution of 2022 remuneration for directors.	Unanimously approved by all present directors.
	(2) Approved the Company's 2022 compensation for employees.	Unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
February 23, 2023	(3) Approved the issuance of a "Statement of Declaration for the Internal Control System" that is effective for the design and implementation of the Company's internal control system to comply with all applicable laws and regulations.	Unanimously approved by all present directors.
	(4) Approved the Company’s 2022 financial statements and consolidated financial statements.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approved the Company’s 2022 business report	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approved the amendment to the "Procedures for the Loaning of Funds and Making of Endorsements/ Guarantees."	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approved the election of directors.	Unanimously approved by all present directors.
	(8) Approved the lifting of non-competition restrictions on the newly elected directors and their representatives.	Unanimously approved by all present directors.
	(9) Approved the proposal and nomination right in the 2023 Annual Shareholders' Meeting for shareholders holding 1% of total issued shares.	Unanimously approved by all present directors.
	(10) Approved the convening of the 2023 Annual Shareholders’ Meeting.	Unanimously approved by all present directors.
	(11) Approved the Company’s general pre-approval policy for providing non-assurance services	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(12) Approved the appointment and the independence and competency assessment of the Company’s external auditor for 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(13) Approve the adjustment of the Company’s Internal Control System.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
February 23, 2023	(14) Approval of the donation.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(15) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(16) Approved the renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
April 13, 2023	(1) Approval of the nominated list of candidates for directors (independent directors) and its review.	Unanimously approved by all present directors.
	(2) Approval of the Company's earnings distribution for Q4 of 2022.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approval of the ex-dividends date and payment date in 2023.	Unanimously approved by all present directors.
	(4) Approval of the Company's capital reduction from cancellation of the fourth purchase of treasury shares.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approved the selling of S-Tech's shares.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(6) Approved the selling of the forging equipment and finishing plant equipment and other movable properties of S350 Plant and finishing plant.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(7) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
April 27, 2023	(1) Approval of the distribution of 2022 remuneration for managers.	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(2) Approval of the distribution of bonuses for managers in Q4 of 2022 and Q1 of 2023.	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(3) Approval of the Company’s consolidated financial statements for Q1 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all the present directors.
	(4) Approval of the Company's earnings distribution for Q1 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approved to participate in the issuance of common stock for cash by S-Tech Corp.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(6) Approved to participate in the issuance of common stock for cash by Gloria Material Technology Japan Co., Ltd.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(7) Approval of the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Passed the application for a syndicated bank with First Commercial Bank Co., Ltd. (hereinafter referred to as "First Commercial Bank") as the main bank for the Company's repayment of existing loans and replenishment of working capital.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
May 18, 2023	(1) Approval of the Company's issuance of the 7th issuance of domestic unsecured convertible bonds	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
May 25, 2023	(1) Approval of the election of the 11th Board of Directors and the election of a new Chairman in accordance with the Articles of Incorporation of the Company.	Unanimously approved by all present directors.
	(2) Approved the appointment of the 6th Audit Committee members.	Unanimously approved by all present directors.
	(3) Approved the appointment of the 5th Remuneration Committee members.	Unanimously approved by all present directors.
	(4) Approved the appointment of the 2nd Nomination Committee members.	Unanimously approved by all present directors.
July 27, 2023	(1) Approval of the company's consolidated financial statements for Q2 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(2) Approval of the Company's earnings distribution for Q2 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approval of the conversion of the Company's 6th unsecured convertible bonds into common shares and new share issuance date.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(4) Approval of the additional budget for the purchase of continuous casting equipment and plant rectification.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approval of the purchase of BDM steel rolling mill equipment and plant renovation.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approved the selling of D-Link's shares.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson's inquiry.
	(7) Approve the adjustment of the Company's Internal Control System.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approval of the amendments to the Company's "Information Security Policy and Management Plan."	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
July 27, 2023	(9) Approval of the amendments the Company's "Risk Management Policy and Procedures."	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(10) Approval of the assignment of information security officer and information security personnel.	Unanimously approved by all present directors.
	(11) Approval of the appointment of the Corporate Governance Supervisor.	Unanimously approved by all present directors.
	(12) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(13) Approved the renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
September 18, 2023	(1) Approved the Company to participate in the issuance of common stock for cash by Hoyang Investment Co., Ltd.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(2) Approval of the solar energy installation project on the roof of the 50-ton furnace plant.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
October 26, 2023	(1) Approved the distribution of bonuses for managers in Q2 and Q3 of 2023.	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(2) Approved the Company’s consolidated financial statements for Q3 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(3) Approved the Company’s earnings distribution for Q3 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(4) Approved the Company's 2024 audit plan.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
October 26, 2023	(5) Approved the conversion of the Company’s 6th unsecured convertible bonds into common shares and new share issuance date.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approved the redemption of the Company's 6th issuance of domestic unsecured convertible bonds.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approved the purchase of Liuying heat treatment equipment and heat treatment plant expansion.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the purchase of a large hydraulic forging machine and add the expansion of the forging plant.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(9) Approved the Company's plan to purchase the real estate transaction of the Jin Feng Development Co., Ltd. at Nos. 150, 151, 152 and 153, Yishi Section, Liuying District, Tainan City.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(10) Approved the donation.	Reviewed and approved by the Audit Committee; unanimously approved by the remaining Directors present at the enquiry of the Acting Chairman of the Board of Directors.
	(11) Approved the renewal of the VIM plant asset lease.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson’s inquiry.
	(12) Approved the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(13) Approved the renewal of financing guarantee for the subsidiary	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
November 13, 2023	(1) Approved to subscribe privately placed common shares of Sheng Hua Entertainment Communication Co., Ltd.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
December 21, 2023	(1) Approved to increase capital and issue new shares as a method of transferring shares to Soft-World International Corp. through the issuance of new shares to conduct a share exchange collaboration.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson's inquiry.
January 23, 2024	(1) Approved the proposal to distribute the Company's year-end bonus for managerial officers in 2023 .	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson's inquiry.
	(2) Approved the change of managerial officers' salaries.	The motion was unanimously approved as proposed by all other present directors upon the acting chairperson's inquiry.
	(3) Approval of the Company's 2024 operating budget.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(4) Approved the setting of the base date for the conversion of the Company's 6th and 7th unsecured convertible bonds into common shares and issuance of new shares.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approval of the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approved the renewal of financing guarantee for the subsidiary.	Reviewed and approved by the Audit Committee; the motion was unanimously approved as proposed by all other present directors upon the acting chairperson's inquiry.
February 29, 2024	(1) Approved the appointment of the 5th Remuneration Committee members.	Unanimously approved by all present directors.
	(2) Approved the Company's distribution of 2023 remuneration for directors.	Unanimously approved by all present directors.
	(3) Approved the Company's 2023 compensation for employees.	Unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
February 29, 2024	(4) Approved the issuance of a Statement of Declaration for the Internal Control System that is effective for the design and implementation of the Company's internal control system to comply with all applicable laws and regulations.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(5) Approved the Company's 2023 financial statements and consolidated financial statements.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(6) Approved the Company's 2023 business report.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(7) Approved the Company's earnings distribution for Q4 of 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(8) Approved the ex-dividend date and payment date in 2024.	Unanimously approved by all present directors.
	(9) Approval of the amendments to the Company's Articles of Incorporation.	Unanimously approved by all present directors.
	(10) Amendments to the "Procedures for the Acquisition and Disposal of Assets."	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(11) Approved the amendments to the Rules and Procedure of Shareholders' Meeting.	Unanimously approved by all present directors.
	(12) Approved the amendments to the Company's "Rules and Procedures of Board Meetings".	Unanimously approved by all present directors.
	(13) Approved the amendments to the Company's "Organization Rules of Audit Committee".	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(14) Approved the amendments to the Company's "Directions for the Implementation of Continuing Education for Directors".	Unanimously approved by all present directors.
	(15) Approved the election of one independent director.	Unanimously approved by all present directors.
	(16) Approved the lifting of non-competition restrictions on the newly elected directors and their representatives.	Unanimously approved by all present directors.

Meeting Date	Major Content of the Resolution	Resolutions of the Board of Directors/ Audit Committee
February 29, 2024	(17) Approved the proposal and nomination right in the 2024 Annual Shareholders' Meeting for shareholders holding 1% of total issued shares.	Unanimously approved by all present directors.
	(18) Approved the convening of the 2024 Annual Shareholders Meeting.	Unanimously approved by all present directors.
	(19) Approved the appointment and the independence and competency assessment of the Company's external auditor for 2023.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(20) Approved the selling of S-Tech's shares.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(21) Approved the donation.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(22) Approved the bank credit renewal.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.
	(23) Approved the renewal of financing guarantees for the subsidiary.	Reviewed and approved by the Audit Committee; unanimously approved by all present directors.

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

(XV) Resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Title	Name	Date onboard	Date discharged	Reasons for resignation or discharge
Corporate Governance Officer	Yu-Chen Li	2021.05.06	2023.07.27	Job rotation

V. Information on CPA professional fees

(I) Information on CPA professional fees

Unit: NT$ thousand

<table>
<tr><th>Name of Accounting firm</th><th>Name of CPA</th><th>Period Covered by CPA’s Audit</th><th>Audit fee</th><th>Non-Audit Fee</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">Deloitte Taiwan</td><td>Ming-Hsien Liu</td><td>2023.01.01~2023.12.31</td><td rowspan="2">$4,370</td><td rowspan="2">$761(Note)</td><td rowspan="2">$5,131</td><td rowspan="2">-</td></tr>
<tr><td>Yung-Hsiang Chao</td><td>2023.01.01~2023.12.31</td></tr>
</table>

Note: NT$382 thousands for transfer pricing public fee, NT$72 thousands for corporate bond review opinion, NT$30 thousands for a salary review, and NT$277 thousands for auditor’s travel allowance and typing service fees.

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

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

VI. Change of CPA: None

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

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

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

Title	Name	2023		As of March 31, 2024	
		Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease
Chairman	Taiwan Steel Group United Co., Ltd.	-	(2,500,000)	-	4,000,000
	Representative: Chiung-Fen Wang	-	-	-	-
Director	Taiwan Steel Group United Co., Ltd.	-	(2,500,000)	-	4,000,000
	Representative: Wen-Yuan Lin(Note 1)	-	-	-	-
	Representative: Shih-Yi Chiang(Note 1)	-	-	-	-
	Representative: Shih-Chieh Chao	-	-	-	-
	Representative: Cheng-Hsiang Chen(Note 1)	-	-	-	-
Director	Gloria Investments Limited	-	-	-	-
	Representative: Wen-Yuan Lin(Note 2)	-	-	-	-
	Representative: Cheng-Hsiang Chen(Note 2)	-	-	-	-
Director	S-Tech Corp Investment Co., Ltd. (Note 3)	476,000	-	-	-
	Baijiayuan Investment Co., Ltd. (Note 3)	477,000	-	-	-
	Representative: Yi-Ching Wu (Note 2)		-	-	-
Independent director	Chin-Cheng Chien (Note 4)	-	-	-	-
Independent director	Chun-Hsiung Chu	-	-	-	-
Independent director	Yi-Ching Wu (Note 1)	-	-	-	-
Independent director	Yi-Lang Lin	-	-	-	-
Independent director	Tzu-Meng Liu (Note 2)		-	-	-
General Manager	Yung-Chang Kang	-	-	-	-
Executive Vice President/Chief Financial Officer	Yu-Chen Li	-	-	-	-
Deputy General Manager	Li-Ling Chen	-	-	-	-
Assistant Manager	Chun-Che Chien	(93,000)	-	-	-

Title	Name	2023		As of March 31, 2024	
		Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease	Shareholding Increase/ Decrease	Pledged Shares Increase/ Decrease
Assistant Manager	Yung-Chin Lin	(118,000)	-	-	-
Deputy Manager	Ming-Hung Chuang	24,697	-	-	-
Deputy Manager	Mei-Hsia Li	(84,000)	-	-	-
Deputy Manager	Ying-Jen Chen	(31,000)	-	-	-
Deputy Manager	Chien-Chun Tung	-	-	-	-
Deputy Manager	Ching-Fu Wang	(15,000)	-	(2,000)	-
Deputy Manager	Yen-Chao Lin	(48,000)	-	-	-
Deputy Manager	Che-Liang Kuo	-	-	-	-
Deputy Manager	Chung-Yi Wang	-	-	-	-
Deputy Manager	Chang-Shan Lu	-	-	-	-
Accounting Manager	Yi-Ting Tseng	22,000	-	-	-
Chief corporate governance officer	Ya-Rong Chang (Note 5)	-	-	-	-
Shareholders holding more than 10% of the Company's shares	Soft-World International Corp. (Note 6)	-	-	62,920,000	-

Note 1: Assumed office on June 20, 2020 and concluded the term of service on May 25, 2024.
Note 2: Elected as director and assumed office on May 25, 2023.
Note 3: Corporate director - S-Tech Corp Investment Co., Ltd. was appointed as a director on May 25, 2023, but ceased to exist on November 30, 2023 as a result of a merger. Its corporate directorship was subsequently assumed by the surviving company, Baijiayuan Investment Co., Ltd.
Note 4: Resigned on January 31, 2024.
Note 5: Assumed office on July 27, 2023.
Note 6: Newly elected on January 31, 2024.

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

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

Name	Shareholding (Note 1)		Spouse & Minor Shareholding		Total shareholding in the name of others		Names and the relationship among the top ten shareholders in the relationship of related parties or spouses, blood relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Soft-World International Corporation	62,920,000	10.44%					None	None	
Kings Asset Management Co., Ltd.	31,292,000	5.19%	-	-	-	-	(Note 2)		
Chiung-Fen Wang (Note 2)	10,000	0.00%	-	-	-	-	(Note 2)		
Taiwan Steel Group United Co., Ltd.	19,636,000	3.26%	-	-	-	-	(Note 2)		
Hoyang Investment Co., Ltd.	14,818,044	2.46%	-	-	-	-	(Note 2)		
HSBC (Taiwan) Commercial Bank Co., Ltd was entrusted with the custody of ABS Direct Equity Fund Co., Ltd. Investment Account	9,598,000	1.59%	-	-	-	-	None	None	
Chang Hwa Bank Co., Ltd. was entrusted with the custody of Yuanta Taiwan's High Dividend Quality Leading Securities Investment Trust Account	8,084,000	1.34%	-	-	-	-	None	None	
Cathay Investment was entrusted with the custody of the New Labor Pension Fund for the first time in 2022.	7,034,000	1.17%	-	-	-	-	None	None	
Mercuries Life Insurance Co., Ltd.	6,100,000	1.01%	-	-	-	-	None	None	
Taiwan Life Insurance Co., Ltd.	5,622,000	0.93%					None	None	
Chun Yu Works & Co., Ltd.	5,526,000	0.92%	-	-	-	-	None	None	

Note 1: March 31, 2023 is the book closure date.
Note 2: The same representative of Kings Asset Management Co., Ltd., Taiwan Steel Group United Co., Ltd., and Hoyang Investment Co., Ltd.

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

March 31, 2024

Invested enterprise	Gloria Investments Limited		Ownership held by GMTC's directors or supervisors (direct or indirect)		Total Investment	
	Shares	%	Shares	%	Shares	%
Ho yang Investment Co., Ltd.	24,385,660	48.77%	12,947,170	25.89%	37,332,830	74.67%
FAITH ENTERPRISES LTD.	6,000,000	96.05%	-	0.00%	6,000,000	96.05%
Guangzhou Goldway Special Metal Co., Ltd.	-	0.00%	USD2,837 thousand HK700 thousand	100%	USD2,837 thousand HK700 thousand	100%
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	-	0.00%	USD3,000 thousand	100%	USD3,000 thousand	100%
Tianjin Goldway Special Metal Co., Ltd.	-	0.00%	USD3,300 thousand	100%	USD3,300 thousand	100%
Xian Goldway Special Metal Corp. Ltd.	-	0.00%	USD2,000 thousand	100%	USD2,000 thousand	100%
Golden Win Steel Industrial Corp.	18,726,481	46.13%	2,000	0.00%	18,728,481	46.13%
RAINBOW SHINES LIMITED	-	0.00%	3,122,222	96.90%	3,122,222	96.90%
Golden Win Steel Industrial Corp. (Vietnam)	-	0.00%	USD3,000 thousand	100%	USD3,000 thousand	100%
ALLOY TOOL TEEL.INC	4,300,000	100.00%	-	0.00%	4,300,000	100.00%
All Win Enterprises Ltd.	USD10,000 thousand	100%	-	0.00%	USD10,000 thousand	100%
G-Yao Enterprises Ltd.	-	0.00%	USD10,000 thousand	100%	USD10,000 thousand	100%
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	-	0.00%	USD10,000 thousand	100%	USD10,000 thousand	100%
Rong Yang Investment Corp.	5,000,000	100.00%	-	-	5,000,000	100.00%
GLORIA MATERIAL TECHNOLOGY JAPAN	1,380	100.00%	-	-	1,380	100.00%
S-TECH CORP	19,580,312	10.17%	2;677,734	1.39%	22,258,046	11.56%
Kuei Tien Cultural & Creative Entertainment Co Ltd	25,700,000	12.86%	14,960,000	7.48%	40,660,000	20.34%
Soft-World International Corporation	28,600,000	18.39%	28,000	0.02%	28,628,000	18.41%

Four. Capital Raising Activities

I. Capital and Shares

(I) Source of capital

1. The formation of capital

March 31, 2024

Year/ month	Par Value	Authorized capital stock		Paid-in capital		Remarks		
		Shares (thousand)	Amount (NT$ thousand)	Shares (thousand)	Amount (NT$ thousand)	Source of capital	Capital Increase by Assets Other Than Cash	Other
March 2024	10	800,000	8,000,000	602,471	6,024,712	1. New capital increase by share exchange of 62,920 thousand shares 2. Conversion of convertible corporate bonds of 9,728 thousand shares	0	Note 1

Note 1: On March 8, 2024, the Ministry of Economic Affairs approved the share exchange and convertible bond conversion with Soft-World International Corp. and the application for amendment of registration of new share issuance based on Jing-Shou-Shang-Zi No. 11330025760.

Type of Stock	Authorized capital stock			Remarks
	Issued Shares	Un-issued Shares	Total	
Common shares	602,471,197	197,528,803	800,000,000	Shares of TPEx listed companies

2.General information about the reporting system: None.

(II) Shareholder structure

March 31, 2024

Item	Governmental institutions	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Foreign Persons	Total
Number of participants	3	15	327	74,309	166	74,820
Shareholding	8,377,000	30,122,755	164,890,942	336,664,566	62,415,934	602,471,197
%	0.19%	2.13%	28.32%	44.04%	25.33%	100.00%

(III) Diffusion of ownership

1. Common stock

March 31, 2024

Class of Shareholding	Number of Shareholders	Shareholding	Percentage (%) (Note)
1 ~ 999	31,885	2,432,155	0.4
1,000 ~ 5,000	32,104	67,534,385	11.21
5,001 ~ 10,000	5,387	42,956,694	7.13
10,001 ~ 15,000	1,637	21,173,546	3.51
15,001 ~ 20,000	1,072	20,012,511	3.32
20,001 ~ 30,000	920	23,879,887	3.96
30,001 ~ 40,000	475	17,208,039	2.86
40,001 ~ 50,000	310	14,461,767	2.4
50,001 ~ 100,000	559	40,097,991	6.66
100,001 ~ 200,000	260	36,961,170	6.13
200,001 ~ 400,000	99	28,838,023	4.79
400,001 ~ 600,000	38	19,297,953	3.2
600,001 ~ 800,000	17	11,963,424	1.99
800,001 ~ 1,000,000	10	8,874,438	1.47
Over 1,000,001	47	246,779,214	40.97
Total	74,820	602,471,197	100

2. Preferred Shares: None.

(IV) Major Shareholders

March 31, 2024

Name	Shareholding	%
Soft-World International Corporation	62,920,000	10.44%
Kings Asset Management Co., Ltd.	31,292,000	5.19%
Taiwan Steel Group United Co., Ltd.	19,636,000	3.26%
Hoyang Investment Co., Ltd.	14,818,044	2.46%
HSBC (Taiwan) Commercial Bank Co., Ltd was entrusted with the custody of ABS Direct Equity Fund Co., Ltd. Investment Account	9,598,000	1.59%
Chang Hwa Bank Co., Ltd. was entrusted with the custody of Yuanta Taiwan's High Dividend Quality Leading Securities Investment Trust Account	8,084,000	1.34%
Cathay Investment was entrusted with the custody of the New Labor Pension Fund for the first time in 2022.	7,034,000	1.17%
Mercuries Life Insurance Co., Ltd.	6,100,000	1.01%
Taiwan Life Insurance Co., Ltd.	5,622,000	0.93%
Chun Yu Works & Co., Ltd.	5,526,000	0.92%

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

Item			2022	2023	Current financial data up to the date of publication of the Annual Report (Note)
Market Price Per Share	Highest (NT$)		38.10	63.20	50.80
	Lowest (NT$)		20.10	34.9	45.45
	Average (NT$)		30.05	51.21	47.70
Net Worth Per Share	Before distribution (NT$)		23.05	27.14	23.05
	After distribution (NT$)		20.55	24.64	20.55
Earnings per share	Weighted average shares (1,000 shares)		482,022	570,773	-
	Earnings per share (NT$)		4.52	4.66	-
Dividend per share	Cash dividends (NT$)		2.5	2.5	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from capital surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	P/E ratio		7.15	10.99	-
	Price-dividend ratio		12.02	20.48	-
	Cash dividend yield		8.32%	4.88%	-

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

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

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

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

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

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

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

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

Note 9: Up to the date of publication of the Annual Report, the financial results of the first quarter of 2024 has not yet been approved by the CPA.

(VI) Dividend Policy and Implementation

1. Dividend policies:

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

Article 26-1

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

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

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

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

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

The distribution of earnings in 2023 by resolution of the Board of Directors are as follows (February 29, 2024):

a. Cash dividend: At NT$2.50 per share as cash dividend, giving a total of NT$1,506,177,993.

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

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: There is no need to disclose estimations for 2024 as the 2024 financial forecast has not yet been disclosed.

(VIII) Employee compensation and the remuneration for directors

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

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

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

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

3. Remuneration distribution approved by the Board (February 29, 2024：

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

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

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

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

(All employee compensation is paid in cash).

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

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

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

Unit: NT$ thousand

Item	The actual distribution of compensation in 2023	The monetary amount in 2022	Discrepancy
Employee compensation	50,000	50,000	-
Remuneration for directors and supervisors	25,000	25,000	-

(IX) Share buy-back

(1) Share buy-back that have been executed

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

(2) In progress: None.

