

**Gloria Material Technology Corp. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2023 and 2022 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Gloria Material Technology Corp.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Gloria Material Technology Corp. and its subsidiaries (collectively, the “Group”) as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$3,915,299 thousand and NT\$3,629,827 thousand, respectively, representing 13% and 15%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$1,069,872 thousand and NT\$773,698 thousand, respectively, representing 7% and 6%, respectively, of the consolidated total liabilities; for the three months and nine months ended September 30, 2023 and 2022, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$30,026 thousand, NT\$123,002 thousand, NT\$191,748 thousand and NT\$271,565 thousand, respectively, representing 5%, 20%, 11% and 17%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 12, the investments accounted for using the equity method, as of September 30, 2023 and 2022, included NT\$334,231 thousand and NT\$473,838 thousand, respectively, and the share of comprehensive income of those investments for the three months and

nine months ended September 30, 2023 and 2022 amounted to NT\$10,533 thousand, NT\$12,043 thousand, NT\$26,864 thousand and NT\$35,618 thousand, respectively, and the related investment amounts as well as additional disclosures were based on these investees' unreviewed financial statements for the same reporting periods as those of the Group.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other investees accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022 and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022 and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

October 26, 2023

### Notice to Readers

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

*For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.*

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 6,262,950	21	\$ 2,508,593	10	\$ 2,001,790	8
Financial assets at fair value through profit or loss - current (Note 7)	57,393	-	52,879	-	64,017	-
Notes receivable (Note 9)	215,824	1	227,332	1	236,737	1
Trade receivables (Notes 9 and 29)	2,754,846	9	2,316,468	9	2,599,890	11
Other receivables (Note 29)	121,094	-	103,352	1	126,682	-
Inventories (Note 10)	6,722,955	23	6,418,021	25	6,001,326	25
Other current assets (Notes 16, 29 and 30)	515,931	2	350,692	1	128,168	1
Total current assets	<u>16,650,993</u>	<u>56</u>	<u>11,977,337</u>	<u>47</u>	<u>11,158,610</u>	<u>46</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	245,459	1	230,853	1	211,616	1
Investments accounted for using the equity method (Note 12)	334,231	1	380,361	2	473,838	2
Property, plant and equipment (Notes 13, 29 and 30)	8,373,584	28	8,307,632	33	8,296,083	34
Right-of-use assets (Notes 14 and 29)	151,202	1	125,205	-	129,057	-
Investment properties (Notes 15, 29 and 30)	402,638	1	613,930	2	617,817	2
Deferred tax assets	133,607	-	142,243	1	143,275	1
Prepayments for equipment (Note 29)	3,347,561	11	3,320,249	13	3,216,325	13
Other non-current assets (Notes 16 and 30)	163,858	1	161,185	1	181,948	1
Total non-current assets	<u>13,152,140</u>	<u>44</u>	<u>13,281,658</u>	<u>53</u>	<u>13,269,959</u>	<u>54</u>
<b>TOTAL</b>	<u>\$ 29,803,133</u>	<u>100</u>	<u>\$ 25,258,995</u>	<u>100</u>	<u>\$ 24,428,569</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 17 and 30)	\$ 1,225,813	4	\$ 1,586,969	6	\$ 1,568,264	7
Short-term bills payable (Note 17)	10,000	-	40,000	-	39,976	-
Notes payable	371	-	395	-	1,166	-
Trade payables (Note 29)	708,715	2	746,383	3	523,942	2
Other payables (Notes 19 and 29)	717,750	3	730,912	3	613,924	3
Current tax liabilities	388,054	1	465,763	2	337,500	1
Lease liabilities - current (Notes 14 and 29)	16,382	-	6,687	-	6,864	-
Current portion of long-term liabilities (Notes 17 and 30)	30,800	-	1,211,877	5	1,030,520	4
Other current liabilities	227,759	1	108,042	-	90,909	-
Total current liabilities	<u>3,325,644</u>	<u>11</u>	<u>4,897,028</u>	<u>19</u>	<u>4,213,065</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Notes 18 and 30)	6,537,445	22	4,337,043	17	4,335,635	18
Long-term borrowings (Notes 17 and 30)	4,804,093	16	4,034,901	16	4,734,296	19
Deferred tax liabilities	189,280	1	148,223	1	167,562	1
Lease liabilities - non-current (Notes 14 and 29)	57,632	-	39,931	-	41,613	-
Net defined benefit liabilities - non-current	41,308	-	133,870	1	138,946	1
Other non-current liabilities (Note 20)	544,877	2	535,719	2	261,518	1
Total non-current liabilities	<u>12,174,635</u>	<u>41</u>	<u>9,229,687</u>	<u>37</u>	<u>9,679,570</u>	<u>40</u>
Total liabilities	<u>15,500,279</u>	<u>52</u>	<u>14,126,715</u>	<u>56</u>	<u>13,892,635</u>	<u>57</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>						
Share capital						
Ordinary shares	5,298,234	18	4,571,224	18	4,567,360	19
Capital surplus	4,222,112	14	2,178,236	9	2,164,043	9
Retained earnings						
Legal reserve	1,116,835	4	914,627	4	914,627	4
Special reserve	43,415	-	103,107	-	103,107	-
Unappropriated earnings	3,325,287	11	3,032,679	12	2,471,510	10
Total retained earnings	4,485,537	15	4,050,413	16	3,489,244	14
Other equity	(10,743)	-	(43,415)	-	(31,147)	-
Treasury shares	(227,678)	(1)	(221,911)	(1)	(228,788)	(1)
Total equity attributable to owners of the Company	13,767,462	46	10,534,547	42	9,960,712	41
<b>NON-CONTROLLING INTERESTS</b>	535,392	2	597,733	2	575,222	2
Total equity	<u>14,302,854</u>	<u>48</u>	<u>11,132,280</u>	<u>44</u>	<u>10,535,934</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 29,803,133</u>	<u>100</u>	<u>\$ 25,258,995</u>	<u>100</u>	<u>\$ 24,428,569</u>	<u>100</u>