II. Corporate Bonds:

Bond Type	1st Secured Ordinary Corporate Bond Issued in 2011	6th Issuance of GMTC's Domestic Unsecured Corporate Bonds	7th Issuance of GMTC's Domestic Unsecured Corporate Bonds
Issue Date	From November 29, 2021 to November 29, 2028	From August 15, 2022 to August 15, 2025	From July 31, 2023 to July 31, 2026
Face value	NT$1 million	NT$100,000	NT$100,000
Place of issue and trading	Taiwan	Taiwan	Taiwan
Par Value	Bonds are fully distributed pursuant to their par value	Bonds are distributed at a price equal to 101% of their par value	Bonds are distributed at a price equal to 100.5% of their par value
Total	NT$1.5 billion	NT$3 billion	NT$5 billion
Interest rate	Annual interest of 0.65%	Coupon rate of 0%	Coupon rate of 0%
Tenure	7 years	3 years	3 years
Guarantor	Hua Nan Commercial Bank Co., Ltd.	N/A	N/A
Trustee	Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.	Taishin International Bank Co., Ltd.
Underwriter	Hua Nan Commercial Bank Co., Ltd.	Mega Securities Co., Ltd.	KGI Securities Co., Ltd.
Attorney	Hung Jen-Chieh Attorneys at Law	None	None
CPA	Deloitte Taiwan	Deloitte Taiwan	Deloitte Taiwan
Bond repayment method	Bonds will be redeemed at par value on maturity Since the issuance of corporate bonds, the calculation of interest shall be conducted based on coupon rates and paid once a year in accordance with the simple interest formula.	Within five business days after the maturity date, the Company will make bond repayment in one lump sum by cash based on the face value of the bond plus interest compensation (101.5075% of face value; real rate of return of 0.5%).	Within five business days after the maturity date, the Company will make bond repayment in one lump sum by cash based on the face value of the bond plus interest compensation (101.51% of face value; real rate of return of 0.5%).
Outstanding principal	NT$1.5 billion	0	NT$4.999 billion
Terms of redemption/ prepayment	None	Please refer to the procedures for the issuance and conversion of the Company's 6th domestic unsecured convertible bonds	Please refer to the procedures for the issuance and conversion of the Company's 7th domestic unsecured convertible bonds

Bond Type		1st Secured Ordinary Corporate Bond Issued in 2011	6th Issuance of GMTC's Domestic Unsecured Corporate Bonds	7th Issuance of GMTC's Domestic Unsecured Corporate Bonds
Restrictions		None	Please refer to the procedures for the issuance and conversion of the Company's 6th domestic unsecured convertible bonds	Please refer to the procedures for the issuance and conversion of the Company's 7th domestic unsecured convertible bonds
Name of the credit rating institute, the date of the rating and the credit rating result on the corporate bonds		Taiwan Ratings twAA+ in June 24, 2021	N/A	N/A
Other Equity	The amount of common shares, overseas depositary receipts, or any other securities already converted (exchanged or subscribed) up to the date of publication of the annual report	None	As of March 31 2024, there were a total of 89,142,517 common shares already converted.	As of March 31 2024, there were a total of 1,689 common shares already converted.
	The issuance and conversion (exchange or subscription) rules	None	Please refer to the procedures for the issuance and conversion of the Company's 6th domestic unsecured convertible bonds	Please refer to the procedures for the issuance and conversion of the Company's 7th domestic unsecured convertible bonds
Issuance and conversion, exchange, or subscription rules, the possible dilution conditions and influence on shareholders' interests caused by the terms of issuance		None	None	None
Name of the custodian for the exchanged items		None	None	None

Information on Convertible Bonds

Bond Type		6th Issuance of GMTC’s Domestic Unsecured Corporate Bonds		
Year / Item		2022	2023	Current fiscal year up to March 31, 2024
Market price of convertible bond	Highest	111.80	186	Trading of converted corporate bonds was terminated on December 13, 2023.
	Lowest	97.00	105.95	
	Average	102.11	140.45	
Conversion price		33.90	33.90~32.5	
Issue (handling) date and conversion price at the time of issuance		August 15, 2022/33.9	July 4,2023/32.5	
Conversion method		Delivery of new shares	Delivery of new shares	

Bond Type		7th Issuance of GMTC’s Domestic Unsecured Corporate Bonds	
Year / Item		2023	Current fiscal year up to March 31, 2024
Market price of convertible bond	Highest	110.10	110.25
	Lowest	101.20	104.40
	Average	104.09	107.02
Conversion price		59.20	56.4
Issue (handling) date and conversion price at the time of issuance		July 31 ,2023/59.2	January 31,2024/56.4
Conversion method		Delivery of new shares	Delivery of new shares

III. Preferred Shares: None.

IV. Global Depository Receipts (GDR): None.

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

VI. New Restricted Employee Shares: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions:

(1) Issuance of new shares for the acquisition of shares of another company:

As resolved by the Board of Directors on December 21, 2023, for the acquisition of newly issued ordinary shares from Soft-World International Corporation ("Soft-World") totaling 28,600,000 shares, the Company conducted a capital increase by issuing an additional 62,920,000 ordinary shares, each with a par value of NT$10, for a total amount of NT$629,200,000. Approved by the Taipei Exchange (TPEx) on January 30, 2024 with Letter No. Zheng-Gui-Jian-Zi No. 1120012816, and MOEA Letter Jing-Shou-Shang-Zi No. 11330025760 on March 8, 2024, the Company set January 31, 2024 as the date of issuance of new shares for capital increase and listing on the TPEx.

(2) Basic information of the acquired company:

Basic information of the acquired company

<table>
<tr><td colspan="2">Company Name</td><td>Soft-World International Corporation</td></tr>
<tr><td colspan="2">Company address:</td><td>2F, No. 61, Minzhuang Road, Sanmin District, Kaohsiung City</td></tr>
<tr><td colspan="2">Responsible person</td><td>Chun-Po Wang</td></tr>
<tr><td colspan="2">Paid-in Capital</td><td>1,560,743,320</td></tr>
<tr><td colspan="2">Main business items</td><td>Retail Sale of Information Software
Computer and Peripheral Equipment Manufacturing
Wholesale of Information Software
Information Software Services
Wholesale of Telecommunications Equipment
Electronic Information Supply Service
Telecommunication Engineering
International Trade
Magazine (Periodical) Publishing
General Advertisement Service
Performing Arts Activities
Audio Publishing
Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
Agency Services</td></tr>
<tr><td colspan="2">Main products</td><td>Retail Sale of Information Software
Wholesale of Information Software
Information Software Services</td></tr>
<tr><td rowspan="4">Financial information for the most recent year</td><td>Total Assets</td><td>NT$ 16,925,677 thousand</td></tr>
<tr><td>Total Liabilities</td><td>NT$ 8,751,764 thousand</td></tr>
<tr><td>Total Owner’s Equity</td><td>NT$ 8,173,913 thousand</td></tr>
<tr><td>Operating revenue</td><td>NT$ 6,249,393 thousand</td></tr>
</table>

Company Name		Soft-World International Corporation
Financial information for the most recent year	Gross margin	NT$ 3,216,110 thousand
	Net operating income	NT$ 974,862 thousand
	Current income	NT$ 894,881 thousand
	Earnings per share	NT$ 7.09

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

Five. Operational Highlights

I. Business Activities

(I) Scopes of the business

1. The main operational categories of the company:

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

1-2. Other business items:

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

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

Year	2022	2023
Special steel material	97%	95%
Other	3%	5%
Total	100%	100%

3. Current products

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

3-2. Other business items:

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

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

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

4. New product and technological development projects:

4-1. Development aspects of new steel types:
In addition to the concrete achievements of expanding the applications of high-grade hot work steel in end-users' molds, new products will also be developed and launched in the market this year, which will be mainly used in the precision plastic mold industry and will replace the competing products of foreign steel makers, so as to enhance the overall domestic independent technological capabilities and cost competitiveness.

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

a. The expansion and adjustment of the entire plant's production equipment are almost completed. The positioning of the production lines will focus on producing competitive products, followed by the process design of the new equipment and mass production, cost control and establishment of a more complete maintenance capacity. The logistics support focuses on the precision of production pipe logistics, order arranging logic and smooth system interface so that new products can enter the market smoothly.
b. The new large-scale hydraulic forging equipment has also become the outlet for steel water. As a result, the types and sizes of products that can be sold have been expanded, and GMTC will become the most complete steel bar production base in Taiwan.

(II) Industry Overview

1. Industry status and development:

In 2023, due to factors such as high interest rates, high inflation, and China's post-pandemic weaker than expected economic performance, global demand for end products was weak, resulting in a slowdown of manufacturing activities in various countries. In addition, the Israel-Hamas conflict have not yet ceased, resulting in impacts on global economic development and social stability.

However, due to the recovery of demand from the aerospace industry and the defense industry, the orders are stable and the industrial applications of alloy tool steel are mainly in the molds, jigs, and cutting tools of the transportation industry, accounting for more than 50%. Due to the impact of the economic downturn, there is more than enough inventory in the downstream supply chain. The orders for alloy tool steel did not grow significantly in the second half of the year.

2. Product development:

The development of GMTC products has been quite stable and high-definition clean-grade materials are still its main niche products. In the future, due to the rise of green energy awareness and the possible changes in materials used by downstream application industries, the R&D in ingredients, production processes and product characteristics will be is one of the focal points of the Company's development.

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

Continue to expand the research and development of new products and upgrade of materials, so that the downstream industries can be selective in the choice of materials and reduce costs, thereby becoming the foundation for the overall upgrade of the domestic industry.

3. The relevance of the application in the special steel industry:

Product group	Application industry (example)
Series 3 stainless steel	Semiconductor pipe body, valve body, valve ball
Series 4 stainless steel	Engine blades, plastic molds, shafts
Series 6 stainless steel	Motor shaft, screw, surgical knife, ship shaft
Hot work tool steel	Roller, core rod, extrusion die, casting die, forging die
Cold work tool steel	Roller, punching, cold rollers, etc.
Plastic mold steel	Plastic injection, optics, automotive lighting and other applications
High speed steel	Cutting tools, drill bits, circular saw blades
Low alloy steel	Screws, nuts and bolts, tank torsion bars, aerospace components
Bearing steel	Bearing
Carbon steel	Wire rods, screws and nuts, hand tools, mold bases

Source: Sorted by GMTC

4. Competition:

a. International market

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

Non-tariff measures are mainly imposed in Southeast Asia and South Asia as high entry barriers to protect their domestic producers. GMTC actively obtains national certifications such as BIS from India and JIS from Japan to eliminate obstacles, and establishes subsidiaries in local markets such as Japan to actively win market orders.

Under the influence of geopolitical conflicts and the demand for national defense independent policies, foreign customers have high inquiries about materials for military industries, which makes up for the gap in the declining demand for basic industrial materials for people's livelihoods. The overall steel market is expected to gradually recover in Q2 2024.

The demand for materials used in the aerospace and oil and gas industries has recovered significantly and the supply chain has begun to build up inventory levels. As a result, the special steel market continues to be booming and stable in 2024.

b. Domestic market

The domestic machinery and mold industries are important in Taiwan, and the world well recognizes their quality. As a material supplier for domestic industrial parts and components for a long time, GMTC has been developing high-end tool steel with its own R&D capabilities for the past two years. The domestic downstream industry has benefited from the competitiveness of prices and products, and the customer's response has been excellent. The feedback data after the use of materials allows R&D personnel to make further improvements and adjustments so that domestic, independent materials have a higher cost-performance ratio and work together to contribute to Taiwan's overall basic industry moving towards value-adding.

(III) Technology and R&D Overview

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

Year	2022	2023
R&D expenses (NT$thousand)	39,940	26,296
Ratio of R&D expenses to operating revenue	0.32%	0.19%

2. Future research and development plans

In response to the development of electric vehicles, smart machinery, large high-performance ships, high-rise buildings and the aerospace industry, the industry is increasingly demanding the cost-effectiveness of steel materials. In response to the upcoming carbon tax and environmental sustainability policies, how to improve the materials' relevant service life will be the main issue. Therefore, in 2023, GMTC's R&D unit focused on "high-end hot work tool steel" for related physical infrastructure, with the aim to gain product competitiveness and strengthen technical capabilities in domestic industries.

In addition, GMTC will continue to integrate the R&D resources for cooperation among industries, academia, and the government. Corresponding to the global aerospace, energy, and high-value precision molds industries, GMTC plans to continue to develop new steel grades and introduce the following new production processes for the long-term strategy in 2024:

a. Development of new grades of advanced plastic mold pre-hardened steel
b. Development of VCM vertical casting process

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

(IV) Long and short-term business development plans

1. Short-term development plan

a. Continue to expand the business scale.
b. Sales and purchasing strategies will be aligned to create low cost raw material inventories.
c. Keep track of changes in international trade barriers.
d. Improve the production scheduling system to ensure the smoothness of production and increase the speed of logistics.
e. Lower inventory levels of products.

2. Long-term development plan

a. Formulating the strategy to achieve a leading market share in the Asian tool steel market.
b. Expansion in 6 multi-functional stainless steel products and expand global market share.
c. Uphold the concept of green manufacturing, improve the manufacturing process to

achieve energy conservation and carbon reduction, and continue to implement ESG policy.

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

e. Continue to develop new products.

f. Production and sales of all types and sizes of steel to become the most complete steel bar manufacturer in Asia.

II. Market and Sales Overview

(I) Market analysis

1. Sales areas of the main product

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

The product types include round bars, flat bars, and square bars. Domestic and foreign sales accounted for 13% and 87% respectively of total sales volume.

The main exporting countries in 2023 are as follows:

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

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

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

The remaining countries are distributed in Australia and Africa.

2. Market share

According to SMR, the global alloy tool steel production is 1.9-2 million tons. GMTC's global market share for alloy toolbar steel is about 2%-3% and it is one of the major alloy tool steel suppliers in Asia as its production ranked 10th in the world.

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

a. Supply

According to the forecast of the World Steel Association, the growth rate of global steel demand in 2024 will be 1.9% compared with that in 2023, which is expected to increase by nearly 34.6 million tons compared with that in 2023. It shows that the global steel market has passed the bottom.

The global output of stainless crude steel in 2023 was estimated to be 56.8 million tons, up by 2.8% from 2022. It is estimated that the output of 2024 crude steel will be 59.5 million tons. In terms of stainless long products, the crude steel volume in 2023 was about 9.5-10 million tons.

In addition, the supply market of alloy tool bars and bars is stable but the competition is fierce. In the future, the development and production of high-quality and high-value products will need to be developed and produced. The correct raw material procurement strategy will be used to obtain profit margins, and the expansion of domestic demand will be accelerated to develop potential sales regions and markets in response to product price competition.

In 2024, with the recovery of the downstream metal manufacturing industries, customers have successively replenished their inventories. It is expected that the sales volume will return to normal in the second half of the year.

b. Demand

In 2023, the aerospace industry recovered and stabilized, and the military issue took effect, which supported the demand and profits of the special steel industry. In 2024, due to the growth of the automobile industry, the recovery of the metal products industry, and the promotion of infrastructure in emerging countries, the steel market will go from a low point toward growth. The Company expanded new production lines, implemented lean production, reconstructed the process management and scheduling system, and monitored raw material procurement information in 2024 to substantively grasp the market demand and dynamics of stable operations. Green energy and carbon management development, continue to exert the synergy of production, sales and procurement.

c. Competitive niche

(1) GMTC is one of the important certified special steel mills in Asia:

GMTC has long been obtaining certifications of niche products and continues to provide competitive products and actively develop high-end tool steel products to tap into the high-end application markets in Europe, the United States, and Japan.

(2) Possessing a sound and stable growth corporate structure

Since TSC acquired GMTC,i the Company has strengthened its management and promoted various improvements every year. It renovated and upgraded the old equipment and addition of high-quality equipment From long tern major production line renovation, new upgrade of old equipment to expansion of new high-quality equipment, to product focus optimization. In addition to existing In addition to the energy, aerospace and oil and gas industries, we have expanded our capabilities in the mechanical automobile industry and mold industry to achieve long-term competitiveness and sustainable development.

(3) The cost of manpower is more competitive than that of advanced countries in Europe and the United States

(4) Strong control over the cost of materials purchased.

4. Favorable and unfavorable factors of long-term development

a. Favorable factors:

(1) In addition to the ISO 9001 quality system certification, the Company also has environmental, safety and health system certifications such as ISO 14001, OHSAS 18001, ISO 45001 and AEO.

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

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

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

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

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

(7) Evaluation of sound financial structure and corporate governance.

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

b. Unfavorable factors and contingency measures:

Post-pandemic, the political, economic, financial, and domestic markets all presented different changes and new development trends worldwide; the intensification of geopolitical uncertainty and the escalation of climate change have forced all countries and industries to deal with the problems. Internal and external unfavorable factors faced by the industry have also increased accordingly:

(1) The continuation of trade protectionism led to fierce product competition in various countries:

The import tariff quota policy for steel in Europe continues to be enforced. The trade barriers caused by the US Section 232 steel and aluminum tariffs are still to be lifted. Meanwhile, all other countries continue to impose various import barriers, which may continue to affect profits from steel products and raise operating costs.

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

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

(3) Carbon emission topic:

In light of the global net zero trend, Taiwan has promoted the collection of carbon fees and will further promote the carbon tax and carbon border management mechanism in the future to improve the international carbon competitiveness of the domestic industry, which the steel industry needs to pay more attention to.

Green subsidies are also a hidden concern of future trade wars and must be closely monitored.

In recent years, the implementation of the green power policy that requires large power users to provide their own green power will gradually come into effect, which will increase the cost of electricity for the iron and steel industry. In addition, adjusting the production schedule and the choice of green power is also one of the issues for the industry. The Company has completed the construction of solar panel power generation equipment ahead of schedule to provide green power on its own.

(4) Alloy raw materials are imported and are greatly affected by the fluctuation of international raw material prices:

It is necessary to establish a long-term and stable inventory mechanism for combat raw materials in order to stabilize the price of alloy materials.

(5) Small scale of the domestic market and lack of relevant talents in the iron and steel industry:

To cultivate the professionalism of our employees, GMTC encourages and subsidizes on-the-job training of our employees. The Company has cooperated with Kao Yuan University to set up master's program for in-service adults, new type of specialized programs and so on. Through the multi-dimensional and multi-win platform of industry-academia cooperation, we are able to cultivate excellent talents and create a multi-win situation for both parties.

In the face of changes in the global competitive environment and dynamics, GMTC is an important player in the world's special steel industry. In the future, the Company will continue to develop high-value products and technologies to increase profits and respond to the world's demand for high-end products for materials. The Company's R&D capabilities contribute to the domestic industry, for the mid-stream and down-stream special steel processors to upgrade the grade of materials used to add value to their products and jointly promote industrial upgrading to become a globally trusted and comprehensive special steel factory.

(II) Main products' important functions and production process

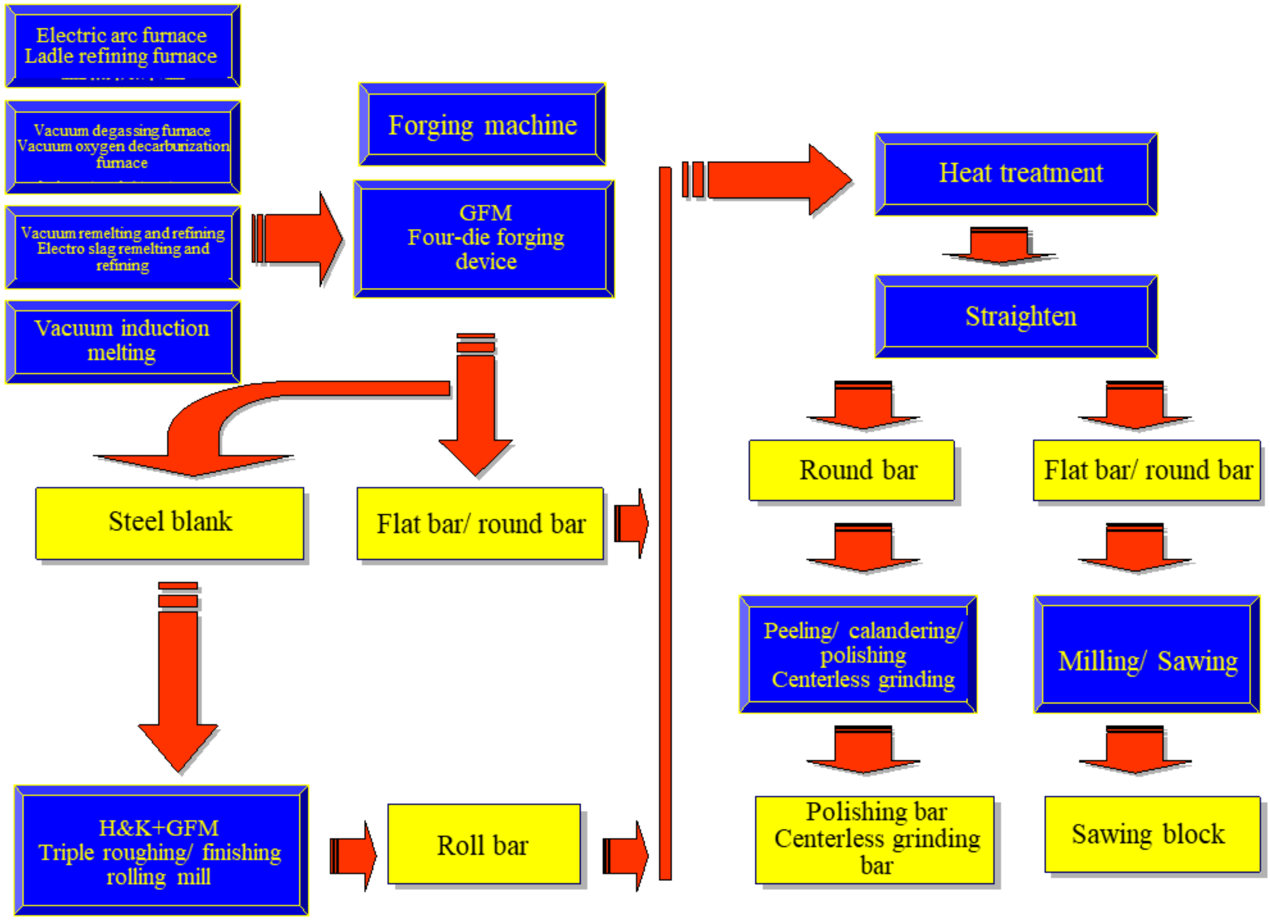
1. Main products' important functions

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

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

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

2. Production process



(III) Supply of main products

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

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

Note 2: Including high/ low-carbon ferrochrome

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

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

2. Main suppliers:

2022					2023				
Item	Name	Amount	Ratio over purchase amount of whole year	Relation with issuer	Item	Name	Amount	Ratio over purchase amount of whole year	Relation with issuer
1	Company A	784,229	12%	None	1	Company B	999,376	13%	None
2	Other	5,936,982	88%	None	2	Other	6,421,649	87%	None
Purchase amount		6,721,211			Purchase amount		7,421,024		

Reason for change:

a. The purchase ratio of Company A in 2023 was 4%; therefore, it was not included in the suppliers with purchases reaching 10%.

b. In 2023, due to its competitive price and flexible pricing model compared to other suppliers, Company B increased purchases, and its purchase ratio in 2023 was 13%.

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

Units: NT$ thousand; tons

Product	2022			2023		
	Capacity	Output	Output Value	Capacity	Output	Output Value
High alloy steel	46,296	35,141	2,955,204	36,840	28,955	2,741,491
Low alloy steel	9,454	10,001	853,300	13,749	10,591	1,276,295
Stainless steel	39,192	41,042	5,102,769	44,985	38,598	6,035,089
Other	2,350	6,931	125,961	5,523	4,647	124,047
Total	97,292	93,115	9,037,234	101,097	82,791	10,176,922

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

Units: NT$ thousand; tons

Product	2022				2023			
	Import		Export		Import		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
High alloy steel	5,538	604,857	35,807	3,922,332	4,712	535,411	32,270	3,573,623
Low alloy steel	4,971	312,849	6,831	945,848	2,621	208,310	9,575	1,607,871
Stainless steel	17,054	2,413,791	37,508	6,974,652	10,341	1,470,180	38,111	8,471,875
Other	9,108	351,199	510	207,046	6,435	328,846	245	147,909
Total	36,671	3,682,696	80,656	12,049,878	24,109	2,542,747	80,201	13,801,278

Note: The write-offs in the 2022 financial statement was NT$(3,367,257) thousand, and the write-offs in the 2023 financial statement was NT$(2,818,774) thousand are not included.

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

Year		2022	2023	March 31, 2024
Number of employees	Direct staff	732	744	743
	Indirect staff	440	426	419
	Total	1,172	1,170	1,162
Average age		39.72	40.58	40.41
Average length of service		12.41	11.97	12.58
Education level distribution ratio	PhD	0.17%	0.17%	0.17%
	Masters	11.18%	10.51%	10.15%
	University (College)	45.39%	45.98%	45.09%
	High school	40.27%	40.60%	42.09%
	Below high school	2.99%	2.74%	2.50%

IV. Disbursements for environmental protection

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

Year	Disposition date	Disposition reference No.	Articles of law violated	Legal violations	Content of dispositions	Total expenditure	Compensation	Responsive measures	Penalties
2022	September 14, 2022	Huan-Kung-Ku-Tsai-Zi No. 111090156	Based on Item 2 of Article 23 of Air Pollution Control Act; Item 2 of Paragraph 1 of Article 4, and Paragraphs 2 and 3, Article 6 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, penalties are imposed in accordance with Item 4, Paragraph 4 of Article 62 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, and Article 3 and Appendix 1 and 2 of the Guidelines for Fixed Pollution Sources in Public and Private Premises that Violate the Air Pollution Control Act and Level of Penalties.	Article 4 Public or private premises that pile fugitive dust shall establish or adopt one of the following facilities in order to effectively suppress the fugitive emission of particulate pollutants: II. Apart from entrances and exits, the periphery of a piling area must be enclosed with dustproof screens or partition walls with an overall height of at least 1.25 times the design or actual pile height. When the facilities in subparagraphs 2 through 5 of the foregoing paragraph have been adopted, isolation	Article 4 (I) Dustproof screen or partition walls did not fully enclose the piling area.	NT$800,000	None	1. Renovate the fences and barriers around the material storage area. 2. Strengthen road sweeper cleaning and repair potholes in the road. 3. Improve the rinsing function in the automated car wash platform, and strengthen road sweeper cleaning.	NT$150,000

			Based on Item 2 of Article 23 of Air Pollution Control Act; Item 2 of Paragraph 1 of Article 4, and Paragraphs 2 and 3, Article 6 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, penalties are imposed in accordance with Item 4, Paragraph 4 of Article 62 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, and Article 3 and Appendix 1 and 2 of the Guidelines for Fixed Pollution Sources in Public and Private Premises that Violate the Air Pollution Control Act and Level of Penalties.	equipment and spill-prevention bases shall be installed so as to prevent the falling or spilling of the piled materials outside of the piling area. Article 6 A public or private premise using vehicles to transport fugitive dust shall establish or adopt the following facilities to effectively suppress the fugitive emission of particulate pollutants: II. Routes and spaces within public or private premises where transport vehicles may pass must be paved with concrete, asphaltic concrete, or steel plates, and may not have a color difference from the road. However, such spaces may be covered with coarse-grade aggregate or particulate matter when they are located in piling areas or mine or quarry areas, and sprayed with water during the operating period to keep the surface moist.	Article 6 (II) The routes paved with concrete have a color difference from the road. (III) The automated car wash platform has been repaired, yet the vehicle body has not been properly washed, and fugitive particulate pollutants on the surface of the vehicle has been brought out the public or private premise.				

				III. The vehicle body and tires of such a transport vehicle must be washed using pressurized washing equipment before the vehicle leaves the public or private premise, and no fugitive particulate pollutants may adhere to the surface of the vehicle. The entrance and road surface extending 10 m beyond the entrance of a public or private premise may not have fugitive particulate pollutants carried by transport vehicles. In the case of the applicable targets listed under serial number 1-5 in Attached Table 1, automatic vehicle washing equipment must be installed at transport vehicle entrances and exits.					

2023	March 28, 2023	Huan-Shi-Fei-Tsai-Zi No. 112030937	As stated in Paragraph 1, Article 36 of the Waste Disposal Act and Sub-paragraph 2, Paragraph 1 of Article 10 of the Methods and Facility Standards for Storage and Disposal of Industrial Waste Disposal as well as Article 52 of the Waste Disposal Act, and the amount of fines for violation of the Waste Disposal Act In accordance with Article 2, Subparagraph 1, Paragraph 2, Table 2, Sub-paragraph 13 of the Penalty Guidelines.	Article 36: the methods and facilities for the storage, clearance and disposal of industrial waste shall be in compliance with the regulations of the competent authority. Article 10: if the industrial waste generated by the industry is of the same type as the industrial waste re-use announced by the central competent authority, and the management method of industrial waste reuse has special regulations, its management method is not exempted from the above provisions restrictions	The scrap iron storage area in Xinying Plant is not equipped with drainage and collection facilities due to water accumulation and oil accumulation.	NTD 50,000	None	Scrap iron storage area has set up overflow dike, scrap iron and waste wood storage area signs have been stored in accordance with the waste inventory, and the product, raw material and process codes in the waste declaration record have been corrected	6 thousand

March 28, 2023	Huan-Shi-Fei-Tsai-Zi No. 112030935	In accordance with Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act, as well as Article 52 of the Waste Disposal Act, the amount of fines for violation of the Waste Disposal Act are in accordance with Sub-paragraph 2, Table 2, Item 9, Paragraph 1, Article of the Waste Disposal Act.	Article 31: Enterprises of a certain scale that are designated and officially announced by the central competent authority shall perform the following matters within a certain time period demanded by the official announcement: II. In accordance with the format, items, content and frequency stipulated by the central competent authority, report to the special municipality, county or city competent authority via the Internet the circumstances regarding the production, storage, clearance, disposal, re-use, export, import, transit and transshipment of the waste at issue. However, those circumstances in which the central competent authority allows the submission of written reports shall not be subject to this restriction.	During the inspection of the waste storage area in Xinying, we found that the scrap metal and waste wood were not stored in the designated area.	NTD 50,000	None	Scrap iron storage area has set up overflow dike, scrap iron and waste wood storage area signs have been stored in accordance with the waste inventory, and the product, raw material and process codes in the waste declaration record have been corrected	6 thousand

	March 28, 2023	Huan-Shi-Fei-Tsai-Zi No. 112030936	In accordance with Subparagraph 2, Paragraph 1, Article 31 of the Waste Disposal Act, as well as Article 52 of the Waste Disposal Act, the amount of fines for violation of the Waste Disposal Act are in accordance with Sub-paragraph 2, Table 2, Item 9, Paragraph 1, Article of the Waste Disposal Act.	Article 31: Enterprises of a certain scale that are designated and officially announced by the central competent authority shall perform the following matters within a certain time period demanded by the official announcement: II. In accordance with the format, items, content and frequency stipulated by the central competent authority, report to the special municipality, county or city competent authority via the Internet the circumstances regarding the production, storage, clearance, disposal, re-use, export, import, transit and transshipment of the waste at issue. However, those circumstances in which the central competent authority allows the submission of written reports shall not be subject to this restriction.	In the waste declaration records of the Xinying plant, 240,999 products, 240,075 processes, 111,075, and 240,999 wastes were omitted.	NTD 50,000	None	Scrap iron storage area has set up overflow dike, scrap iron and waste wood storage area signs have been stored in accordance with the waste inventory, and the product, raw material and process codes in the waste declaration record have been corrected	6 thousand

2023	June 29, 2023	Huan-Kung-Ku-Tsai-Zi No. 112060147	Violation of Paragraph 3, Article 22 of the Air Pollution Control Act and Paragraph 1, Article 14 of the Regulations for Continuous and Automatic Monitoring Facilities for Stationary Pollution Sources is subject to fines as stipulated in Subparagraph 3, Paragraph 1, Article 62 of the same Act and the attached Tables 1 and 2 of the Standards for Fines for Violation of the Air Pollution Control Act by Stationary Pollution Sources in Public and Private Premises.	Article 22: records of the results of the monitoring and analysis in the two preceding paragraphs shall be maintained and shall be reported to the competent authority of the special municipality, county and city in accordance with regulations. The central competent authority shall determine management regulations for records, reporting, preservation, Internet connection standards, installation completion, Internet connection deadline and other binding matters for the results of monitoring and analysis.	Xinying Plant holds the operation permit for the Electric Arc Furnace Steelmaking Processes (M01). On November 9, 2022, an inspection on the plant's CEMS system for the P001 discharge pipes of the M01 process showed that the Xinying Plant failed to execute the required daily Zero Drift and Span Drift tests.	NTD 10,000	None	1. If the CEMS system is designed with a remote control function, if the Zero Drift and Span Drift tests cannot be performed every day, the CEMS equipment vendor may be requested to perform the remote control function troubleshooting. 2. The CEMS system already has the functions of automatic daily Zero Drift and Span Drift tests, and the manual control of daily Zero Drift and Span Drift test function has been added so that the relevant personnel can conduct manual testing for preliminary	160,000

								troubleshooting in case of abnormality. 3. Add an automatic alarm function in the CEMS system. If the CEMS system does not perform Zero Drift and Span Drift tests every day, the relevant personnel's mobile phone software LINE will have a warning message prompt.	

(II) Countermeasures

1. Except for the related improvement plans for environmental pollution in 2022-2023, please refer to pages 164-171 for details of the improvement measures.
2. In addition to normal environmental protection expenditures such as waste disposal, the estimated annual capital expenditures for environmental protection in the future are as follows:

Year	2024	2025	2026
Content	Procurement of pollution prevention equipment	Procurement of pollution prevention equipment	Procurement of pollution prevention equipment
Improvement status	In compliance with relevant laws	In compliance with relevant laws	In compliance with relevant laws
Expenditure	NT$20 million	NT$20 million	NT$20 million

3. The impact of improvement

Year	2024	2025	2026
Impact on net profit	None	None	None
Impact on competitive position	Corporate image	Corporate image	Corporate image

4. Failure in taking responsive action: None.

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

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

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

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

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

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

V. Labor Relations

(I) Welfare measures

1. Employee welfare measures

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

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

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

c. Childbirth subsidy and annual health checkup.

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

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

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

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

2. Employee education and training

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

Training type	**Item**	**Class/ session**	**Total training hours**	**Number of trainees**
Internal training	Professional technology	195	392	2,258
	Core technology	65	115	658
External training	Professional technology	26	261	61
	License	25	413	214
Total		311	1,181	3,191

3. Retirement system

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

The provisions on employee pension stipulated in the Labor Standards Act is a defined benefit plan. The employee's pension payment is calculated based on the bases given for each full year of service rendered, and six months of average wage at the time of retirement. The employee's pension payment is calculated based on the length of service and six months of average wage at the time of retirement. Employee pensions are allocated based on 2-2.93% of the total monthly wage, which are deposited into a special bank account in Taiwan by name of the Supervisory Committee of Labor Retirement Reserve. As of December 31, 2023, GMTC's defined benefit plan is expected to allocate NT$5,506 thousand in 2023. As of December 31, 2023, GMTC's defined benefit plan is expected to expire in 2028-2031.

GMTC's pension system is subject to the Labor Pensions Act, which is a defined contribution plan managed by the government. Since July 1, 2005, employees subject to the pension system of the Labor Pensions Act shall contribute 6% monthly wage as labor pension funds to individual labor pension accounts at the Bureau of Labor Insurance. GMTC's recognized expenses of NT$ 44,981 thousand for the defined contribution plan in 2023, and NT$ 40,802 thousand in 2022.

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

4. Working environment and employee safety protection measures

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

5. Employee behavior and the code of ethical conduct

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

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

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

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

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

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

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

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

(8) Attach importance on workplace cleanliness and safety.

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

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

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

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

b. Employees must not violate the following:

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

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

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

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

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

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

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

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

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

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

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

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

VI. Cyber Security Management

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

1. Management architecture of cyber security risk: IT department is in charge of establishing the cyber security policy, preventing and processing cyber security incidents, executing cyber security tasks, and establishing「Cybersecurity response team」in

response to architectures of cyber security incidents in the company.

a. Members of Cybersecurity response team are comprised of IT staffs, responsible for reporting and processing cyber security incidents in the company.

b. Manager of members of Cybersecurity response was held by IT manager, who is charged with reviewing response operation and reporting to parental unit。

c. Internal control system and related policy are be audited and improved regularly, to provide a safe information system without interruption.

2. To ensure the security of the Company's own information assets, the Company has formulated the Cyber security policy (including computer system, network, data, equipment, employee, antivirus system, hacker attack and defense) and the emergency response operation.

3. Specific management plan:

a. Security education and training

b. Safety management of computer system

(1) Operating procedure and responsibility of the system

(2) Safety management of online operation

(3) Prevention of computer virus and malware

(4) Safety management of software access

(5) Safety management of computer media

(6) Safety management of data and media exchange

c. Safety management of Internet

(1) Planning and management of network security

(2) Safety management of internal network

(3) Safety management of external network

d. System access control

(1) Access control policy。

(2) Supervision of system access and apply

e. Safety management of physical equipment surroundings and environment

f. Emergency response operation of cyber security incidents

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

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

VII. Important contracts

Company Name	Type of contract	Client	Contract Duration	Contract content	Restrictions
GMTC	Syndicated Loan Agreement	Syndicated banks: The First Bank and other 9 banks	August 4, 2023 ~ August 4 , 2028	GMTC uses land and plant as collateral, with the First Bank as security agent for the syndicated facility of NT$8 billion.	GMTC shall maintain the following financial ratios and standards during the contract period: 1. The current ratio shall be no less than 100%. 2. The debt ratio shall be no more than 180%. 3. The interest coverage shall be no less than 3 times.

Six. An Overview of the Company's Financial Status

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

Condensed balance sheet (Consolidated) - International Financial Reporting Standards

Unit: NT$ thousand

Year/ Item		Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
		2019	2020	2021	2022	2023	
Current Assets		7,738,806	7,504,588	8,959,772	11,977,337	16,225,849	
Property, plant and equipment		9,750,862	9,796,116	8,469,983	8,307,632	8,420,471	-
Other assets		2,505,454	3,200,629	4,708,413	4,974,026	5,530,185	-
Total Assets		19,995,122	20,501,333	22,138,168	25,258,995	30,176,505	-
Current liabilities	Before distribution	3,184,607	3,260,528	4,487,803	4,897,028	3,104,625	-
	After distribution	3,412,975	3,440,691	5,118,373	6,136,120	4,610,803	-
Non-current Liabilities		8,012,359	8,469,112	8,139,271	9,229,687	11,810,611	-
Total Liabilities	Before distribution	11,196,966	11,729,640	12,627,074	14,126,715	14,915,236	-
	After distribution	11,425,334	11,909,803	13,257,644	15,365,807	19,568,606	-
Equity attributable to owners of the parent		8,148,094	8,122,849	8,949,999	10,534,547	14,641,957	-
Share Capital		4,667,360	4,667,360	4,567,360	4,571,224	5,395,512	-
Capital surplus		2,071,444	2,078,810	2,027,062	2,178,236	4,438,857	-
Retained earnings	Before distribution	2,092,333	2,132,362	2,658,896	4,050,413	5,146,306	-
	After distribution	1,863,965	1,952,199	2,028,326	2,811,321	3,640,128	-
Other equity		(73,014)	(43,838)	(69,395)	(43,415)	(67,788)	-
Treasury stock		(610,029)	(711,845)	(233,925)	(221,911)	(270,930)	-
Non-controlling interest		650,062	648,844	561,095	597,773	619,312	-
Total Equity	Before distribution	8,798,156	8,771,693	9,511,094	11,132,280	15,261,269	-
	After distribution	8,569,788	8,591,530	8,880,524	9,893,188	13,755,091	-

Note 1: The 2019-2023 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2024 that have not yet been signed and checked by certified accountants.

Condensed income statement (Consolidated) - International Financial Reporting Standards

Unit: NT$ thousand except for EPS amounts

Year/ Item	Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
	2019	2020	2021	2022	2023	
Operating revenues	10,561,734	7,640,497	8,770,944	12,365,317	13,525,251	-
Gross margin	1,538,875	1,090,729	2,338,770	3,955,630	3,644,650	-
Net operating income	484,135	130,964	1,074,052	2,414,961	2,374,232	-
Non-operating income and expenses	(132,561)	145,285	(55,857)	177,560	522,012	-
Pre-tax profit	351,574	276,249	1,018,195	2,592,521	2,896,244	-
Net profit for continuing operations	254,501	257,911	837,300	2,098,015	2,395,251	-
Loss from discontinued operation	-	-	-	-	-	-
Current net profit	254,501	257,911	837,300	2,098,015	2,395,251	-
Other comprehensive income (net after tax)	(68,576)	76,483	(25,623)	17,397	(2,251)	-
Total income for the period	185,925	334,394	811,677	2,115,412	2,393,000	-
Net profit attributable to equity holders of the Company	279,759	217,695	751,575	2,018,769	2,339,563	-
Net profit (loss) attributable to non-controlling interests	(25,258)	40,216	85,725	79,246	55,688	-
Total comprehensive income attributable to equity holders of the Company	215,836	297,573	713,859	2,048,066	2,321,174	-
Total comprehensive income attributable to non-controlling interests	(29,911)	36,821	97,818	67,346	71,826	-
Earnings per share	0.64	0.50	1.70	4.52	4.66	-

Note 1: The 2019-2023 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2024 that have not yet been signed and checked by certified accountants.

Condensed balance sheet (Standalone) - International Financial Reporting Standards

Unit: NT$ thousand

Year/ Item		Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
		2019	2020	2021	2022	2023	-
Current asset		5,215,722	4,958,303	6,998,872	9,241,599	13,457,628	-
Property, plant and equipment		7,792,688	7,929,943	8,046,454	7,897,662	8,058,454	-
Intangible asset		-	-	-	-	-	-
Other assets		3,748,010	4,462,457	5,945,152	6,587,934	7,222,527	-
Total Assets		16,756,420	17,350,703	20,990,478	23,727,195	28,738,609	-
Current liabilities	Before distribution	1,664,268	1,779,440	3,983,403	4,468,821	2,789,745	-
	After distribution	1,892,636	1,959,603	4,613,973	5,707,913	4,295,923	-
Non-current Liabilities		6,944,058	7,448,414	8,057,076	8,723,827	11,306,907	-
Total Liabilities	Before distribution	8,608,326	9,227,854	12,040,479	13,192,648	14,096,652	-
	After distribution	8,836,694	9,408,017	12,671,049	14,431,740	15,602,830	-
Equity attributable to owners of the parent		-	-	-	-	-	-
Share Capital		4,667,360	4,667,360	4,567,360	4,571,224	5,395,512	-
Capital surplus		2,071,444	2,078,810	2,027,062	2,178,236	4,438,857	-
Retained earnings	Before distribution	2,092,333	2,132,362	2,658,897	4,050,413	5,146,306	-
	After distribution	1,863,965	1,952,199	2,028,327	2,811,321	3,640,128	-
Other equity		(73,014)	(43,838)	(69,395)	(43,415)	(67,788)	-
Treasury stock		(610,029)	(711,845)	(233,925)	(221,911)	(270,930)	-
Non-controlling interest		-	-	-	-	-	-
Total Equity	Before distribution	8,148,094	8,122,849	8,949,999	10,534,547	14,641,957	-
	After distribution	7,919,726	7,942,686	8,319,429	9,295,455	13,135,779	-

Note 1: The 2019-2023 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2024 that have not yet been signed and checked by certified accountants.

Condensed income statement (Standalone) - International Financial Reporting Standards

Unit: NT$ thousand except for EPS amounts

Year/ Item	Financial information for the last 5 years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
	2019	2020	2021	2022	2023	-
Operating revenues	9,401,840	6,407,393	7,820,211	11,265,158	12,439,123	-
Gross margin	1,067,224	676,417	1,803,507	3,296,103	3,101,019	-
Net operating income	326,467	(7,285)	732,913	2,014,786	2,123,583	-
Non-operating income and expenses	16,071	220,231	123,188	416,482	643,407	-
Pre-tax profit	342,538	212,946	856,101	2,431,268	2,766,990	-
Net profit for continuing operations	279,759	217,695	751,575	2,018,769	2,339,563	-
Loss from discontinued operation	-	-	-	-	-	-
Current net profit (loss)	279,759	217,695	751,575	2,018,769	2,339,563	-
Other comprehensive income (net after tax)	(63,923)	79,878	(37,716)	29,297	(18,389)	-
Total income for the period	215,836	297,573	713,859	2,048,066	2,321,174	
Net profit attributable to equity holders of the Company	-	-	-	-	-	-
Net income attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to equity holders of the Company	-	-	-	-	-	-
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	0.64	0.5	1.70	4.52	4.66	-

Note 1: The 2019-2023 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2024 that have not yet been signed and checked by certified accountants.

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

Year	Name of accounting firm	Name of CPA	Audit opinion
2019	Deloitte Taiwan	Chen-Tsai Tsai, Yung-Hsiang Chao	Unqualified opinion
2020	Deloitte Taiwan	Yung-Hsiang Chao, Meng-Chieh Chiu	Unqualified opinion
2021	Deloitte Taiwan	Ming-Hsien Liu, Yung-Hsiang Chao	Unqualified opinion
2022	Deloitte Taiwan	Ming-Hsien Liu, Yung-Hsiang Chao	Unqualified opinion
2023	Deloitte Taiwan	Ming-Hsien Liu, Yung-Hsiang Chao	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(I) Financial analyses (consolidated)

Item		Financial analyses for the past 5 fiscal years (Note 1)					Current financial data up to the date of publication of the Annual Report (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure	Debt-asset Ratio	56.00	57.21	57.04	55.93	49.43	-
	Ratio of long-term capital to property, plant and equipment	172.40	176.00	208.39	245.10	321.50	-
Solvency	Current Ratio	243.01	230.16	199.65	244.58	522.63	-
	Quick Ratio	90.59	89.54	79.26	112.59	308.27	-
	Times Interest Earned	2.90	2.84	8.14	16.15	15.91	-
Operating Performance	Average Collection Turnover (Times)	5.33	4.57	4.94	5.36	5.28	-
	Average number of days	68	80	74	68	69	-
	Inventory turnover rate (Times)	1.86	1.41	1.30	1.43	1.53	-
	Average Payment Turnover (Times)	19.34	19.47	14.78	12.43	16.00	-
	Average days of sale	197	258	281	255	239	-
	Property, plant and equipment turnover rate (Times)	1.06	0.78	0.96	1.47	1.62	-
	Total asset turnover rate (Times)	0.53	0.38	0.41	0.52	0.49	-
Profitability	Return on Assets (%)	2.01	1.87	4.46	9.43	9.20	-
	Return on Equity (%)	2.90	2.94	9.16	20.33	18.15	-
	Pre-tax net profit to paid-in capital ratio (%)	7.53	5.92	22.29	56.71	53.68	-
	Profit margin before tax (%)	2.41	3.38	9.55	16.97	17.71	-
	Earnings per share (NT$)	0.64	0.5	1.7	4.52	4.66	-
Cash Flow	Cash Flow Ratio (%)	47.32	41.86	-	34.66	65.03	-
	Cash Flow Adequacy Ratio (%)	82.50	57.87	40.27	47.94	57.70	-
	Cash Flow Reinvestment Ratio (%)	4.67	3.98	(0.65)	3.39	2.11	-
Leverage	Operating Leverage	4.74	11.51	2.21	1.57	1.69	-
	Financial Leverage	1.62	-	1.15	1.08	1.09	-

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

Benefitting from the post-COVID-19 boom in aerospace materials and the geo-economic advantages created by the international geopolitical changes such as the Russo-Ukrainian War, which helped enhance the Company's revenue and profitability, resulting in an increase in the related proportion of cash flow from business activities. In 2023, the Company issued GMTC VII convertible bonds, which raised about NTD 5 billion for working capital. The solvency and financial structure have increased significantly compared with 2022.