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

(With Deloitte & Touche review report dated October 26, 2023)

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 29)	\$ 3,294,891	100	\$ 3,256,175	100	\$ 10,234,048	100	\$ 9,034,520	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>(2,359,286)</u>	<u>(71)</u>	<u>(2,236,597)</u>	<u>(69)</u>	<u>(7,379,443)</u>	<u>(72)</u>	<u>(6,092,229)</u>	<u>(67)</u>
GROSS PROFIT	<u>935,605</u>	<u>29</u>	<u>1,019,578</u>	<u>31</u>	<u>2,854,605</u>	<u>28</u>	<u>2,942,291</u>	<u>33</u>
OPERATING EXPENSES (Notes 23 and 29)								
Selling and marketing expenses	(178,861)	(6)	(269,670)	(8)	(530,011)	(5)	(853,533)	(10)
General and administrative expenses	(139,366)	(4)	(123,855)	(4)	(390,736)	(4)	(332,590)	(4)
Research and development expenses	(10,302)	-	(9,479)	-	(20,658)	-	(30,997)	-
Expected credit loss	<u>(1,337)</u>	<u>-</u>	<u>(3,041)</u>	<u>-</u>	<u>(620)</u>	<u>-</u>	<u>(3,688)</u>	<u>-</u>
Total operating expenses	<u>(329,866)</u>	<u>(10)</u>	<u>(406,045)</u>	<u>(12)</u>	<u>(942,025)</u>	<u>(9)</u>	<u>(1,220,808)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>605,739</u>	<u>19</u>	<u>613,533</u>	<u>19</u>	<u>1,912,580</u>	<u>19</u>	<u>1,721,483</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)								
Interest income	8,660	-	1,901	-	19,637	-	2,811	-
Other income	32,695	1	68,969	2	101,748	1	124,922	1
Other gains and losses	46,815	2	91,419	3	213,823	2	126,146	2
Finance costs	(56,310)	(2)	(47,885)	(1)	(144,161)	(1)	(124,391)	(1)
Share of profit of associates and joint ventures	<u>10,533</u>	<u>-</u>	<u>12,043</u>	<u>-</u>	<u>26,864</u>	<u>-</u>	<u>35,618</u>	<u>-</u>
Total non-operating income and expenses	<u>42,393</u>	<u>1</u>	<u>126,447</u>	<u>4</u>	<u>217,911</u>	<u>2</u>	<u>165,106</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	648,132	20	739,980	23	2,130,491	21	1,886,589	21
INCOME TAX EXPENSE (Note 24)	<u>(117,373)</u>	<u>(4)</u>	<u>(155,171)</u>	<u>(5)</u>	<u>(405,347)</u>	<u>(4)</u>	<u>(358,309)</u>	<u>(4)</u>
NET PROFIT FOR THE PERIOD	<u>530,759</u>	<u>16</u>	<u>584,809</u>	<u>18</u>	<u>1,725,144</u>	<u>17</u>	<u>1,528,280</u>	<u>17</u>