Note 1: The 2019-2023 financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2024 that have not yet been signed and checked by certified accountants.

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

(II) Financial analyses (Standalone)

Item		Financial analyses for the past 5 fiscal years (Note 1)					Current financial data up to the date of publication of the Annual Report(Note 2)
		2019	2020	2021	2022	2023	
Financial Structure	Debt-asset Ratio	51.37	53.18	57.36	55.60	49.05	-
	Ratio of long-term capital to property, plant and equipment	193.67	196.36	211.36	243.85	322.01	-
Solvency	Current Ratio	313.39	278.64	175.70	206.80	482.4	-
	Quick Ratio	110.04	96.61	64.52	89.54	271.48	-
	Interest Coverage Ratio	3.63	2.85	8.29	16.10	15.84	-
Operating Ability	Average Collection Turnover (Times)	6.97	6.28	6.87	6.67	6.23	-
	Average collection days for receivables	52	58	53	55	59	-
	Inventory turnover rate (Times)	2.43	1.77	1.60	1.67	1.76	-
	Average Payment Turnover (Times)	21.98	20.81	14.88	12.27	16.42	-
	Average days of sale	150	207	228	218	207	-
	Property, plant and equipment turnover rate (Times)	1.19	0.82	0.98	1.41	1.56	-
	Total asset turnover rate (Times)	0.56	0.38	0.41	0.50	0.47	-
Profitability	Return on assets (%)	2.30	1.82	4.41	9.60	9.49	-
	Return on Equity (%)	3.44	2.68	8.8	20.72	18.59	-
	Pre-tax net profit to paid-in capital ratio	7.34	4.56	18.74	53.19	51.28	-
	Profit margin before tax (%)	2.98	3.40	9.61	17.92	18.81	-
	Earnings per share (NT$)	0.64	0.50	1.70	4.52	4.66	-
Cash Flow	Cash Flow Ratio (%)	77.20	52.70	-	40.03	56.16	-
	Cash Flow Adequacy Ratio (%)	69.91	43.70	37.57	45.14	52.81	-
	Cash Flow Reinvestment Ratio (%)	4.42	2.80	(0.66)	3.92	0.94	-
Leverage	Operating Leverage	4.08	-	2.13	1.61	1.96	-
	Financial Leverage	1.66	0.06	1.19	1.09	1.10	-

Benefitting from the post-COVID-19 boom in aerospace materials and the geo-economic advantages created by the international geopolitical changes such as the Russo-Ukrainian War, which helped enhance the Company's revenue and profitability, resulting in an increase in the related proportion of cash flow from business activities. In 2023, the Company issued GMTC VII convertible bonds, which raised about NTD 5 billion for working capital. The solvency and financial structure have increased significantly compared with 2022.

Note 1: The 2019-2023financial statements are signed and checked by certified accountants.

Note 2: Up to the date of publication of the Annual Report, the financial statements for 1Q of 2024 that have not yet been signed and checked by certified accountants.

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

1. Financial Structure

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

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

2. Solvency

(1) Current Ratio = Current Assets / current liabilities

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

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

3. Operating Ability

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash flow

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

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

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

6. Leveraging:

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

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

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

Audit Committees' Review Report

The Board of Directors made the Company's 2023 business report, consolidated financial statements, standalone financial statements, and appropriation of earnings. The Audit Committee approves the above-mentioned business report, consolidated financial statements, standalone financial statements and appropriation of earnings in accordance with Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Act, and it is considered that there is no disagreement, please review it.

Gloria Material Technology Corp.

Convener of Audit Committee： Chin-Chen Chien

February 29, 2024

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

Please refer to pages 209~ 292

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

Please refer to pages 293 ~ 356

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

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

I. Financial position (Consolidated)

Unit: NT$ thousand

Item	2023	2022	Amount of increase (decrease)	% change
Current assets	16,225,849	11,977,337	4,248,512	35.47
Non-current asset	13,950,656	13,281,658	668,998	5.04
Total Assets	30,176,505	25,258,995	4,917,510	19.47
Current liabilities	3,104,625	4,897,028	(1,792,403)	(36.60)
Non-current Liabilities	11,810,611	9,229,687	2,580,924	27.96
Total Liabilities	14,915,236	14,126,715	788,521	5.58
Total equity	15,261,269	11,132,280	4,128,989	37.09

Analysis of the Increase/ Decrease:
Current assets, total assets, and non-current liabilities have increased and changed by more than 20%, mainly due to revenue growth in 2023, which resulted in higher net cash inflows and the issuance of GMTC VII convertible corporate bonds in 2023, which raised about NTD 5 billion to enhance working capital, leading to an increase in cash and cash equivalents.
The decrease in current liabilities is primarily due to refinancing through syndicated loans to repay old debts, resulting in a reduction in long-term liabilities maturing within one year.
The increase in equity is mainly due to the stable growth of the Company's profitability and the conversion of GMTC VI convertible bonds into common shares.

II. Financial performance analysis (Consolidated)

Unit: NT$ thousand

Item	2023		2023		Amount of increase (decrease)	% change
	Amount	%	Amount	%		
Net operating revenue	13,525,251	100	12,365,317	100	1,159,934	9.38
Gross margin	3,644,650	27	3,955,630	32	(310,980)	(7.86)
Operating expenses	(1,270,418)	(9)	(1,540,669)	(12)	270,251	17.54
Operating Income	2,374,232	18	2,414,961	20	(40,729)	(1.69)
Non-operating income and expenses	522,012	4	177,560	1	344,452	193.99
Income tax expense	(500,993)	(4)	(494,506)	(4)	(6,487)	(1.31)
Current net profit	2,395,251	18	2,098,015	17	297,236	14.17
Other comprehensive income	(2,251)	(0)	17,397	0	(19,648)	(112.94)

Item	2023		2023		Amount of increase (decrease)	% change
	Amount	%	Amount	%		
Net income attributable to equity holders of the Company	2,339,563	17	2,018,769	6	320,794	15.89
Net income attributable to non-controlling interests	55,688	0	79,246	1	(23,558)	(29.73)
Total comprehensive income attributable to equity holders of the Company	2,321,174	17	2,048,066	7	273,108	13.33
Total comprehensive income attributable to non-controlling interests	71,826	1	67,346	0	4,480	6.65
Analysis of the Increase/ Decrease: Increase in non-operating revenue: this was mainly due to the gains from the disposal of shares, the valuation of financial assets, foreign exchange and rental revenue, etc. Decrease in other comprehensive income: this was mainly due to the reduce gains from the translation of financial statements of overseas subsidiaries for the current year.						

III. Cash flow analysis

(I) Cash flow analysis for 2023 (consolidated)

Unit: NT$ thousand

Beginning cash balance (A)	Net cash flow from operating activities (B)	Cash outflow (C)	Net cash flow balance (A)+(B)-(C)	Cash shortage contingency plan	
				Investment plan	Wealth management plan
2,508,593	2,018,821	(1,951,507)	6,478,921	-	-
Analysis of changes in cash flow in the current year: 1. Net cash inflow from operating activities of NT$2,018,821 thousand: mainly due to the excellent operating performance and stable profitability in 2023. 2. Net cash outflow from investing activities of NT$661,974 thousand: mainly due to plant expansion, equipment purchasing and repair. 3. Net cash inflow from financing activities of NT$2,658,712 thousand: mainly due to the borrowing of long-term loans and issuance of corporate bonds.					

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

Unit: NT$ thousand

Beginning cash balance (A)	Net cash flow from operating activities (B)	Cash inflow (C)	Net cash flow balance (A)+(B)-(C)	Cash shortage contingency plan	
				Investment plan	Wealth management plan
6,478,921	748,871	3,035,328	4,192,464	-	-

Cash flow forecast analysis for the next year:

1. Net cash inflow from operating activities of NT$748,871 thousand: mainly due to continuous growth in sales turnover and profits.
2. Net cash outflow from investing activities of NT$2,556,166 thousand: mainly due to purchasing of fixed assets.
3. Net cash outflow from financing activities of NT$479,162 thousand: mainly due to the payment of cash dividends.

IV. Major capital expenditures during the most recent fiscal year

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

Item	Source	The planned date of completion/ annual report	Capital needed	Actual or current use of capital								
			Total	2016	2017	2018	2019	2020	2021	2022	2023	2024
50T oven	Regulatory capital/ medium- and long-term loans	Q2 of 2024	4,495,000	190,288	179,405	707,581	761,852	922,463	462,951	413,221	529,586	327,653
Subtotal			4,495,000	190,288	179,405	707,581	761,852	922,463	462,951	413,221	529,586	327,653

(II) Expected benefits

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

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

Unit: NT$ thousand

Investment company	Shareholding %	Company reinvestment policy	Current profit or loss	Reason for profit or loss	Improvement plan	Investment plans for the coming year
Hoyang Investment Co., Ltd.	48.77%	Deployment of investment	16,497	Increased profits by proper investments	None	None
FAITH ENTERPRISES LTD.	96.05%	Global sales	105,031	Proper operating and marketing policies	None	None
Golden Win Steel Industrial Corp.	46.13%	Diversified management	104,117	Proper operating and marketing policies	None	None
S-Tech Corp.	10.17%	Diversified management	506,445	Proper operating and marketing policies	None	None
ALLOY TOOL STEEL.INC	100.00%	Global sales	47,313	Proper operating and marketing policies	None	None
All Win Enterprises Ltd.	100.00%	Global sales	96,088	Proper operating and marketing policies	None	None
Rong Yang Investment Corp.	100.00%	Deployment of investment	20	Increased profits by proper investments	None	None
GLORIA MATERIAL TECHNOLOGY JAPAN	100.00%	Global sales	(1,648)	Recognize expense	None	None

VI. Risk analysis and other important matters

(I) Risk analysis

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

Gloria Material Technology Corp. – Consolidated

Unit: NT$ thousand

Item	2023	Ratio of profits (losses) to net operating revenue in 2023	Ratio of profits (losses) to pre-tax profit in 2023
Net interest expenses (expense - revenue)	156,177	1.15%	5.39%
Net foreign exchange earning (gains - losses)	76,622	0.57%	2.65%

In 2023, major economies have completed their interest rate hike cycles. Despite a series of bankruptcies and collapses in financial institutions in the United States and Europe, major central banks still decided to maintain a high-interest rate environment to observe the changes in inflation. The international political and economic situation is undergoing drastic changes. In the United States, internal strife within both political parties and recurring debt ceiling issues have led to another downgrade in the US credit rating. The Russo-Ukrainian war continues unabated, while Israel officially declared war on the Palestine militant organization "Hamas," leading to escalating violence in the Gaza Strip, which could potentially escalate into a regional conflict. The "Houthi" rebel group attacked the trading vessel in the Red Sea, prompting joint escort and counterattack operations by countries such as the United States and the United Kingdom, further intensifying tensions in the Middle East and significantly increasing international transportation costs. The U.S. has expanded its export ban on chips to China. The ongoing trade war between the U.S. and China has impacted the global supply chain. China's post-pandemic economic recovery has not been as good as expected, leading to deflationary pressures. Negative news about large real estate developers is frequent, prompting the People's Bank of China to continue expanding its monetary easing policies.

The Company's capital expenditures are mainly based on mid- and long-term funds, while short-term borrowings are used to support the purchasing of materials and the shipment cycle. The Company's foreign exchange rate policy mainly adopts natural hedging and in accordance with the changes in the Company's position and international financial market trend, the Company started to engage in the trading of new financial derivatives, including forward foreign exchange, to reduce exchange risks. This reflected that interest rates may have peaked. The US dollar index weakened by 2% in 2023, which stimulated the recovery of non-US currencies such as the EURO and GBP. NTD first weakened and then rose, with the spread reaching NTD 2.8. The Company operated steadily in response to market trends, resulting in a net exchange gain of NT$76,622 thousand.

The US economic growth and corporate profits are stronger than expected, coupled with inflation showing a tendency to solidify. While the Fed is expected to cut interest rates for the first time in 2024, it might delay the process of interest rate normalization. It is estimated that the high-interest rate environment will still be maintained for a longer period. The geopolitical risks in China and the United States, Taiwan Strait, Russia, Ukraine and the Middle East are rising. The Company will continue to pay attention to changes in global political and economic conditions in order to reduce the impact on operations and profits.

b. Future contingency measures

Keep in track of global political and economic changes, international raw material prices, and currency fluctuations, with flexible adjustments on procurement and other related strategies to boost the Company’s profitability.

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

a. GMTC did not engage in high risk or highly leveraged investments in 2023.

b. Please refer to p.284 of the 2023Annual Report for the endorsements/ guarantees of the Company and its subsidiaries in 2023.

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

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

a. Project name: Development of new grades of advanced plastic mold pre-hardened steel

(1) Total R&D expenditure: Approximately NT$10,000 thousand.

(2) Estimated closing date: June 30, 2025

(3) Current progress: compilation of information on competing products on the market

(4) The main factors affecting successful R&D in the future:

The main applications of the advanced plastic mold pre-hardened steel planned in this project are for automotive lamp mold products and large modules, and the requirements for material cleanness, post-polishing surface roughness, corrosion resistance and thermal conductivity are high. Accordingly, the alloy composition design and secondary refining process (ESR/VAR) are key to the preliminary success. Additionally, since the application typically involves large-sized modules, utilizing a newly established forging machine to compact the internal quality and employing subsequent proper quenching and tempering conditions to reach uniformity in hardness and mechanical property are the main challenges for development.

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

b. Project name: Development of VCM vertical casting process

(1) Total R&D expenditure: approximately NT$15,000 thousand.

(2) Estimated closing date: June 30, 2025

(3) Current status: Process criteria under study and analysis

(4) The main factors affecting successful R&D in the future:

To cope with the new 50T equipment trial production planning in 2024, GMTC’s R&D and production units will form a dedicated project team to adjust the melting condition parameters for each step via the selection of different characteristic steel types for target testes to pursue a competitive process. In order to deal with the potential scenarios in actual production and reduce the cost of failure, ProCAST simulation software was purchased. This software set can simulate the flow process in the process of metal casting and accurately display the defective spots with incomplete filling, solidification, air entrapment, hot spots, residual stresses and deformation. It can precisely predict shrinkage cavities and microstructure changes during the casting process. Using this software, the optimum parameters can be planned before the actual production, which can then be linked tomachine operations during actual production. It enables real-time adjustments to optimize conditions for different states.

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

5. The impact of changes in technology and industry on the Company's finance and business in the most recent year and up to the date of publication of the annual report and the Company's measures in response: Following the global industry recovery from the COVID-19 pandemic, malicious cyber-attacks and illegal intrusions by third parties have become rampant. In addition, customers, suppliers and regulators are also putting more emphasis on cybersecurity measures. In response, the Company began the implementation of ISO 27001 certification in the second half of 2023. By December of the same year, it successfully passed a third-party on-site verification (Verification body: AFNOR Asia) to strengthen the implementation of relevant policies and internal information security management and, at the same time, establish organizational structures and implement relevant standardized processes accordingly:

   a. Cyber-attacks:

   The Company has established comprehensive network and computer-related information security protection measures, but it cannot guarantee that its computer systems, essential for the Company's manufacturing, operations, accounting, and other important corporate functions, will be completely immune to any system-paralyzing cyber-attacks from any third party.

   These cyber-attacks infiltrate the Company's internal network systems illegally, aiming to disrupt its operations and damage the Company's reputation. In the event of a serious cyber-attack, the Company's system may lose important information and the production lines may be suspended as a result. The Company will continuously review and evaluate its information security regulations and procedures to ensure their appropriateness and effectiveness. It has also implemented information security systems such as firewalls, intrusion detection, and VPN to strengthen network management and monitoring. However, there is still no guarantee that the Company will not be affected by the new risks and attacks in the rapidly changing information security threats.

   b. Malicious virus (ransomware):

   Hackers with malicious intent may also attempt to introduce computer viruses, destructive software or ransomware into the Company's network system to disrupt the Company's operations, extort or blackmail the Company, gain control of the computer system or spy on confidential information. These attacks may lead to the Company compensating customers for losses due to delays or interruptions in orders while also incurring significant costs to implement remedial and improvement measures to enhance the Company's network security systems.

The Company has introduced and installed an anti-virus system on each user's computer. In addition to conducting regular weekly virus scans, the Company also promotes awareness through case studies and educational training and emphasizes avoiding clicking on unfamiliar websites to prevent Trojan horse infections.

c. Theft of trade secrets and personal information:

malware viruses and ransomware often accompany the theft of business secrets and personal data at the same time. This could potentially lead to significant legal liabilities for the Company due to involvement in cases of information leakage concerning employees, customers or third parties, resulting in legal actions or regulatory investigations. To prevent malicious software from infiltrating the Company, measures are being taken to implement new technologies to enhance data protection, strengthen phishing email detection, conduct regular cybersecurity awareness training for employees, implement endpoint antivirus measures based on computer types, and introduce advanced solutions to detect and address malicious software. The Company will implement relevant improvement measures and continue to update them, such as physical isolation of IT/OT network to reduce the spread of the virus across machines and factories.

d. Major cyber security incidents: The Company did not experience any major information security incidents in 2023.

As a preventive measure, the Company has established information incident reporting procedures to ensure that the relevant personnel and units can follow the correct handling measures in the event of an information security incident to reduce the impact of an information security incident.

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

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

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken in the current fiscal year up to the date of publication of the Annual Report: Please refer to page 192 of this Annual Report.

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

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

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

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

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

(II) Other important matters

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

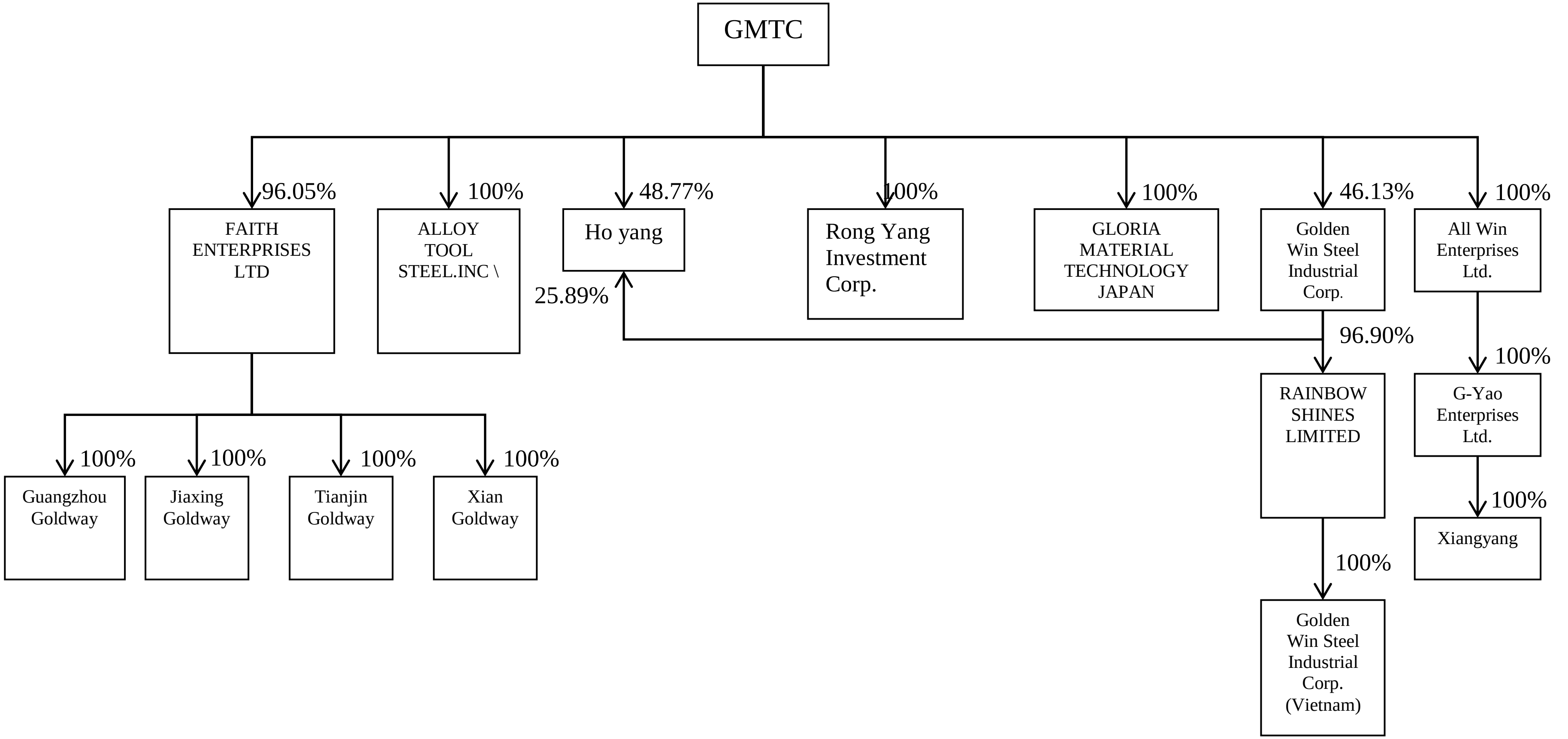
1. Strategic and operational risk: Each plant shall implement various control systems based on their business authority and responsibilities, with regular analysis and evaluation in accordance with relevant laws, policies and changes in the market, such as:
   a. Each business group in the business unit shall hold regular division meetings every week or every month.
   b. The production management unit and development unit regularly convene quality control meetings every month.
   c. The environmental safety unit holds environmental safety meetings on a quarterly basis.
   d. The corporate management center collects domestic and foreign information to respond to unexpected strategic and operational risks, and assist various departments in implementing contingency measures.
   e. The meetings shall discuss various business achievements and possible risk crisis for management and control.
2. Financial risk: The financial department formulates various control systems, evaluates and analyzes changes in the financial market, and reports financial information at monthly meetings, with management and control of potential risks. For example:
   a. The regular meetings for gross margin variance and overdue receivables are held every month.
   b. Meetings were held on an irregular basis to discuss the adoption of new accounting principles, in order to alleviate doubts about the Company's financial report.
3. IT risk: The IT department formulates various control systems, analyze and evaluate the IT security policies, and continue to take responsive measures as follows:
   a. Implement appropriate access authorization and protection based on information confidentiality in order to reduce data exposure.
   b. Continue to introduce advanced IT security solutions to effectively protect, manage and monitor the systems, host and network behavior.
   c. Improve endpoint security protection capabilities to reduce end-user risks.
   d. Organize education and training on an irregular basis to promote new knowledge and increase employee awareness of IT security.
   e. Carry out disaster recovery drills for major systems (such as ERP Database) on a regular basis, so that operations can be quickly restored and ensure continued company operations when a disaster occurs.
4. The audit unit continuously review the aforementioned risk management and control status via risk assessment.

Eight. Special Disclosure

I. Information related to the Company's affiliates

(I) Consolidated Business Report of affiliate companies

1. Organizational Chart of affiliate companies as of December 31, 2023



2. Basic Information of affiliate companies

March 31, 2024

Investment company	Date of incorporation	Address	Paid-in Capital	Main business items
Hoyang Investment Co., Ltd.	2011.04.12	Taiwan	NT$500,000 thousand	Investment
FAITH ENTERPRISES LTD.	1998.10.19	SAMOA	USD$6,247 thousand	Investment and trading
Guangzhou Goldway Special Metal Co., Ltd.	1998.11.12	Guangzhou, China	RMB$24,856 thousand	Production and sales of alloy steel
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	2013.05.28	Zhejiang, China	RMB$22,124 thousand	Production and sales of alloy steel
Tianjin Goldway Special Metal Co., Ltd.	2014.07.15	Tianjin, China	RMB$26,719 thousand	Production and sales of alloy steel
Xian Goldway Special Metal Corp. Ltd.	2012.10.16	Xi′an, China	RMB$12,660 thousand	Production and sales of alloy steel
Golden Win Steel Industrial Corp.	1996.09.12	Taiwan	NT$405,976 thousand	Rolling, processing and trading of special steel, carbon steel, superalloy materials
RAINBOW SHINES LIMITED	2014.02.09	SAMOA	NT$94,308 thousand	Investment and trading
Golden Win Steel Industrial Corp. (Vietnam)	2014.10.15	Vietnam	VND$48,151,100 thousand	Production and sales of alloy steel
ALLOY TOOL STEEL.INC	1974.05.21	USA	USD$1,800 thousand	Production and sales of alloy steel
All Win Enterprises Ltd.	2011.02.21	Seychelles	NT$297,313 thousand	Investment and trading
G-Yao Enterprises Ltd.	2011.02.24	Mauritius	NT$297,313 thousand	Investment and trading
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	2011.04.15	Zhejiang, China	RMB$63,926thousand	Sales of special steel and alloy steel, manufacturing and trading of steel materials
Rong Yang Investment Corp.	2021.10.22	Taiwan	NT$50,000 thousand	Investment
GLORIA MATERIAL TECHNOLOGY JAPAN	2021.12.20	Japan	JPY 69,000 thousand	Production and sales of alloy steel

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

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

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

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

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

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

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

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

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

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

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

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

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

March 31, 2024

Company Name	Title	Name or representative	Shares owned	
			Shares	Shareholding %
Hoyang Investment Co., Ltd.	Chairman	Representative of Gloria Material Technology Corp.: Chiung-Fen Wang	24,385,660	48.77%
	Director	Representative of Gloria Material Technology Corp.: Cheng-Hsiang Chen	24,385,660	48.77%
	Director	Golden Win Steel Industrial Corp.	12,947,170	25.89%
	Supervisor	Representative of S-Tech Corp.: Yu-Chen Li	9,047,170	18.09%
FAITH ENTERPRISES LTD.	Chairman	Representative of Gloria Material Technology Corp.: Chiung-Fen Wang	6,000,000	96.05%
Guangzhou Goldway Special Metal Co., Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD2,837 thousand HKD700 thousand	100%
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD3,000 thousand	100%
Tianjin Goldway Special Metal Co., Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD3,300 thousand	100%
Xian Goldway Special Metal Corp. Ltd.	Chairman	Representative of Faith Enterprises Ltd.: Chiung-Fen Wang	USD2,000 thousand	100%
Golden Win Steel Industrial Corp.	Chairman	Hui-Chang Shao	6,223,161	15.33%
	Director	Representative of Gloria Material Technology Corp.: Yung-Chang Kang	18,726,481	46.13%
	Director	Chien-Chung Huang	52,000	0.13%
	Supervisor	Chi-Chih Chen	379,193	0.93%

Company Name	Title	Name or representative	Shares owned	
			Shares	Shareholding %
RAINBOW SHINES LIMITED	Chairman	Representative of Golden Win Steel Industrial Corp.: Hui-Chang Shao	3,122,222	96.90%
Golden Win Steel Industrial Corp. (Vietnam)	Chairman	Representative of Rainbow Shines Limited: Hsin-Shih Chen	USD3,000 thousand	100%
	Manager	Hui-Chang Shao	0	0%
	Supervisor	Chien-Chung Huang	0	0%
ALLOY TOOL STEEL.INC	Chairman	Chiung-Fen Wang	0	0%
	Supervisor	Representative of S-Tech Corp.: Yu-Chen Li	0	0%
	Manager	Li-Ling Chen	0	0%
All Win Enterprises Ltd.	Chairman	Gloria Material Technology Corp. Representative: Chiung-Fen Wang	USD10,000 thousand	100%
G-Yao Enterprises Ltd.	Chairman	Representative of All Win Enterprises Ltd.: Chiung-Fen Wang	USD10,000 thousand	100%
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	Chairman	Representative of G-Yao Enterprises Ltd.: Chiung-Fen Wang	USD10,000 thousand	100%
Rong Yang Investment Corp.	Chairman	Gloria Material Technology Corp. Representative: Chiung-Fen Wang	5,000,000	100%
GLORIA MATERIAL TECHNOLOGY JAPAN	Chairman	Gloria Material Technology Corp. Representative: Chiung-Fen Wang	1,380	100%

6. Operation status of affiliate companies

December 31, 2023
Unit: NT$ thousand except for EPS amounts

Investment company	Paid-in Capital	Asset	Liabilities	Net worth	Operating revenue	Operating Income	Current income	Earnings per share
Hoyang Investment Co., Ltd.	500,000	952,909	1,006	951,903	0	-6,195	16,497	0.47
FAITH ENTERPRISES LTD.	191,805	796,877	2,607	794,270	0	-4,693	105,031	NA
Guangzhou Goldway Special Metal Co., Ltd.	107,756	234,139	36,049	198,091	282,411	-679	82,874	NA
Zhejiang Jiaxing Goldway Special Metal Co., Ltd.	95,914	164,172	21,447	142,725	392,877	23,229	16,675	NA
Tianjin Goldway Special Metal Co., Ltd.	115,833	168,107	14,880	153,227	98,875	-1,610	-1,403	NA
Xian Goldway Special Metal Corp. Ltd.	54,883	273,035	146,580	126,455	226,275	28,462	21,760	NA
Golden Win Steel Industrial Corp.	405,976	1,410,220	286,874	1,123,346	1,082,592	59,154	104,117	2.56
RAINBOW SHINES LIMITED	94,308	85,733	6,174	79,559	0	-2,686	-6,276	NA
Golden Win Steel Industrial Corp. (Vietnam)	94,080	132,947	48,118	84,829	122,704	-1,989	-3,601	NA
ALLOY TOOL STEEL.INC	130,667	361,111	106,879	254,232	573,790	40,820	47,313	11.00
All Win Enterprises Ltd.	297,313	562,261	85,384	476,877	791,315	64,920	96,088	NA
G-Yao Enterprises Ltd.	297,313	335,481	0	335,481	0	-227	29,624	NA
Zhejiang Jiaxing Xiangyang Metal Materials Technology Co., Ltd.	297,313	841,518	508,534	332,984	334,062	22,637	29,830	NA
Rong Yang Investment Corp.	50,000	45,362	100	45,262	0	-137	20	0.00
GLORIA MATERIAL TECHNOLOGY JAPAN	15,852	13,334	639	12,695	0	-3,962	-1,648	-1,681.63

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

(III) Relational Report: None

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

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

March 31, 2024

Company Name	Paid-in Capital	Source	Company shareholding %	Date of Acquisition/ Disposal	Number and amount of shares acquired	Number and amount of shares disposed	Investment gains and losses	GMTC’s number of shares and amount as of the publication date of the annual report	Pledge status	The Company’s endorsements/ guarantees for its subsidiaries	The Company’s loaning of funds to subsidiaries
Golden Win Steel Industrial Corp.	NT$405,976 thousand	Company-owned shares	46.13%	2023	139,000 shares 6,435 thousand	134,000 shares 6,694 thousand	774 thousand	10,000shares NT$497 thousand	None	None	None
				2024	35,000 shares 1,637 thousand	40,000 shares 1,959 thousand	91 thousand				
Hoyang Investment Co., Ltd.	NT$500,000 thousand	Company-owned shares	48.77%	2023	4,116,000 shares 193,057 thousand	270,000 shares 15,425 thousand	8,216 thousand	14,818,044 shares NT$508,545 thousand	None	None	None

Company Name	Paid-in Capital	Source	Company shareholding %	Date of Acquisition/ Disposal	Number and amount of shares acquired	Number and amount of shares disposed	Investment gains and losses	GMTC's number of shares and amount as of the publication date of the annual report	Pledge status	The Company's endorsements/ guarantees for its subsidiaries	The Company's loaning of funds to subsidiaries
				2024	1,455,000 shares 68,620 thousand	-	-				

IV. If any of the situations listed in Article 36, Paragraph 3, Item 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

V. Other matters that require additional description

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

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

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

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

As a capital-intensive industry, the financial ratios in the balance sheet, and the profits and cost control in the income statement have become the special key performance indicators in the steel industry, and in particular the special steel industry. The debt-asset ratio of the Company and its subsidiaries in 2023and 2022 were 49.43% and 55.93%, respectively; the ratio of long-term capital to property, plant and equipment in 2023 and 2022 was 321.10% and 245.10%, respectively. In terms of profitability, the return on assets, return on equity and profit margin before tax were 9.20%, 18.15% and 17.71%, respectively in 2023; and 9.43%, 20.33% and 16.97%, respectively in 2022.

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

Gloria Material Technology Corp.

Chairman: Chiung-Fen Wang

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 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)

	2023		2022	
ASSETS	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)	522,524	2	350,692	1
Total current assets	16,225,849	54	11,977,337	47
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)	125,470	-	161,185	1
Total non-current assets	13,950,656	46	13,281,658	53
TOTAL	$ 30,176,505	100	$ 25,258,995	100
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	182,675	-	108,042	-
Total current liabilities	3,104,625	10	4,897,028	19
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)	502,150	2	535,719	2
Total non-current liabilities	11,810,611	39	9,229,687	37
Total liabilities	14,915,236	49	14,126,715	56
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital				
Ordinary shares	5,395,512	18	4,571,224	18
Capital surplus	4,438,857	15	2,178,236	9
Retained earnings				
Legal reserve	1,116,835	4	914,627	4
Special reserve	43,415	-	103,107	-
Unappropriated earnings	3,986,056	13	3,032,679	12
Total retained earnings	5,146,306	17	4,050,413	16
Other equity	(67,788)	-	(43,415)	-
Treasury shares	(270,930)	(1)	(221,911)	(1)
Total equity attributable to owners of the Company	14,641,957	49	10,534,547	42
NON-CONTROLLING INTERESTS	619,312	2	597,733	2
Total equity	15,261,269	51	11,132,280	44
TOTAL	$ 30,176,505	100	$ 25,258,995	100

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)	(9,880,601)	(73)	(8,409,687)	(68)
GROSS PROFIT	3,644,650	27	3,955,630	32
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	(4,921)	-	912	-
Total operating expenses	(1,270,418)	(9)	(1,540,669)	(12)
PROFIT FROM OPERATIONS	2,374,232	18	2,414,961	20
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	54,821	-	44,794	-
Total non-operating income and expenses	522,012	4	177,560	1
PROFIT BEFORE INCOME TAX	2,896,244	22	2,592,521	21
INCOME TAX EXPENSE (Note 24)	(500,993)	(4)	(494,506)	(4)
NET PROFIT FOR THE YEAR	2,395,251	18	2,098,015	17

(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	$ 2,393,000	18	$ 2,115,412	17
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 2,339,563	17	$ 2,018,769	16
Non-controlling interests	55,688	1	79,246	1
	$ 2,395,251	18	$ 2,098,015	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 2,321,174	17	$ 2,048,066	17
Non-controlling interests	71,826	1	67,346	-
	$ 2,393,000	18	$ 2,115,412	17
EARNINGS PER SHARE (Note 25)				
Basic	$4.66		$4.52	
Diluted	$4.18		$4.22	

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																
		Capital Surplus							Retained Earnings			Other Equity					
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets	Employee Share Options	Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interests in Subsidiaries	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 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	2,018,821	1,697,191
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	33,999	188,169
Net cash used in investing activities	(661,974)	(616,238)
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	92,160	-
Net cash generated from financing activities	2,658,712	167,808
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(45,231)	33,851
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,970,328	1,282,612
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,508,593	1,225,981
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 6,478,921	$ 2,508,593

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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.

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

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

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

n. Leasing

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax 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	1,703,665	588,082
	$ 6,478,921	$ 2,508,593

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
Financial assets at FVTPL - current		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 7,091	$ 52,879
Mutual funds	31,955	-
	$ 39,046	$ 52,879

(Continued)

	December 31	
	2023	2022
Financial assets at FVTPL - non-current		
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 394,587	$ -
Film investment agreements	5,000	-
	$ 399,587	$ -

(Concluded)

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

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

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
Notes receivable		
At amortized cost		
Gross carrying amount	$ 167,995	$ 229,579
Less: Allowance for impairment loss	(1,882)	(2,247)
	$ 166,113	$ 227,332

(Continued)

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

(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	50,207	34,525
	$ 1,482,412	$ 1,510,875

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	(518)	540
Balance at December 31	$ 26,041	$ 21,286

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	2,951	-
	$ 954,757	$ 826,879

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	-	-
Balance at December 31	$ -	$ -

Notes Receivable

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

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

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	(13)	12
Balance at December 31	$ 1,882	$ 2,247

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	446,395	592,721
	6,594,905	6,538,291
Less: Amounts written off	(80,293)	(120,270)
	$ 6,514,612	$ 6,418,021

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	103,391	39,517
	$ 9,880,601	$ 8,409,687

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2023	2022	Remark
The Company	Faith Easy Enterprises Ltd.	General investment and trading	96	96	-
The Company	Golden Win Steel Industrial Corp.	Processing and trading of special steel, carbon steel, super alloy material rollers	46	46	*
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	$ 361,966	$ 380,361

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	2,950	8,998
Total comprehensive income for the year	$ 57,771	$ 53,792

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Carrying amount		
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	1,428,943	1,073,812
	$ 8,420,471	$ 8,307,632

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
Cost								
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	$ 2,732,369	$ 3,419,188	$ 9,854,944	$ 349,973	$ 140,246	$ 320,299	$ 1,428,943	$ 18,245,962
Accumulated depreciation								
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	$ -	$ 1,735,336	$ 7,496,654	$ 297,432	$ 132,042	$ 164,027	$ -	$ 9,825,491
Carrying amount at December 31, 2023	$ 2,732,369	$ 1,683,852	$ 2,358,290	$ 52.541	$ 8,204	$ 156,272	$ 1,428,943	$ 8,420,471
Cost								
Balance at January 1, 2022	$ 2,799,964	$ 3,709,275	$ 11,345,541	$ 320,721	$ 189,868	$ 180,637	$ 831,164	$ 19,377,170
Additions	-	4,342	189,161	14,593	809	65,626	337,361	611,892
Disposals	-	(305)	(99,292)	(3,421)	(46,866)	(15,961)	-	(165,845)
Reclassified	(67,595)	(251,771)	(93,160)	(1)	-	90,142	(94,790)	(417,175)
Disposal of subsidiaries	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	6,617	2,226	392	369	1,133	77	10,814
Balance at December 31, 2022	$ 2,732,369	$ 3,468,158	$ 11,344,476	$ 332,284	$ 144,180	$ 321,577	$ 1,073,812	$ 19,416,856
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 1,668,145	$ 8,620,302	$ 283,785	$ 176,229	$ 158,726	$ -	$ 10,907,187
Additions	-	73,168	300,974	10,656	3,515	13,599	-	401,912
Disposals	-	(305)	(98,347)	(3,421)	(46,866)	(15,626)	-	(164,565)
Reclassified	-	(43,744)	-	10	-	(10)	-	(43,744)
Disposal of subsidiaries	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	2,296	4,855	161	12	1,110	-	8,434
Balance at December 31, 2022	$ -	$ 1,699,560	$ 8,827,784	$ 291,191	$ 132,890	$ 157,799	$ -	$ 11,109,224
Carrying amount at December 31, 2022	$ 2,732,369	$ 1,768,598	$ 2,516,692	$ 41,093	$ 11,290	$ 163,778	$ 1,073,812	$ 8,307,632

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
Carrying amount		
Land	$ 101,522	$ 110,688
Buildings	29,977	13,160
Transportation equipment	9,525	1,357
	$ 141,024	$ 125,205

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 38,899	$ 5,099
Depreciation charge for right-of-use assets		
Land	$ 3,994	$ 4,478
Buildings	11,572	4,434
Transportation equipment	2,732	1,325
	$ 18,298	$ 10,237

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
Carrying amount		
Current	$ 16,855	$ 6,687
Non-current	$ 54,334	$ 39,931

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	$ 3,792	$ 3,278
Total cash outflow for leases	$ (19,067)	$ (14,508)

The Group's leases of certain assets qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 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	$ 189,518	$ 382,270	$ 571,788
Accumulated depreciation and impairment			
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	$ -	$ 171,593	$ 171,593
Carrying amount at December 31, 2023	$ 189,518	$ 210,677	$ 400,195

(Continued)

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

(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	$ 1,464,213	$ 1,681,139

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	22,597	10,270
	$ 647,994	$ 511,877

(Continued)

	December 31	
	2023	2022
Current	$ 522,524	$ 350,692
Non-current	125,470	161,185
	$ 647,994	$ 511,877

(Concluded)

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings (Note 30)		
Bank loans	$ 94,787	$ 103,762
Unsecured borrowings		
Letters of credit	9,409	26,051
Line of credit borrowings	1,059,745	1,457,156
	$ 1,163,941	$ 1,586,969
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	-	-
	$ 5,000	$ 40,000

December 31, 2023

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

December 31, 2022

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

c. Current portion of long-term borrowing

	December 31 2023	December 31 2022
Current portion of long-term borrowing	$ 13,350	$ 1,211,877

d. Long-term borrowings

	December 31 2023	December 31 2022
Secured borrowings (Note 30)		
Bank loans	$ 4,835,755	$ 5,246,778
Less: Current portion	(13,350)	(1,211,877)
Long-term borrowings	$ 4,822,405	$ 4,034,901
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)

	1,435,684	1,423,190
Unsecured domestic convertible bonds	5,075,398	3,031,928
Less: Discount on bonds payable	(259,265)	(118,075)
	4,816,133	2,913,853
	$ 6,251,817	$ 4,337,043

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)	(114,739)
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	2,909,982
Interest calculated at an effective rate of 1.5258%	16,634
Convertible bonds converted into ordinary shares	(12,763)
Liability components as of December 31, 2022	2,913,853
Interest calculated at an effective rate of 1.5258%	13,669
Convertible bonds converted into ordinary shares	(2,926,234)
Redeemed convertible bonds	(1,288)
Liability components as of December 31, 2023	$ -

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)	(244,291)
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	(96)
Liability components as of December 31, 2023	$ 4,816,133

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	158,283	154,618
	$ 738,652	$ 730,912

20. OTHER LIABILITIES

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

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	(306,046)	(255,337)
Net defined benefit liability	$ 34,021	$ 133,870

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	$ 399,397	$ (250,641)	$ 148,756
Service cost			
Current service cost	2,102	-	2,102
Net interest expense (income)	2,743	(1,728)	1,015
Recognized in profit or loss	4,845	(1,728)	3,117
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(20,379)	(20,379)
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	(18,132)	-	(18,132)
Actuarial loss - experience adjustments	36,960	-	36,960
Recognized in other comprehensive income	18,829	(20,379)	(1,550)
Contributions from the employer	-	(16,453)	(16,453)
Benefits paid	(33,864)	33,864	-
Balance at December 31, 2022	389,207	(255,337)	133,870
Service cost			
Current service cost	1,642	-	1,642
Past service cost and loss on settlements	16	-	16
Net interest expense (income)	4,774	(3,144)	1,630
Recognized in profit or loss	6,432	(3,144)	3,288
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	(2,327)	-	(2,327)
Recognized in other comprehensive income	(985)	(2,750)	(3,735)
Contributions from the employer	-	(98,067)	(98,067)
Benefits paid	(53,062)	53,062	-
Liabilities extinguished on settlement	(1,525)	190	(1,335)
Balance at December 31, 2023	$ 340,067	$ (306,046)	$ 34,021

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	(404)	(6,329)	(6,733)
Number of shares at December 31, 2023	13,378	-	13,378
Carrying amount of shares at December 31, 2023	$ 270,930	$ -	$ 270,930
Number of shares at January 1, 2022	10,666	6,329	16,995
Increase during the year	1,355	-	1,355
Decrease during the year	(2,494)	-	(2,494)
Number of shares at December 31, 2022	9,527	6,329	15,856
Carrying amount of shares at December 31, 2022	$ 122,176	$ 99,735	$ 221,911

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	31,096	63,242
	$ 127,843	$ 148,871

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	(75,903)	(49,658)
	$ 194,285	$ 171,111

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	(114,009)	(101,204)
	$ 495,525	$ 148,852

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	65,841	69,515
	$ 477,689	$ 426,836
An analysis of amortization by function		
Operating costs	$ 366	$ 252
Operating expenses	605	460
	$ 971	$ 712

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	1,367,788	1,236,954
	$ 1,416,057	$ 1,280,873
An analysis by function		
Operating costs	$ 966,675	$ 859,366
Operating expenses	449,382	421,507
	$ 1,416,057	$ 1,280,873

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	(29,773)	(10,237)
	492,974	479,732
Deferred tax		
In respect of the current period	8,019	14,774
Income tax expense recognized in profit or loss	$ 500,993	$ 494,506

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	$ 2,896,244	$ 2,592,521
Income tax expense calculated at the statutory rate	$ 579,249	$ 518,504
Nondeductible expenses/(income) in determining taxable income	1,784	(3,001)

	For the Year Ended December 31	
	2023	2022
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	130	(6,465)
Income tax expense recognized in profit or loss	$ 500,993	$ 494,506

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 Compre-hensive 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
	$ 142,243	$ (10,130)	$ (747)	$ 100	$ 52	$ 131,518

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive 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
	$ 148,223	$ (2,111)	$ -	$ (228)	$ -	$ 145,884

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Recognized in Equity	Closing Balance
Temporary differences						
Unrealized foreign exchange loss	$ 908	$ (852)	$ -	$ -	$ -	$ 56

Unrealized gains with subsidiaries	796	(79)	-	-	-	717
Defined benefit obligation	29,500	(2,695)	(310)	-	-	26,495
Payable for annual leave	9,426	547	-	-	-	9,973
Allowance for impairment loss	28,239	2,325	-	-	-	30,564
Property, plant and equipment	35,153	-	-	-	-	35,153
Others	18,700	19,989	-	555	41	39,285
	$ 122,722	$ 19,235	$ (310)	$ 555	$ 41	$ 142,243

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Recognized in Equity	Closing Balance
Temporary differences						
Unrealized foreign exchange gains	$ 1,297	$ 645	$ -	$ -	$ -	$ 1,942
Investment gain on foreign operations	108,208	31,860	-	-	-	140,068
Others	4,709	1,504	-	-	-	6,213
	$ 114,214	$ 34,009	$ -	$ -	$ -	$ 148,223

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)	43,606	13,307
Earnings used in the computation of diluted earnings per share from continuing operations	$ 2,383,169	$ 2,032,076

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	66,985	33,701
Weighted average number of ordinary shares used in the computation of diluted earnings per share	570,773	482,022

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

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

December 31, 2022

	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
Financial liabilities					
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
Financial assets at FVTOCI				
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
Financial assets at FVTPL				
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
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 229,398	$ -	$ -	$ 229,398
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 826,879	$ 826,879
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 52,879	$ -	$ -	$ 52,879

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	179,897	-
Balance at December 31, 2023	$ 399,587	$ 956,212

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	-	-
Balance at December 31, 2022	$ -	$ 828,334

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
Financial assets		
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

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
Non-derivative financial liabilities					
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	262,006	466,182	563,323	11,477,147	-
	$ 824,395	$ 597,854	$ 1,110,051	$ 11,513,876	$ 27,120

Additional information on the maturity analysis for lease liabilities:

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

December 31, 2022

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

Additional information on the maturity analysis for lease liabilities:

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

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	$ 52,323	$ 10,465	$ 41,858	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	$ 126,326	$ 25,265	$ 101,061	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	13,809	260
	$ 289,644	$ 375,245

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	26,435	128,141
	$ 396,776	$ 600,696

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	63,921	15,565
		$ 158,437	$ 696,993
Manufacturing costs	Associate	$ 1,229	$ 14,738
	Related party in substance	76,169	23,275
		$ 77,398	$ 38,013
Non-operating income and expenses	S-Tech Corp.	$ 60,559	$ 59,347
	Associate	-	95
	Related party in substance	14,380	7,060
		$ 74,939	$ 66,502
Other losses	Related party in substance	$ 727	$ -

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	6,819	-
		$ 49,891	$ 81,763
Other receivables	Associate	$ 7,486	$ 8,224
	Related party in substance	1,485	1,115
		$ 8,971	$ 9,339

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties

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

The outstanding of trade receivables from related parties are unsecured.

g. Other assets

Account Item	Related Party Category	December 31 2023	December 31 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	Proceeds For the Year Ended December 31 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 2023	Proceeds For the Year Ended December 31 2022	Gain (Loss) on Disposal For the Year Ended December 31 2023	Gain (Loss) on Disposal For the Year Ended December 31 2022
S-Tech Corp.	$ 340,729	$ -	$ 277	$ -

Related party in substance	97	3,798	18	3,798
	$ 340,826	$ 3,798	$ 295	$ 3,798

j. Lease arrangements

Account Item	Related Party Category	December 31 2023	December 31 2022
Lease liabilities	S-Tech Corp.	$ -	$ -

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Interest expense		
S-Tech Corp.	$ -	$ 125

k. Acquisition of investment property

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

l. Disposals of investment property

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

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.	$ 57,954

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	December 31 2022
Associate	$ -	$ 10,000

o. Remuneration of key management personnel

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

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	December 31 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
Buildings, net	$ 688,594	$ 978,452
Machinery and equipment, net	-	640,730
	$ 2,498,378	$ 4,263,127

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	$ 656	$ 199
EUR	$ 5,875	$ 9,533
JPY	$ 13,463	$ -
CNY	$ -	$ 434

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	$ 2,794,669	$ 2,239,587
EUR	$ 46,311	$ 9,507
USD	$ 2,728	$ 6,959
JPY	$ -	$ 193,700
CNY	$ 145,773	$ 83,851
VND	$ -	$ 1,582,038
CHF	$ 95	$ 272

Payment paid as commitment progress

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

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
Financial assets			
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
Financial liabilities			
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
Financial assets			
Monetary items			
USD	$ 47,857	30.710 (USD:NTD)	$ 1,469,679
USD	3,289	6.9669 (USD:CNY)	100,992
USD	21	25,380 (USD:VND)	650
EUR	10,320	32.720 (EUR:NTD)	337,658
AUD	1,175	20.830 (AUD:NTD)	24,467
GBP	5,474	37.090 (GBP:NTD)	203,047
JPY	41,039	0.2324 (JPY:NTD)	9,537
CNY	41,718	4.4080 (CNY:NTD)	183,893
Financial liabilities			
Monetary items			
USD	38,934	30.710 (USD:NTD)	1,195,653
USD	3,279	6.9669 (USD:CNY)	100,683
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			
	2023		2022	
Foreign Currency	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)	-
		$ 76,622		$ 96,452

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 For the Year Ended December 31		Operating Segment Income For the Year Ended 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	1,699,167	1,667,759	117,856	101,004
Continuing operations amounts	16,344,025	15,732,574	2,342,638	2,404,943
Less: Eliminations	(2,818,774)	(3,367,257)	31,594	10,018
Revenue/income from external customers	$ 13,525,251	$ 12,365,317	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			54,821	44,794

Profit from operations	$ 2,896,244	$ 2,592,521

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	651,259	386,278
	$ 13,525,251	$ 12,365,317

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	6,270,670	4,771,338	28,236	21,474
	$ 13,525,251	$ 12,365,317	$ 12,787,712	$ 12,541,589

Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets.

d. Information on major customers

The Group does not have income from a single customer that accounts for more than 10% of the income of the consolidated income statement.

TABLE 1

GLORIA MATERIAL TECHNOLOGY CORP.

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	-	-	-			N	N	N	
						$ 604,609	$ 89,229		4	$ 5,395,512 (Note 3)				

Note 1: The numbers denote the following:

a. 0 represents the issuer
b. Investees are numbered starting from 1

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is categorized as follows:

a. Business partner.
b. A subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.
c. An investee over which the Company and its subsidiary have a combined shareholding of more than fifty percent (50%).
d. A parent company that directly or indirectly through its subsidiary owns more than fifty percent (50%) of the investee.
e. Guaranteed by the Company according to the construction contract.
f. An investee company of which the guarantees were provided based on the Company' s proportionate share in the investee company.

Note 3: The limit on endorsements/guarantees is calculated as follows:

a. The limit on endorsements or guarantees provided for each borrower is NT$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.

GLORIA MATERIAL TECHNOLOGY CORP.

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	
	Ordinary shares							
Gloria Material Technology Corp.	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	
	Ensure Global Corp., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	127,050	3	127,050	

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities that fall within the scope in accordance with IFRS 9 "Financial Instruments."

Note 2: If the securities issuer is not a related party, the column is left blank.

Note 3: For securities measured at fair value, the carrying amount after fair value adjustments and deduction of accumulated impairment is indicated. For securities not measured at fair value, the carrying amount indicated is the original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: For information on investments in subsidiaries, please see Tables 5 and 6.

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 Company'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.

GLORIA MATERIAL TECHNOLOGY CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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	No significant difference	No significant difference	$ 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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	45,190	79	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	275,671	2	Net 30-60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	43,072	2	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Purchase	312,656	3	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	21,012	5	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the remarks column.

TABLE 5

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION ON INVESTEES
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
	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

Note 1: If the public company has a foreign holding company and uses financial statements as its main financial statements in accordance with local laws and regulations, the Company may only disclose relevant information of the holding company.

Note 2: For companies that do not belong to the type as described in Note 1, the information is disclosed as follows:

a. The columns of investee company, location, main businesses and products, original investment amount and number of shares are filled out in order of the reinvestment situation of the public company and the reinvestment situation of each investee company that is directly or indirectly controlled. In the remarks column, the relationship between each investee and the public company (subsidiary/second-tier subsidiary) is disclosed.

b. The profit or loss of the investee company is disclosed in the column of net income (loss) of the investee.

c. The Company is only required to list the amount of profit or loss of each of subsidiary that the Company has directly invested in and each investee that is accounted for using the equity method. The rest of the information is exempt from disclosure.

Note 3: For information on investments in mainland China, please see Table 6.

TABLE 6

GLORIA MATERIAL TECHNOLOGY CORP.

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 CoLtd.	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	332,984	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 consolidated net asset value of the Company: $15,261,269 × 60% = $9,156,761.

Note 4: Amount represents the retained earnings received by Faith Easy Enterprises Ltd. from Guangzhou Goldway Special Material Co., Ltd., that was transferred to the share capital of Zhejiang Jiaxing Goldway Special Material Co., Ltd.

Note 5: Amount represents the retained earnings of Faith Easy Enterprises Ltd. transferred to the share capital of Xian Goldway Special Material Co., Ltd.

(Concluded)

TABLE 7

GLORIA MATERIAL TECHNOLOGY CORP.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 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	178,097	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.

Note 2: For information of the Company’s endorsements and guarantees provided for the above companies, refer to Table 1.

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.

INDEPENDENT AUDITORS’ REPORT

The Board of Directors and Shareholders
Gloria Material Technology Corp.

Opinion

We have audited the accompanying financial statements of Gloria Material Technology Corp. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company’ s financial statements for the year ended December 31, 2023 is as follows:

Occurrence of Sales Revenue

The sales revenue of the Company mainly comes from the production and sale of special steel products such as high-functional materials, alloy steel and stainless steel. The products are utilized in various industries such as energy, aerospace, oil and gas, water, biomedicine, machine tools, molds and shipping. The revenue coming from products for specific industries is material to the financial statements as a whole and is significant to the Company’ s business performance. Since sales to specific industries 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 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 1.3% and 1.2%, of the Company’ s total assets as of December 31, 2023 and 2022, respectively, and the amount of the Company’ s total share of comprehensive income of such associates was NT$57,771 thousand and NT$40,153 thousand, representing 2.3% and 2.0%, of the Company’ s total comprehensive income for the year ended December 31, 2023 and 2022, respectively.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

GLORIA MATERIAL TECHNOLOGY CORP.

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 5,374,279	19	$ 1,949,371	8
Financial assets at fair value through profit or loss - current (Note 7)	17,202	-	52,879	-
Notes receivable (Note 9)	28,997	-	49,546	-
Trade receivables (Notes 9 and 27)	2,066,087	7	1,847,206	8
Other receivables (Note 27)	86,982	-	102,444	1
Inventories (Note 10)	5,395,650	19	5,189,508	22
Other current assets (Notes 15, 27 and 28)	488,431	2	50,645	-
Total current assets	13,457,628	47	9,241,599	39
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)	8,151	-	18,571	-
Investments accounted for using the equity method (Note 11)	2,432,826	9	2,303,709	10
Property, plant and equipment (Notes 12 and 28)	8,058,454	28	7,897,662	33
Right-of-use assets (Notes 13 and 27)	37,531	-	30,885	-
Investment properties (Notes 14 and 28)	400,195	1	613,930	3
Deferred tax assets (Note 22)	115,533	-	124,481	-
Prepayments for equipment (Note 27)	3,700,552	13	3,318,830	14
Other non-current assets (Notes 15 and 28)	128,152	1	177,528	1
Total non-current assets	15,280,981	53	14,485,596	61
TOTAL	$ 28,738,609	100	$ 23,727,195	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 950,628	3	$ 1,310,481	5
Short-term bills payable (Note 16)	-	-	20,000	-
Notes payable	283	-	391	-
Trade payables (Note 27)	434,212	2	702,399	3
Other payables (Notes 18 and 27)	697,972	2	662,589	3
Current tax liabilities	465,155	2	425,765	2
Lease liabilities - current (Notes 13 and 27)	4,475	-	1,430	-
Current portion of long-term bank borrowings (Notes 16 and 28)	13,350	-	1,211,877	5
Other current liabilities	223,670	1	133,889	1
Total current liabilities	2,789,745	10	4,468,821	19
NON-CURRENT LIABILITIES				
Bonds payable (Notes 17 and 28)	6,251,817	22	4,337,043	18
Long-term borrowings (Notes 16 and 28)	4,822,405	17	4,034,901	17
Deferred tax liabilities (Note 22)	142,712	-	137,652	1
Lease liabilities - non-current (Notes 13 and 27)	34,467	-	30,616	-
Net defined benefit liabilities - non-current (Note 19)	20,405	-	121,082	1
Other non-current liabilities	35,101	-	62,533	-
Total non-current liabilities	11,306,907	39	8,723,827	37
Total liabilities	14,096,652	49	13,192,648	56
EQUITY (Note 20)				
Share capital				
Ordinary shares	5,395,512	19	4,571,224	19
Capital surplus	4,438,857	15	2,178,236	9
Retained earnings				
Legal reserve	1,116,835	4	914,627	4
Special reserve	43,415	-	103,107	-
Unappropriated earnings	3,986,056	14	3,032,679	13
Total retained earnings	5,146,306	18	4,050,413	17
Other equity	(67,788)	-	(43,415)	-
Treasury shares	(270,930)	(1)	(221,911)	(1)
Total equity	14,641,957	51	10,534,547	44
TOTAL	$ 28,738,609	100	$ 23,727,195	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 29, 2024)

GLORIA MATERIAL TECHNOLOGY CORP..

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 27)	$ 12,439,123	100	$ 11,265,158	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 21 and 27)	(9,338,104)	(75)	(7,969,055)	(71)
GROSS PROFIT	3,101,019	25	3,296,103	29
UNREALIZED GROSS PROFIT ON TRANSACTIONS WITH SUBSIDIARIES	(57,140)	(1)	(91,031)	(1)
REALIZED GROSS PROFIT ON TRANSACTIONS WITH SUBSIDIARIES	91,031	1	78,075	1
REALIZED GROSS PROFIT	3,134,910	25	3,283,147	29
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	(567,127)	(5)	(887,418)	(8)
General and administrative expenses	(419,420)	(3)	(339,388)	(3)
Research and development expenses	(26,296)	-	(39,940)	-
Expected credit loss reversed (recognized)	1,516	-	(1,615)	-
Total operating expenses	(1,011,327)	(8)	(1,268,361)	(11)
PROFIT FROM OPERATIONS	2,123,583	17	2,014,786	18
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Other income	119,066	1	107,941	1
Other gains and losses	341,171	3	152,317	1
Finance costs	(186,399)	(2)	(160,958)	(1)
Interest income	28,711	-	3,743	-
Share of profit of subsidiaries and associates	340,858	3	313,439	3
Total non-operating income and expenses	643,407	5	416,482	4
PROFIT BEFORE INCOME TAX	2,766,990	22	2,431,268	22
INCOME TAX EXPENSE (Note 22)	(427,427)	(3)	(412,499)	(4)
NET PROFIT FOR THE YEAR	2,339,563	19	2,018,769	18

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP.

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				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	$ 3,845	-	$ 876	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	3,051	-	(2,110)	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method - unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	11,635	-	(8,063)	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method - remeasurement of defined benefit plans	(41)	-	394	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	(769)	-	(175)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	(36,110)	-	38,375	-
Other comprehensive (loss)/income for the year, net of income tax	(18,389)	-	29,297	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,321,174	19	$ 2,048,066	18
EARNINGS PER SHARE (Note 23)				
Basic	$ 4.66		$ 4.52	
Diluted	$ 4.18		$ 4.22	

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 29, 2024)

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

GLORIA MATERIAL TECHNOLOGY CORP.

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

		Capital Surplus							Retained Earnings			Other Equity			
	Ordinary Shares	Additional Paid-in Capital	Additional Paid-in Capital - Bond Conversion	Treasury Share Transactions	Donated Assets	Employee Share Options	Adjustment from Changes in Equity of Subsidiaries and Associates	Changes in Ownership Interests in Subsidiaries	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 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
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)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	2,018,769	-	-	-	2,018,769
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	-	1,095	38,375	(10,173)	-	29,297
Conversion of corporate bonds to ordinary shares	3,864	-	9,400	-	-	(501)	-	-	-	-	-	-	-	-	12,763
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)
Disposal of the Company's shares held by subsidiaries	-	-	-	7,812	-	-	-	-	-	-	-	-	-	27,014	34,826
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	6,905	-	-	-	-	-	-	-	-	-	-	6,905
Equity component of convertible bonds issued by the Company	-	-	-	-	-	114,739	-	-	-	-	-	-	-	-	114,739
Adjustment from changes in equity of subsidiaries and associates	-	-	-	-	-	-	12,819	-	-	-	-	-	-	-	12,819
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	2,222	-	(2,222)	-	-
BALANCE AT DECEMBER 31, 2022	4,571,224	216,649	1,472,057	324,559	3,502	119,163	13,613	28,693	914,627	103,107	3,032,679	(7,557)	(35,858)	(221,911)	10,534,547
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)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	2,339,563	-	-	-	2,339,563
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	3,035	(36,110)	14,686	-	(18,389)
Conversion of corporate bonds to ordinary shares	887,578	-	2,152,945	-	-	(114,193)	-	-	-	-	-	-	-	-	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)
Disposal of the Company's shares held by subsidiaries	-	-	-	5,260	-	-	-	-	-	-	-	-	-	7,032	12,292
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	-	13,081	-	-	-	-	-	-	-	-	-	-	13,081
Disposal of investments accounted for using the equity method	-	-	-	-	-	-	(4,074)	-	-	-	727	-	(727)	-	(4,074)
Differences between the consideration and the carrying amount of the subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	(10,562)	-	-	-	(10,562)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	(194)	-	-	-	-	-	(37,065)	(37,259)
Equity component of convertible bonds issued by the Company	-	-	-	-	-	244,241	-	-	-	-	-	-	-	-	244,241
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	2,222	-	(2,222)	-	-
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

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

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

GLORIA MATERIAL TECHNOLOGY CORP.
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	$ 2,766,990	$ 2,431,268
Adjustments for:		
Depreciation expense	435,010	390,555
Amortization expense	925	579
Expected credit loss (reversed) recognized on trade receivables	(1,516)	1,615
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(251,282)	14,556
Finance costs	186,399	160,958
Interest income	(28,711)	(3,743)
Dividend income	(573)	(1,220)
Share of profit of subsidiaries and associates	(340,858)	(313,439)
Loss/(gain) on disposal of property, plant and equipment	2,985	(5,796)
Expenses arising from property, plant and equipment	131,976	82,617
Gain on disposal of investments accounted for using equity method	(139,746)	(160,573)
Write-down of inventories	94,940	23,589
Unrealized gain on transactions with subsidiaries	57,140	91,031
Realized gain on transactions with subsidiaries	(91,031)	(78,075)
Net loss on foreign currency exchange	48,369	84,011
Others	(38)	(719)
Changes in operating assets and liabilities		
Notes receivable	20,716	(8,034)
Trade receivables	(264,444)	(405,232)
Other receivables	15,462	93,446
Inventory	(301,082)	(876,105)
Other current assets	(94,880)	6,890
Notes payable	(108)	204
Trade payables	(266,880)	105,740
Other payables	(24,214)	144,904
Other current liabilities	89,781	79,161
Net defined benefit liabilities	(96,832)	(13,961)
Cash generated from operations	1,948,498	1,844,227
Interest received	28,711	3,743
Dividends received	70,886	110,450
Interest paid	(106,643)	(118,103)
Income tax paid	(374,746)	(51,284)
Net cash generated from operating activities	1,566,706	1,789,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(176)	(3,547)
Proceeds from sale of financial assets at fair value through other comprehensive income	13,647	1,486
Purchase of financial assets at amortized cost	(342,906)	-

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from sale of financial assets at amortized cost	$ -	$ 37,452
Purchase of financial assets at fair value through profit or loss	(184,897)	-
Proceeds from sale of financial assets at fair value through profit or loss	72,269	5,063
Acquisition of associates	(97,898)	(51,964)
Proceeds from disposal of associates	251,180	349,427
Proceeds from capital reduction of investments accounted for using equity method	248,560	-
Payments for property, plant and equipment	(1,397,203)	(912,355)
Proceeds from disposal of property, plant and equipment	355,110	5,908
Payments for investment properties	(2,095)	-
Proceeds from disposal of investment properties	207,438	-
Decrease in other non-current assets	48,449	155,845
Net cash used in investing activities	(828,522)	(412,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	23,613
Repayments of short-term borrowings	(362,615)	-
Repayments of short-term bills payable	(20,000)	(250,000)
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)
Repayments of principal portion of lease liabilities	(3,521)	(6,474)
Decrease in other non-current liabilities	(25,554)	(88)
Dividends paid to owners of the Company	(1,239,092)	(630,570)
Acquisition of additional interests in subsidiaries	(258,414)	(74,182)
Net cash generated from (used in) financing activities	2,686,724	(249,437)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,424,908	1,126,911
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,949,371	822,460
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,374,279	$ 1,949,371

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche auditors' report dated February 29, 2024)

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP.

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "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 Company's accounting policies.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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 financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates and branches in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

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

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

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

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

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

k. Financial instruments

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

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

   1) Financial assets

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

      a) Measurement categories

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

         i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in debt instruments at FVTOCI

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

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

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

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and contract assets.

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

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

l. Provisions

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

m. Revenue recognition

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

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

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

n. Leasing

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs or when the settlement occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used 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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, if revisions to accounting estimates affect only the current period, they will be recognized in the period of the revision. If revisions affect both current and future periods, they will be recognized in the period of the 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	$ 370	$ 355
Checking accounts and demand deposits	2,170,244	1,260,934
Cash equivalents		
Time deposits	1,500,000	100,000
Repurchase agreements collateralized by bills	1,703,665	588,082
	$ 5,374,279	$ 1,949,371

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
Financial assets at FVTPL - current		
Financial assets at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 7,091	$ 52,879
Mutual funds	10,111	-
	$ 17,202	$ 52,879
Financial assets at FVTPL - non-current		
Financial assets at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 394,587	$ -
Film investment agreements	5,000	-
	$ 399,587	$ -

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

	December 31	
	2023	2022
Non-current		
Domestic investments		
Listed shares	$ 6,696	$ 17,116
Unlisted shares	1,455	1,455
	$ 8,151	$ 18,571

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 29,290	$ 50,046
Less: Allowance for impairment loss	(293)	(500)
	$ 28,997	$ 49,546
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,113,605	$ 1,023,911
Less: Allowance for impairment loss	(2,275)	(3,584)
	1,111,330	1,020,327
At FVTOCI	954,757	826,879
	$ 2,066,087	$ 1,847,206

Trade Receivables

a. At amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated 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 and industry outlook. The not past due trade receivables were provided with an allowance of 0% to 0.1% and 0% to 0.1% and past due trade receivables were provided with an allowance of 0.1% to 100% and 0.1% to 100%, as of December 31, 2023 and 2022, respectively.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's aging analysis:

	December 31	
	2023	2022
Not past due	$ 910,083	$ 901,581
Past due		
Past due within 60 days	194,741	114,782
Past due 61-120 days	-	3,934
Past due over 120 days	8,781	3,614
	$ 1,113,605	$ 1,023,911

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

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, at January 1	$ 3,584	$ 2,078
Add: Net remeasurement of loss allowance	-	1,535
Less: Net remeasurement of loss allowance	(1,309)	-
Less: Amounts written off	-	(29)
Balance, at December 31	$ 2,275	$ 3,584

b. At FVTOCI

The Company signed a contract with a bank to sell certain accounts receivable without recourse and transaction costs. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of trade receivables based on the Company's aging analysis:

	December 31	
	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	2,951	-
	$ 954,757	$ 826,879

The movements of the loss allowance of trade receivables at FVTOCI were as follows:

	December 31	
	2023	2022
Balance, at January 1	$ -	$ -
Add: Recognition	-	-
Less: Reversal	-	-
Balance, at December 31	$ -	$ -

Notes Receivable

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

	December 31	
	2023	2022
Not past due	$ 7,532	$ 16,293
Past due	21,758	33,753
	$ 29,290	$ 50,046

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	$ 500	$ 420
Add: Recognition	-	80
Less: Reversal	(207)	-
Balance, at December 31	$ 293	$ 500

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 1,547,622	$ 1,066,605
Supplies	461,040	177,506
Work in progress	2,062,633	2,294,155
Finished goods	985,204	1,148,642
Merchandise	7	7
Inventory in transit	339,144	502,593
	$ 5,395,650	$ 5,189,508

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

	December 31	
	2023	2022
Cost of inventories sold	$ 9,189,638	$ 7,897,565
Unamortized manufacturing expense	53,526	47,901
Inventory write-downs	94,940	23,589
	$ 9,338,104	$ 7,969,055

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 2,070,860	$ 1,968,623
Investments in associates	361,966	335,086
	$ 2,432,826	$ 2,303,709

a. Investments in subsidiaries

	December 31	
	2023	2022
Unlisted companies		
Faith Easy Enterprises Ltd.	$ 754,353	$ 669,381
Golden Win Steel Industrial Corp.	472,342	449,218
Alloy Tool Steel Inc.	242,227	184,132
Ho Yang Investment Corp.	93,338	(1,878)
All Win Enterprises Ltd.	450,643	619,298
Rong Yang Investment Corp.	45,262	45,242
Gloria Material Technology Japan Co., Ltd.	12,695	1,352
	2,070,860	1,966,745
Add: Credit balance of investments accounted for using the equity method	-	1,878
	$ 2,070,860	$ 1,968,623

The share of comprehensive income of subsidiaries and associates is recognized using the financial statements audited by the accountants for the years ended December 31, 2023 and 2022.

Refer to Note 33 for details of the subsidiaries indirectly held by the Company.

b. Investments in associates

Aggregate information of associates that are not individually material

	December 31	
	2023	2022
The Company's share of:		
Profit for the year	$ 54,821	$ 39,609
Other comprehensive income	2,950	8,998
Total comprehensive income for the year	$ 57,771	$ 48,607

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Carrying amount		
Land	$ 2,654,422	$ 2,654,422
Buildings	1,460,726	1,511,455
Equipment	2,322,489	2,471,033
Transportation equipment	49,202	36,755
Machinery	1,669	2,430
Other equipment	145,932	152,769
Construction in progress	1,424,014	1,068,798
	$ 8,058,454	$ 7,897,662

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2022	$ 2,722,017	$ 3,269,317	$ 10,805,233	$ 302,592	$ 159,249	$ 122,364	$ 826,227	$ 18,206,999
Additions	-	4,342	183,228	13,883	809	64,286	337,361	603,909
Disposals	-	(305)	(95,478)	(3,232)	(46,866)	(13,390)	-	(159,271)
Reclassified	(67,595)	(251,771)	(98,342)	-	-	90,141	(94,790)	(422,357)
Balance at December 31, 2022	$ 2,654,422	$ 3,021,583	$ 10,794,641	$ 313,243	$ 113,192	$ 263,401	$ 1,068,798	$ 18,229,280
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 1,494,074	$ 8,127,727	$ 270,501	$ 156,142	$ 112,101	$ -	$ 10,160,545
Disposals	-	(305)	(95,366)	(3,232)	(46,866)	(13,390)	-	(159,159)
Reclassified	-	(43,743)	-	-	-	-	-	(43,743)
Depreciation expense	-	60,102	291,247	9,219	1,486	11,921	-	373,975
Balance at December 31, 2022	$ -	$ 1,510,128	$ 8,323,608	$ 276,488	$ 110,762	$ 110,632	$ -	$ 10,331,618
Carrying amount at December 31, 2022	$ 2,654,422	$ 1,511,455	$ 2,471,033	$ 36,755	$ 2,430	$ 152,769	$ 1,068,798	$ 7,897,662
Cost								
Balance at January 1, 2023	$ 2,654,422	$ 3,021,583	$ 10,794,641	$ 313,243	$ 113,192	$ 263,401	$ 1,068,798	$ 18,229,280
Additions	-	11,803	633,572	24,845	578	11,088	363,527	1,045,413
Disposals	-	(3,568)	(2,002,686)	(6,655)	(2,533)	(7,052)	-	(2,022,494)
Reclassified	-	(3,410)	(94,701)	-	-	-	(8,311)	(106,422)
Balance at December 31, 2023	$ 2,654,422	$ 3,026,408	$ 9,330,826	$ 331,433	$ 111,237	$ 267,437	$ 1,424,014	$ 17,145,777

(Continued)

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 1,510,128	$ 8,323,608	$ 276,488	$ 110,762	$ 110,632	$ -	$ 10,331,618
Disposals	-	(3,569)	(1,645,428)	(5,896)	(2,533)	(6,973)	-	(1,664,399)
Reclassified	-	(1,541)	-	-	-	-	-	(1,541)
Depreciation expense	-	60,664	330,157	11,639	1,339	17,846	-	421,645
Balance at December 31, 2023	$ -	$ 1,565,682	$ 7,008,337	$ 282,231	$ 109,568	$ 121,505	$ -	$ 9,087,323
Carrying amount at December 31, 2023	$ 2,654,422	$ 1,460,726	$ 2,322,489	$ 49,202	$ 1,669	$ 145,932	$ 1,424,014	$ 8,058,454

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Houses and buildings (structure)	40-55 years
Mechanical and electrical facilities	2-10 years
Engineering system	2-15 years
Equipment	
Production line for forging	10-20 years
Process equipment	5-10 years
Mechanical system	3-5 years
Molds	1-3 years
Transportation equipment	
Stackers	5-10 years
Cranes	2-8 years
Machinery	
Analyzers and radiation detectors	3-10 years
Other tools and instruments	2-5 years
Other equipment	2-13 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 28.

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2023

	Land	Transportation Equipment	Total
Cost			
Balance, at January 1	$ 39,183	$ 6,215	$ 45,398
Add	-	9,750	9,750
Less	-	-	-
Balance, at December 31	$ 39,183	$ 15,965	$ 55,148

(Continued)

	Land	Transportation Equipment	Total
Accumulated depreciation			
Balance, at January 1	$ 8,590	$ 5,923	$ 14,513
Depreciation expense	1,474	1,630	3,104
Balance, at December 31	$ 10,064	$ 7,553	$ 17,617
Carrying amount at December 31, 2023	$ 29,119	$ 8,412	$ 37,531

(Concluded)

Right-of-use assets - 2022

	Land	Transportation Equipment	Total
Cost			
Balance, at January 1	$ 65,488	$ 6,215	$ 71,703
Add	-	-	-
Less	(26,305)	-	(26,305)
Balance, at December 31	$ 39,183	$ 6,215	$ 45,398
Accumulated depreciation			
Balance, at January 1	$ 6,908	$ 5,712	$ 12,620
Depreciation expense	1,682	211	1,893
Balance, at December 31	$ 8,590	$ 5,923	$ 14,513
Carrying amount at December 31, 2022	$ 30,593	$ 292	$ 30,885

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 4,475	$ 1,430
Non-current	$ 34,467	$ 30,616

Details of lease liabilities were as follows:

December 31, 2023

	Due Date	Discount Rate	Balance, End of Period
Land	2043.09.30	1.85%	$ 30,488
Transportation equipment	2024.09.30-2026.10.31	1.79%-2.02%	8,454
			$ 38,942

December 31, 2022

	Due Date	Discount Rate	Balance, End of Period
Land	2043.09.30	1.85%	$ 31,750
Transportation equipment	2024.09.30	1.79%	296
			$ 32,046

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 3,502	$ 3,018
Total cash outflow for leases	$ (6,356)	$ (8,747)

The Company's leases of certain assets qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 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	$ 189,518	$ 382,270	$ 571,788

(Continued)

	Land	Buildings	Total
Accumulated depreciation and impairment			
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	$ -	$ 171,593	$ 171,593
Carrying amount at December 31, 2023	$ 189,518	$ 210,677	$ 400,195
Cost			
Balance at January 1, 2022	$ 121,923	$ 376,465	$ 498,388
Reclassification	67,595	256,420	324,015
Balance at December 31, 2022	$ 189,518	$ 632,885	$ 822,403
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 150,043	$ 150,043
Reclassification	-	43,743	43,743
Depreciation expenses	-	14,687	14,687
Balance at December 31, 2022	$ -	$ 208,473	$ 208,473
Carrying amount at December 31, 2022	$ 189,518	$ 424,412	$ 613,930

(Concluded)

Refer to Note 27, the Company 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	$ 1,464,213	$ 1,681,139

The Company leased 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 28.

15. OTHER ASSETS

	December 31	
	2023	2022
Prepayments	$ 130,344	$ 30,867
Refundable deposits (Note 28)	126,568	176,638
Restricted deposits (Note 28)	58,007	15,101
Other financial assets	300,000	-
Others	1,664	5,567
	$ 616,583	$ 228,173
Current	$ 488,431	$ 50,645
Non-current	128,152	177,528
	$ 616,583	$ 228,173

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Letters of credit	$ 4,598	$ 23,325
Line of credit borrowings	946,030	1,287,156
Bank loans	$ 950,628	$ 1,310,481
Range of interest rates per annum	4.78%-6.98%	2.37%-6.41%

b. Short-term bills payable

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

	December 31	
	2023	2022
Commercial paper	$ -	$ 20,000
Less: Unamortized discount on bills payable	-	-
	$ -	$ 20,000

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Due Date
Commercial paper					
Dah Chung Bills Finance Corp.	$ 20,000	$ -	$ 20,000	1.66%	January 13, 2023

c. Current portion of long-term borrowing

	December 31	
	2023	2022
Current portion of long-term borrowing	$ 13,350	$ 1,211,877

d. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings (Note 28)		
Bank loans	$ 4,835,755	$ 5,246,778
Less: Current portion	(13,350)	(1,211,877)
Long-term borrowings	$ 4,822,405	$ 4,034,901
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 Company 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 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 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 Company 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 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 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 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 financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

17. BONDS PAYABLE

	December 31	
	2023	2022
Secured domestic bonds (Note 28)	$ 1,500,000	$ 1,500,000
Less: Discount on bonds payable	(64,316)	(76,810)
	1,435,684	1,423,190
Unsecured domestic convertible bonds	5,075,398	3,031,928
Less: Discount on bonds payable	(259,265)	(118,075)
	4,816,133	2,913,853
	$ 6,251,817	$ 4,337,043

a Secured domestic bonds

On November 29, 2021, the Company issued $1,500,000 thousand, which was 0.65% of its NTD denominated secured bonds in Taiwan, with maturity date on November 29, 2028. The interest will be paid annually and the bonds will be repaid on the maturity date. The bonds are guaranteed by Hua Nan Commercial Bank and as trustee for the bondholders by Taishin International Commercial Bank, Ltd.

b. The 6th unsecured domestic convertible bonds

On August 15, 2022, the Company issued 30,000 unsecured convertible bonds with a face value of $100 thousand each at an interest rate of 0% at 101% of par value, with a total principal amount of $3,000,000 thousand. The maturity period is three years from August 15, 2022 to August 15, 2025. 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 Company repurchases and cancels the bonds from securities dealers, the Company repays the bonds in cash within five business days from the maturity date of the convertible bonds at the face value plus interest compensation (101.5075% of the face value and 0.5% real rate of return).

From the day following the expiration of three months after the date of issuance of the convertible bonds (November 16, 2022) to the maturity date (August 15, 2025), the bondholders may, except for (a) The period during which the transfer of the ordinary shares is legally suspended; (b) The period from the fifteen business days prior to the date of cessation of transfer of the Company's allotment, the date of cessation of transfer of cash dividends or the date of cessation of transfer of 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 15, 2022. The base price was calculated by the arithmetic mean of the closing price of one day, three days or five days of the business days before the base date (not included). The conversion price is determined by multiplying the base price by 110% of the conversion rate (calculated to the nearest dollar, rounded up to the nearest dollar). The calculation is based on the following: If there is an ex-rights or ex-dividend date, the closing price used to calculate the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. In accordance with the above, the conversion price is set at NT$33.9 per share upon issuance of the conversion bonds.

This convertible bond consists of a liability and an equity component, which is expressed as capital surplus - 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)	(114,739)
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	2,909,982
Interest calculated at an effective rate of 1.5258%	16,634
Convertible bonds converted into ordinary shares	(12,763)
Liability components as of December 31, 2022	2,913,853
Interest calculated at an effective rate of 1.5258%	13,669

(Continued)

Convertible bonds converted into ordinary shares	$ (2,926,234)
Redeemed convertible bonds	(1,288)
Liability components as of December 31, 2023	$ -

(Concluded)

c. The 7th unsecured domestic convertible bonds

On July 31, 2023, the Company 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 Company repurchases and cancels the bonds from securities dealers, the Company repays the bonds in cash within five business days from the maturity date of the convertible bonds at the face value plus interest compensation (101.51% 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)	(244,291)
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	(96)
Liability components as of December 31, 2023	$ 4,816,133

18. OTHER PAYABLES

	December 31	
	2023	2022
Other payables		
Payable for salaries and bonuses	$ 261,555	$ 271,158
Payable for annual leave	46,313	46,303
Payable for purchase of equipment	110,864	51,968
Payable for fuel	24,982	35,822
Payable for export fees	70,934	80,955
Payable for utility bill	32,922	46,066
Payable for repair costs	19,522	11,230
Others	130,880	119,087
	$ 697,972	$ 662,589

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and the average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2.93% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 314,644	$ 364,892
Fair value of plan assets	(294,239)	(243,810)
Net defined benefit liabilities	$ 20,405	$ 121,082

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 376,134	$ (240,215)	$ 135,919
Service cost			
Current service cost	1,335	-	1,335
Net interest expense (income)	2,593	(1,661)	932
Recognized in profit or loss	3,928	(1,661)	2,267
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(19,570)	(19,570)
Actuarial loss - experience adjustments	35,993	-	35,993
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	(17,300)	-	(17,300)
Recognized in other comprehensive income	18,694	(19,570)	(876)
Contributions from the employer	-	(16,228)	(16,228)
Benefits paid	(33,864)	33,864	-
Balance at December 31, 2022	$ 364,892	$ (243,810)	$ 121,082
Balance at January 1, 2023	$ 364,892	$ (243,810)	$ 121,082
Service cost			
Current service cost	851	-	851
Past service cost	16	-	16
Net interest expense (income)	4,488	(3,010)	1,478
Recognized in profit or loss	5,355	(3,010)	2,345
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,639)	(2,639)
Actuarial loss - experience adjustments	(2,480)	-	(2,480)
Actuarial loss - changes in demographic assumptions	(2)	-	(2)
Actuarial loss - changes in financial assumptions	1,276	-	1,276
Recognized in other comprehensive income	(1,206)	(2,639)	(3,845)
Contributions from the employer	-	(97,842)	(97,842)
Benefits paid	(53,062)	53,062	-
Liabilities extinguished on settlement	(1,335)	-	(1,335)
Balance at December 31, 2023	$ 314,644	$ (294,239)	$ 20,405

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.20%	1.25%
Expected rate(s) of salary increase	1.00%	1.00%

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	$ (6,276)	$ (7,483)
0.25% decrease	$ 6,468	$ 7,717
Expected rate(s) of salary increase		
0.25% increase	$ 6,465	$ 7,717
0.25% decrease	$ (6,304)	$ (7,519)

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	$ 5,216	$ 5,789
Average duration of the defined benefit obligation	8 years	8 years

20. 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:

	2023
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	(404)	(6,329)	(6,733)
Number of shares at December 31, 2023	13,378	-	13,378
Carrying amount of shares at December 31, 2023	$ 270,930	$ -	$ 270,930
Number of shares at January 1, 2022	10,666	6,329	16,995
Increase during the year	1,355	-	1,355
Decrease during the year	(2,494)	-	(2,494)
Number of shares at December 31, 2022	9,527	6,329	15,856
Carrying amount of shares at December 31, 2022	$ 122,176	$ 99,735	$ 221,911

For the years ended December 31, 2023 and 2022, subsidiaries sold 404 thousand and 2,494 thousand shares of the Company, respectively, 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 the financial reports' Table 3.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The shares held by subsidiaries were accounted for as treasury shares.

21. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following items:

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividends income	$ 573	$ 1,220
Rental income	57,626	63,645
Sale of electricity	13,380	13,042
Others	47,487	30,034
	$ 119,066	$ 107,941

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 173,497	$ 164,298
Amortization of long-term borrowing costs	11,387	6,888
Interest on lease liabilities	667	745
Interest on bonds payable	76,751	38,685
Less: Amount included in the cost of qualifying assets	(75,903)	(49,658)
	$ 186,399	$ 160,958

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	$ 251,282	$ (14,556)
Gain on disposal of associates	139,746	160,573

Loss/(gain) on disposal of property, plant and equipment	(2,985)	5,796
Net foreign currency exchange gains	468,284	566,701
Net foreign currency exchange losses	(400,614)	(463,385)
Others	(114,542)	(102,812)
	$ 341,171	$ 152,317

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 344,144	$ 298,852
Operating expenses	25,025	22,188
Other losses	65,841	69,515
	$ 435,010	$ 390,555
An analysis of amortization by function		
Operating costs	$ 366	$ 251
Operating expenses	559	328
	$ 925	$ 579

e. Employee benefits expense

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Salaries	$ 795,558	$ 242,922	$ 1,038,480	$ 739,053	$ 252,591	$ 991,644
Labor and health insurance	65,530	16,253	81,783	58,601	12,045	70,646
Defined contribution plan	30,167	5,607	35,774	25,703	5,781	31,484
Defined benefit plan	2,071	274	2,345	2,006	261	2,267
Remuneration of directors	-	36,251	36,251	-	33,445	33,445
Other employee benefits	44,392	17,757	62,149	34,200	9,916	44,116
	$ 937,718	$ 319,064	$ 1,256,782	$ 859,563	$ 314,039	$ 1,173,602

As of December 31, 2023 and 2022, the number of employees of the Company was 981 and 934, respectively. Of the total employees, the total number of directors who were not concurrently serving as employees was 8 for both years.

1) Average labor costs for the years ended December 31, 2023 and 2022 were $1,254 thousand and $1,231 thousand, respectively.

2) Average salary and bonus for the years ended December 31, 2023 and 2022 were $1,067 thousand and $1,071 thousand, respectively.

3) The average salary and bonus increased by (0.37%) year over year.

4) An audit committee was set up as a replacement of supervisors.

5) The Company evaluates the performance achievement rate of individual directors and managers and their contribution to the Company's performance and provides a reasonable level of remuneration in accordance with the Company's Articles and its related regulations. The performance evaluation and reasonableness of remuneration are reviewed by the committee, the compensation committee and the board of directors. In addition, the Company conducts employee performance appraisals every year as the basis for promotion, salary adjustments and bonus payments.

f. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. On February 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 employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the 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.

22. 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 year	$ 443,909	$ 404,516
Adjustments for prior year	(29,773)	(10,209)
	414,136	394,307
Deferred tax		
In respect of the current year	13,291	18,192
Income tax expense recognized in profit or loss	$ 427,427	$ 412,499

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	$ 2,766,990	$ 2,431,268
Income tax expense calculated at the statutory rate	$ 553,398	$ 486,254
Nondeductible expenses in determining taxable income	(57,915)	(19,696)
Tax-exempt income	(38,283)	(32,511)
Current investment credit	-	(11,339)
Adjustments for prior years' tax	(29,773)	(10,209)
Income tax expense recognized in profit or loss	$ 427,427	$ 412,499

b. Deferred tax assets and liabilities

The movements of deferred tax assets were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized foreign exchange loss	$ -	$ 9,244	$ -	$ -	$ 9,244
Defined benefit obligation	23,942	(19,371)	(769)	-	3,802
Payable for annual leave	9,260	2	-	-	9,262
Allowance for impairment loss	21,041	10,808	-	-	31,849
Property, plant and equipment	35,153	-	-	-	35,153
Others	35,085	(8,914)	-	52	26,223
	$ 124,481	$ (8,231)	$ (769)	$ 52	$ 115,533
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 1,942	$ 1,960	$ -	$ -	$ 3,902
Investment gain on foreign operations	135,710	3,016	-	-	138,726
Others	-	84	-	-	84
	$ 137,652	$ 5,060	$ -	$ -	$ 142,712

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized foreign exchange loss	$ 908	$ (908)	$ -	$ -	$ -
Defined benefit obligation	26,937	(2,820)	(175)	-	23,942
Payable for annual leave	8,775	485	-	-	9,260
Allowance for impairment loss	17,905	3,136	-	-	21,041
Property, plant and equipment	35,153	-	-	-	35,153
Others	20,006	15,038	-	41	35,085
	$ 109,684	$ 14,931	$ (175)	$ 41	$ 124,481
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 1,281	$ 661	$ -	$ -	$ 1,942
Investment gain on foreign operations	103,248	32,462	-	-	135,710
	$ 104,529	$ 33,123	$ -	$ -	$ 137,652

c. Income tax assessments

The Company's tax returns through 2021 have been assessed by the tax authorities, and the Company agrees with the assessment.

23. 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 Company	$ 2,339,563	$ 2,018,769
Effect of dilutive potential ordinary shares:		
Employees' compensation	-	-
Interest on convertible bonds (after tax)	43,606	13,307
Earnings used in the computation of diluted earnings per share from continuing operations	$ 2,383,169	$ 2,032,076

Number of 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 dilutive potential ordinary shares:		
Employees' compensation	1,198	1,474
Convertible bonds	66,985	33,701
Weighted average number of ordinary shares used in the computation of diluted earnings per share	570,773	482,022

The Company may settle the compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In February 2023, the Company acquired additional shares of Ho Yang Investment Corp. in the amount of $57,954 thousand, increasing its continuing interest from 34% to 47%.

In October 2023, the Company did not acquire additional shares issued by Ho Yang Investment Corp. based on shareholdings, increasing its continuing interest from 47% to 49%.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in the predictable future.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements. However, the financial ratio restrictions stipulated in the loan contract are also included in the consideration of the Company's optimal capital structure.

The management of the Company re-examines the capital structure quarterly, and the inspection includes consideration of the cost of various types of capital and related risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, and issuing new debts or repaying old debts based on the recommendations of key management personnel.

26. FINANCIAL INSTRUMENTS

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

In addition to the following table, the Company'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 financial statements.

December 31, 2023

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds	$ 4,816,133	$ 5,332,393	$ -	$ -	$ 5,332,393

December 31, 2022

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
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
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 6,696	$ -	$ -	$ 6,696
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 954,757	$ 954,757
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 7,091	$ -	$ 394,587	$ 401,678
Mutual funds	$ 10,111	$ -	$ -	$ 10,111
Film investment agreements	$ -	$ -	$ 5,000	$ 5,000

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 17,116	$ -	$ -	$ 17,116
Unlisted shares	$ -	$ -	$ 1,455	$ 1,455
Investments in debt instruments				
Trade receivables	$ -	$ -	$ 826,879	$ 826,879
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 52,879	$ -	$ -	$ 52,879

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	179,897	-
Balance at December 31, 2023	$ 404,587	$ 956,212

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	-	-
Purchases	-	376,555
Balance at December 31, 2022	$ -	$ 828,334

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
Financial assets		
Financial assets at amortized cost (Remark 1)	$ 7,025,787	$ 3,251,909
FVTPL	416,789	52,879
Financial assets at FVTOCI		
Equity instruments	8,151	18,571
Debt instruments	954,757	826,879
Financial liabilities		
Financial liabilities at amortized cost (Remark 2)	12,857,504	12,602,737

Remark 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and restricted deposits.

Remark 2: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings (including current portion), short-term bills payable, trade and other payables, bonds payable and deposits received.

d. Financial risk management objectives and policies

The Company’s major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings, bonds payable, borrowings and lease liabilities. The Company’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There were no changes to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency exchange risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency exchange risk. Approximately over 50% of the Company's sales is denominated in currencies other than the functional currency of the Company, whilst the cost of raw materials imported from abroad is denominated in currencies other than the functional currency of the Company. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 32. The carrying amounts of the Company's derivative financial instruments exposed to foreign currency risk is immaterial.

Sensitivity analysis

The Company was mainly exposed to the USD, CNY and the EUR.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. A sensitivity rate of 5% is used when reporting foreign currency exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items and 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 an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	For the Year Ended December 31	
	2023	2022
CNY impact	$ 950	$ 2,605
USD impact	$ 29,466	$ 8,373
EUR impact	$ 6,162	$ 7,042

GBP impact	$ 9,036	$ 6,257

The result was mainly attributable to the exposure on outstanding receivables, payables and borrowing in foreign currency that were not hedged at the end of the reporting period.

The management believes that the sensitivity analysis could not represent the inherent risk of foreign currency risk, since the exposure of foreign currency risk at the end of the reporting period could not reflect foreign currency risk exposure during the reporting period.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	$ 3,516,561	$ 700,980
Financial liabilities	6,290,759	4,389,089
Cash flow interest rate risk		
Financial assets	1,206,552	364,437
Financial liabilities	5,786,383	6,557,259

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 10 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher or lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by $4,580 thousand and $6,193 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and mutual funds and does not actively trade these investments. The Company's equity price risk is mainly concentrated in equity instruments in Taiwan.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices and mutual funds prices had been 10% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $815 thousand and

$1,857 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by $41,179 thousand and $5,288 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The policy adopted by the Company is to engage in transactions with creditworthy counterparties, and to use publicly available financial information and mutual transaction records to conduct credit evaluations on the customers.

In addition, the credit risk is limited, since the counterparties of the transactions for liquid funds are banks with good credit ratings.

The counterparties of accounts receivable are spread across many customers from different industries and geographic regions. The Company evaluates the financial status of the counterparties of accounts receivable continuously.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank loan facilities of $6,504,622 thousand and $4,624,671 thousand, respectively.

<u>Liquidity and interest rate risk table for non-derivative financial liabilities</u>

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

Non-derivative financial liabilities	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 511,861	$ 113,123	$ 507,483	$ -	$ -
Lease liabilities	434	868	3,862	12,704	27,210
Debt instruments	236,491	377,565	453,310	11,477,147	-
	$ 748,786	$ 491,556	$ 964,655	$ 11,489,851	$ 27,210

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 5,164	$ 12,704	$ 9,193	$ 17,927

December 31, 2022

Non-derivative financial liabilities	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 722,937	$ 111,560	$ 530,882	$ -	$ -
Lease liabilities	167	335	1,508	7,483	28,959
Debt instruments	197,018	823,162	1,652,236	7,059,091	1,622,583
	$ 920,122	$ 935,057	$ 2,184,626	$ 7,066,574	$ 1,651,542

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	$ 2,010	$ 7,483	$ 9,193	$ 19,766

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	$ 52,323	$ 10,465	$ 41,858	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	$ 126,326	$ 25,265	$ 101,061	5

The Company 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 Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by the banks.

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationships with the Company

Related Party	Relationship
Faith Easy Enterprises Ltd.	Subsidiary
Golden Win Steel Industrial Corp.	Subsidiary
Alloy Tool Steel Inc.	Subsidiary
Ho Yang Investment Corp.	Subsidiary
Rong Yang Investment Corp.	Subsidiary
Guangzhou Goldway Special Material Co., Ltd.	Subsidiary
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Subsidiary
Tianjin Goldway Special Material Co., Ltd.	Subsidiary
Xian Goldway Special Material Co., Ltd.	Subsidiary
G-Yao Enterprises Ltd.	Subsidiary
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Subsidiary
Vietnam Goldway Special Material Co., Ltd.	Subsidiary

All Win Enterprises Ltd.	Subsidiary
Rainbow Shines Limited	Subsidiary
Gloria Material Technology Japan 株式會社	Subsidiary
S-Tech Corp.	Associate
Forcera Materials Co., Ltd.	Associate (Remark 1)
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
Tsg Transport Corp.	Related party in substance
Tsg Environmental Technology Corp.	Related party in substance
Tsg Power Corp.	Related party in substance
Taiwan Steel Group Aerospace Technology Corporation	Related party in substance
Zung-Fu Co., Ltd.	Related party in substance
Tsg Sports Marketing Co., Ltd.	Related party in substance
TSG Hawks Baseball Co., Ltd.	Related party in substance
Dong-Ying Management Consulting Co., Ltd.	Related party in substance

Remark 1: The Company sold all the shares and dismissed the directors of Forcera Materials Co., Ltd. in January 2023. The Company is no longer a related party to Forcera Materials Co., Ltd.

b. Sales of goods

Account Items	Related Party Category	For the Year Ended December 31 2023	2022
Sales of goods	Golden Win Steel Industrial Corp.	$ 592,717	$ 938,123
	All Win Enterprises Ltd.	681,605	717,578
	Subsidiary	386,717	373,528
	Associate	275,671	373,097
	Related party in substance	10,495	260
		$ 1,947,205	$ 2,402,586

The terms of the transactions with All Win Enterprises Ltd. and Vietnam Goldway Special Material Co., Ltd. is 60 days T/T. The terms of the transactions with Alloy Tool Steel, Inc. (export) is 120-210 days T/T from the boarding date. The terms of the transactions with S-Tech Corp. is 30-60 days (offsetting trade receivables and trade payables). The terms of the transactions with other domestic parties is 30 days T/T. The terms of the transactions with related parties and that of non-related parties were not significantly different.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2023	2022
Subsidiary	$ 64,672	$ 58,477
Related party in substance	25,886	125,167
Associate	312,656	382,160
	$ 403,214	$ 565,804

The terms of the transactions with All Win Enterprises Ltd is 60 days. The terms of the transactions with domestic parties is 30 days. The terms of the transactions with related parties and that of non-related parties were not significantly different.

d. Operating expenses and non-operating income and expenses

Account Item	Related Party Category	For the Year Ended December 31 2023	2022
Manufacturing expenses	Associate	$ 1,229	$ 14,738
	Related party in substance	76,169	23,275
		$ 77,398	$ 38,013
Operating expenses	Subsidiary	$ 3,571	$ 1,976
	Associate	2,412	771
	Tsg Transport Corp.	90,888	679,128
	Related party in substance	63,921	15,565
		$ 160,792	$ 697,440

(Continued)

Account Item	Related Party Category	For the Year Ended December 31 2023	2022
Non-operating income and expenses	Subsidiary	$ 11,905	$ 9,905
	S-Tech Corp.	60,559	59,347
	Associate	-	95
	Related party in substance	14,380	7,060
		$ 86,844	$ 76,407
Other losses	Related party in substance	$ 727	$ -

(Concluded)

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

Account Items	Related Party Category	December 31 2023	December 31 2022
Trade receivables from related parties	Golden Win Steel Industrial Corp.	$ 67,623	$ 54,770
	Subsidiary	114,822	147,373
	Related party in substance	6,196	-
	Associate	43,072	81,763
		$ 231,713	$ 283,906
Other receivables	Subsidiary	$ 2,868	2,089
	Associate	7,486	8,224
	Related party in substance	1,485	1,115
		$ 11,839	$ 11,428

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding loans from related parties)

Account Items	Related Party Category	December 31 2023	December 31 2022
Payables to related parties	Subsidiary	$ -	$ 9,605
	Related party in substance	9,081	19,058
	Associate	51,012	22,275
		$ 60,093	$ 50,938
Other payables	Subsidiary	$ 3,102	$ -
	Related party in substance	13,386	18,563
	Associate	86	-
		$ 16,574	$ 18,563

The outstanding trade payables to related parties are unsecured.

g. Other assets

Account Items	Related Party Category	December 31 2023	December 31 2022
Other current assets	Related party in substance	$ -	$ 1,740
Prepayments for equipment	Related party in substance	$ 3,819	$ 494
Refundable deposits	Subsidiary	$ 6,035	$ 6,035
Other current liabilities	Subsidiary	$ 61,397	$ 33,525

h. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2023	Purchase Price For the Year Ended December 31 2022
Tsg Power Corp.	$ 385	$ 570

i. Disposals of property, plant and equipment

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

j. Lease arrangements

Account Item	Related Party Category	December 31 2023	December 31 2022
Lease liabilities	S-Tech Corp.	$ -	$ -

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Interest expense		
S-Tech Corp.	$ -	$ 125

k. Acquisition of investment property

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

l. Disposals of investment property

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

m. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category	Line Item	Number of Shares (In Thousands)	Underlying Assets	Purchase Prices
S-Tech Corp.	Investment accounted for using the equity method	3,900	Ho Yang Investment Corp.	$ 57,954

n. Endorsements and guarantees provided by the Company (Refer to Note 1)

Related Party Category	December 31 2023	December 31 2022
Subsidiary	$ 604,609	$ 569,050
Associate	-	10,000
	$ 604,609	$ 579,050

o. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term benefits	$ 106,452	$ 92,095
Post-employment benefits	907	1,214
	$ 107,359	$ 93,309

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

28. 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)	$ 58,007	$ 15,101
Pledged foregin currency time deposits (classified as refundable deposits)	12,896	13,166
Pledged time deposits (classified as refundable deposits)	56,200	112,000
Land	1,679,681	2,500,478
Buildings, net	688,594	978,452
Machinery and equipment, net	-	640,730
	$ 2,495,378	$ 4,259,927

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

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

	December 31	
	2023	2022
USD	$ 656	$ -
EUR	$ 5,875	$ 9,533
JPY	$ 13,463	$ -
CNY	$ -	$ 434

b. As of December 31, 2023 and 2022, unrecognized commitments for the purchase of additional machinery and equipment and plant expansion were as follows:

Total commitment price

	December 31	
	2023	2022
NTD	$ 2,794,669	$ 2,239,587
EUR	$ 46,311	$ 9,507
USD	$ 2,728	$ 6,959
JPY	$ -	$ 193,700
CNY	$ 145,773	$ 83,851
CHF	$ 95	$ 272

Payments made based on progress of commitments

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

c. As of December 31, 2023 and 2022, $1,900,750 thousand and $2,277,250 thousand of issued bills were used as refundable deposits of the credit line of the issued bills, which can be cancelled when the guarantee obligations are terminated.

30. SIGNIFICANT LOSSES FROM DISASTERS: NONE

31. 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.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 40,745	30.705 (USD:NTD)	$ 1,251,062
EUR	7,987	33.980 (EUR:NTD)	291,408
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	4,382	4.3352 (CNY:NTD)	18,999
Non-monetary items			
USD	33,126	30.705 (USD:NTD)	1,017,134

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 21,552	30.705 (USD:NTD)	$ 661,757
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

(Concluded)

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 43,125	30.710 (USD:NTD)	$ 1,324,367
EUR	10,319	32.720 (EUR:NTD)	337,626
AUD	1,175	20.830 (AUD:NTD)	24,467
GBP	5,474	37.090 (GBP:NTD)	203,047
JPY	35,039	0.2324 (JPY:NTD)	8,143
CNY	11,896	4.4080 (CNY:NTD)	52,436
Non-monetary items			
USD	29,007	30.710 (USD:NTD)	890,805
Financial liabilities			
Monetary items			
USD	37,672	30.710 (USD:NTD)	1,156,905
EUR	6,014	32.720 (EUR:NTD)	196,782
GBP	2,100	37.090 (GBP:NTD)	77,889
JPY	11,162	0.2324 (JPY:NTD)	2,594
CNY	79	4.4080 (CNY:NTD)	346

The following information was aggregated by the functional currencies of entities holding foreign currencies, and the exchange rates between the presentation currency and the respective functional currencies were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ 67,670	1 (NTD:NTD)	$ 103,316

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (Table 3)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Information on investees (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: (Table 8)

TABLE 1

GLORIA MATERIAL TECHNOLOGY CORP.

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	-	-	-			N	N	N	
						$ 604,609	$ 89,229		4	$ 5,395,512 (Note 3)				

Note 1: The numbers denote the following:

a. 0 represents the issuer
b. Investees are numbered starting from 1

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is categorized as follows:

a. Business partner.
b. A subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.
c. An investee over which the Company and its subsidiary have a combined shareholding of more than fifty percent (50%).
d. A parent company that directly or indirectly through its subsidiary owns more than fifty percent (50%) of the investee.
e. Guaranteed by the Company according to the construction contract.
f. An investee company of which the guarantees were provided based on the Company's proportionate share in the investee company.

Note 3: The limit on endorsements/guarantees is calculated as follows:

a. The limit on endorsements or guarantees provided for each borrower is NT$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.

GLORIA MATERIAL TECHNOLOGY CORP.

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	
	Ordinary shares							
Gloria Material Technology Corp.	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	
	Ensure Global Corp., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	127,050	3	127,050	

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities that fall within the scope in accordance with IFRS 9 "Financial Instruments."

Note 2: If the securities issuer is not a related party, the column is left blank.

Note 3: For securities measured at fair value, the carrying amount after fair value adjustments and deduction of accumulated impairment is indicated. For securities not measured at fair value, the carrying amount indicated is the original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: For information on investments in subsidiaries, please see Tables 5 and 6.

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 Company' 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.

GLORIA MATERIAL TECHNOLOGY CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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	No significant difference	No significant difference	$ 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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	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	No significant difference	No significant difference	45,190	79	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	275,671	2	Net 30-60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	43,072	2	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Purchase	312,656	3	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	21,012	5	

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.

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION ON INVESTEES
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
	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

Note 1: If the public company has a foreign holding company and uses financial statements as its main financial statements in accordance with local laws and regulations, the Company may only disclose relevant information of the holding company.

Note 2: For companies that do not belong to the type as described in Note 1, the information is disclosed as follows:

a. The columns of investee company, location, main businesses and products, original investment amount and number of shares are filled out in order of the reinvestment situation of the public company and the reinvestment situation of each investee company that is directly or indirectly controlled. In the remarks column, the relationship between each investee and the public company (subsidiary/second-tier subsidiary) is disclosed.

b. The profit or loss of the investee company is disclosed in the column of net income (loss) of the investee.

c. The Company is only required to list the amount of profit or loss of each of subsidiary that the Company has directly invested in and each investee that is accounted for using the equity method. The rest of the information is exempt from disclosure.

Note 3: For information on investments in mainland China, please see Table 6.

TABLE 6

GLORIA MATERIAL TECHNOLOGY CORP.

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 CoLtd.	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	332,984	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 consolidated net asset value of the Company: $15,261,269 × 60% = $9,156,761.

Note 4: Amount represents the retained earnings received by Faith Easy Enterprises Ltd. from Guangzhou Goldway Special Material Co., Ltd., that was transferred to the share capital of Zhejiang Jiaxing Goldway Special Material Co., Ltd.

Note 5: Amount represents the retained earnings of Faith Easy Enterprises Ltd. transferred to the share capital of Xian Goldway Special Material Co., Ltd.

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 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	178,097	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.

Note 2: For information of the Company’s endorsements and guarantees provided for the above companies, refer to Table 1.

TABLE 8

GLORIA MATERIAL TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 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.

GLORIA MATERIAL TECHNOLOGY CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
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Statement of inventories	3
Statement of changes in investments accounted for using the equity method	4
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Statement of changes in investment properties	Note 14
Statement of changes in right-of-use assets	Note 13
Statement of changes in accumulated depreciation of right-of-use assets	Note 13
Statement of deferred income tax assets	Note 22
Statement of short-term borrowings	5
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Major Accounting Items in Profit or Loss	
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GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash on hand		$ 370
Cash in banks		
Checking accounts		1,022,203
Demand deposits		1,034,140
Foreign currency deposits	US$1,838 thousand × 30.705	113,901
	EUR426 thousand × 33.98	
	AUD174 thousand × 20.98	
	GBP422 thousand × 39.15	
	JPY52,916 thousand × 0.2172	
	CNY2,617 thousand × 4.327	
Time deposits		1,500,000
Repurchase agreements collateralized by bills		1,703,665
		$ 5,374,279

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
DAA108	$ 153,048
AAB601	136,325
Others (Remark)	1,778,989
Balance	2,068,362
Less: Allowance for impairment loss	(2,275)
	$ 2,066,087

Remark: The amount of individual client included in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	$ 1,547,622	$ 1,579,701
Supplies	461,040	471,383
Work in process	2,062,633	3,719,788
Finished goods	985,204	1,429,431
Merchandise	7	7
Inventory in transit	339,144	339,144
	$ 5,395,650	$ 7,539,454

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2023		Increase during the Year		Decrease during the Year		Increase (Decrease) in Investments Accounted for Using the Equity Method	Balance, December 31, 2023			Market Value or Net Asset Value	
Investee	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount		Number of Shares (In Thousands)	%	Amount	Total Amount	Collateral
FAITH EASY ENTERPRISES LTD. (Note 1)	6,000	$ 669,381	-	$ -	-	$ -	$ 84,972	6,000	96	$ 754,353	$ 754,353	None
Golden Win Steel Industrial Corp. (Note 1)	18,726	449,218	-	-	-	-	23,124	18,726	46	472,342	472,342	None
S-Tech Corp. (Notes 1, 2 and 5)	21,376	290,931	3,263	97,898	(5,059)	(71,354)	44,491	19,580	10	361,966	699,017	None
Alloy Tool Steel Inc. (Note 1)	4,300	184,132	-	-	-	-	58,095	4,300	100	242,227	242,227	None
Ho Yang Investment Corp. (Notes 1 and 3)	10,106	-	14,280	244,794	-	-	(151,456)	24,386	49	93,338	93,338	None
All Win Enterprises Ltd. (Notes 1 and 5)	18,000	619,298	-	-	(8,000)	(248,560)	79,905	10,000	100	450,643	450,643	None
Forcera Materials Co., Ltd. (Note 5)	2,490	44,155	-	-	(2,490)	(44,155)	-	-	-	-	-	None
Rong Yang Investment Corp. (Note 1)	5,000	45,242	-	-	-	-	20	5,000	100	45,262	45,262	None
Gloria Material Technology Japan. (Notes 1 and 4)	-	1,352	1	13,620	-	-	(2,277)	1	100	12,695	12,695	None
		$ 2,303,709		$ 356,312		$ (364,069)	$ 136,874			$ 2,432,826	$ 2,769,877	

Note 1: The increase (decrease) in investments accounted for using the equity method was due to the profit or loss of investment company shares in the amount of $340,858 thousand. Other changes were the adjustment of the carrying amount of the Company’s shares held by the subsidiaries, the change of exchange differences on translating the financial statements of foreign operations and the adjustment of related equity transactions.

Note 2: The increase of 3,263 thousand shares in the current year was due to additional investments in the subsidiary in the amount of $97,898 thousand.

Note 3: The increase of 14,280 thousand shares in the current year was due to additional investments in the subsidiary in the amount of $244,794 thousand.

Note 4: The increase of 1 thousand shares in the current year was due to additional investments in the subsidiary in the amount of $13,620 thousand.

Note 5: The decrease in the current year was due to the sale of investment company shares and capital deduction.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Loan Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates	Financing Amount
Line of credit borrowing	Financial institution borrowing	$ 946,030	1 year	4.78%-6.98%	$ 4,396,672
Letter of credit loan	Financial institution borrowing	4,598	1 year	6.44%-6.58%	386,000
		$ 950,628			$ 4,782,672

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
A	$ 35,523
B	21,791
Other (Remark)	376,898
	$ 434,212

Remark: The amount of individual vendor included in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Loan Type	Balance, End of Year	Contract Period	Range of Interest Rates	Collateral
Line of credit borrowings				
First Commercial Bank	$ 4,550,280	2023.08.04-2028.08.04	2.0105%	Land and buildings
Sunny Bank, Ltd.	300,000	2023.12.11-2028.12.11	2.19%	Land and buildings
Less: Unamortized discount	(14,525)			
	$ 4,835,755			

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Stainless steel	$ 7,524,311
Alloy steel	4,637,016
Others (Remark)	277,796
	$ 12,439,123

Remark: The amount of individual vendor included in others does not exceed 10% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 1,569,198
Additions:	
Raw material purchased	5,314,298
Others	26
Deductions:	
Others	(53,707)
Raw materials, end of year	(1,886,766)
Raw materials used (1)	4,943,049
Supplies, beginning of year	177,506
Additions:	
Supplies purchased	1,403,339
Deductions:	
Others	(1,116,624)
Supplies, end of year	(461,040)
Supplies used (2)	3,181
Direct labor (3)	677,309
Manufacturing expenses (4)	3,202,021
Manufacturing cost (1) + (2) + (3) + (4)	8,825,560
Additions:	
Work in process, beginning of year	2,294,155
Others	1,100
Deductions:	
Others	(60,570)
Work in process, end of year	(2,062,633)
Cost of finished goods	8,997,612
Additions:	
Finished goods, beginning of year	1,148,642
Deductions:	
Others	(1,760)
Finished goods, end of year	(985,204)
Cost of selling finished goods	9,159,290
Additions:	
Unamortized manufacturing expense	53,526

Cost of selling raw materials and supplies	39,263
Deductions:	
Revenue from sale of scraps	(7,249)
Cost of manufacturing	9,244,830
Cost of selling	93,274
Operating costs	$ 9,338,104

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Manufacturing Expenses
Consumables expense	$ 853,037
Utility expense	556,428
Fuel expense	408,907
Depreciation expense	296,718
Repair and maintenance costs	201,127
Indirect labor	191,470
Waste disposal expense	166,131
Others (Remark)	528,203
	$ 3,202,021

Remark: The amount of each item in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses
Export expense	$ 380,892
Salary expense	71,192
Commission expenses	59,803
Others (Remark)	55,240
	$ 567,127

Remark: The amount of each item in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	General and Administrative Expenses
Salary expense	$ 197,176
Donations	37,162
Depreciation expense	23,413
Professional service fees	21,085
Others (Remark)	140,584
	$ 419,420

Remark: The amount of each item in others does not exceed 5% of the account balance.

GLORIA MATERIAL TECHNOLOGY CORP.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Research and Development Expenses
Salary expense	$ 10,804
Commissioned research expense	8,711
Others (Remark)	6,781
	$ 26,296

Remark: The amount of each item in others does not exceed 5% of the account balance.