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## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (21,586)	(1)	\$ (11,322)	-	\$ 23,737	-	\$ (43,628)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of the financial statements of foreign operations	53,294	2	32,362	1	26,425	-	69,329	1
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	-	-	(1)	-	-	-	-	-
Other comprehensive income for the period, net of income tax	31,708	1	21,039	1	50,162	-	25,701	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 562,467</u>	<u>17</u>	<u>\$ 605,848</u>	<u>19</u>	<u>\$ 1,775,306</u>	<u>17</u>	<u>\$ 1,553,981</u>	<u>17</u>
<b>NET PROFIT</b>								
<b>ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 523,747	16	\$ 561,194	17	\$ 1,678,278	16	\$ 1,456,519	16
Non-controlling interests	<u>7,012</u>	<u>-</u>	<u>23,615</u>	<u>1</u>	<u>46,866</u>	<u>1</u>	<u>71,761</u>	<u>1</u>
	<u>\$ 530,759</u>	<u>16</u>	<u>\$ 584,809</u>	<u>18</u>	<u>\$ 1,725,144</u>	<u>17</u>	<u>\$ 1,528,280</u>	<u>17</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 564,350	17	\$ 587,026	18	\$ 1,714,648	17	\$ 1,499,165	16
Non-controlling interests	<u>(1,883)</u>	<u>-</u>	<u>18,822</u>	<u>1</u>	<u>60,658</u>	<u>-</u>	<u>54,816</u>	<u>1</u>
	<u>\$ 562,467</u>	<u>17</u>	<u>\$ 605,848</u>	<u>19</u>	<u>\$ 1,775,306</u>	<u>17</u>	<u>\$ 1,553,981</u>	<u>17</u>
<b>EARNINGS PER SHARE</b>								
(Note 25)								
Basic	<u>\$ 1.00</u>		<u>\$ 1.26</u>		<u>\$ 3.40</u>		<u>\$ 3.26</u>	
Diluted	<u>\$ 0.91</u>		<u>\$ 1.15</u>		<u>\$ 3.07</u>		<u>\$ 3.15</u>	

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

(With Deloitte & Touche review report dated October 26, 2023)

(Concluded)

**GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								Other Equity		Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Capital Surplus					Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
	Ordinary Shares	Treasury Share Transactions	Employee Share Options	Changes in Ownership Interests in Subsidiaries	Others (Note 22)	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2022	\$ 4,567,360	\$ 309,842	\$ 4,925	\$ 28,693	\$ 1,683,602	\$ 843,957	\$ 187,212	\$ 1,627,728	\$ (45,932)	\$ (23,463)	\$ (233,925)	\$ 8,949,999	\$ 561,095	\$ 9,511,094
Appropriation of the 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 nine months ended September 30, 2022	-	-	-	-	-	-	-	1,456,519	-	-	-	1,456,519	71,761	1,528,280
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	63,638	(20,992)	-	42,646	(16,945)	25,701
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	-	5,916	-	-	-	-	-	-	-	-	20,137	26,053	30,633	56,686
Issuance of convertible bonds recognized equity components	-	-	114,739	-	-	-	-	-	-	-	-	114,739	-	114,739
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	-	9,421	-	-	-	-	-	-	9,421	146	9,567
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	6,905	-	-	-	-	-	-	-	-	-	6,905	-	6,905
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(54,585)	(54,585)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	4,398	-	(4,398)	-	-	-	-
<b>BALANCE AT SEPTEMBER 30, 2022</b>	<b>\$ 4,567,360</b>	<b>\$ 322,663</b>	<b>\$ 119,664</b>	<b>\$ 28,693</b>	<b>\$ 1,693,023</b>	<b>\$ 914,627</b>	<b>\$ 103,107</b>	<b>\$ 2,471,510</b>	<b>\$ 17,706</b>	<b>\$ (48,853)</b>	<b>\$ (228,788)</b>	<b>\$ 9,960,712</b>	<b>\$ 575,222</b>	<b>\$ 10,535,934</b>
BALANCE AT JANUARY 1, 2023	\$ 4,571,224	\$ 324,559	\$ 119,163	\$ 28,693	\$ 1,705,821	\$ 914,627	\$ 103,107	\$ 3,032,679	\$ (7,557)	\$ (35,858)	\$ (221,911)	\$ 10,534,547	\$ 597,733	\$ 11,132,280
Appropriation of the 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 nine months ended September 30, 2023	-	-	-	-	-	-	-	1,678,278	-	-	-	1,678,278	46,866	1,725,144
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	25,224	11,146	-	36,370	13,792	50,162
Convertible bonds converted to ordinary shares	790,300	-	(102,098)	-	1,925,752	-	-	-	-	-	-	2,613,954	-	2,613,954
Cancellation of treasury shares	(63,290)	(1,336)	-	-	(35,109)	-	-	-	-	-	99,735	-	-	-
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(77,537)	(77,537)	(53,899)	(131,436)
Disposal of the Company's shares held by subsidiaries	-	5,167	-	-	-	-	-	-	-	-	5,063	10,230	7,400	17,630
Issuance of convertible bonds recognized equity components	-	-	244,291	-	-	-	-	-	-	-	-	244,291	-	244,291
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	13,133	-	-	-	-	-	-	-	-	-	13,133	-	13,133
Disposal of investments accounted for using the method equity	-	-	-	-	(4,074)	-	-	727	-	(727)	-	(4,074)	-	(4,074)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	(7,760)	-	-	-	(7,760)	7,760	-
Differences in ownership interest in subsidiaries	-	-	-	(1,850)	-	-	-	-	-	-	(33,028)	(34,878)	30,868	(4,010)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	2,971	-	(2,971)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(115,128)	(115,128)
<b>BALANCE AT SEPTEMBER 30, 2023</b>	<b>\$ 5,298,234</b>	<b>\$ 341,523</b>	<b>\$ 261,356</b>	<b>\$ 26,843</b>	<b>\$ 3,592,390</b>	<b>\$ 1,116,835</b>	<b>\$ 43,415</b>	<b>\$ 3,325,287</b>	<b>\$ 17,667</b>	<b>\$ (28,410)</b>	<b>\$ (227,678)</b>	<b>\$ 13,767,462</b>	<b>\$ 535,392</b>	<b>\$ 14,302,854</b>

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

(With Deloitte & Touche review report dated October 26, 2023)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,130,491	\$ 1,886,589
Adjustments for:		
Depreciation expense	358,959	316,838
Amortization expense	719	513
Expected credit loss recognized	620	3,688
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(31,626)	8,140
Finance costs	144,161	124,391
Interest income	(19,637)	(2,811)
Dividend income	(23,845)	(8,140)
Share of profit of associates	(26,864)	(35,618)
Loss (gain) on disposal of property, plant and equipment	3,618	(5,514)
Expenses arising from property, plant and equipment	92,173	54,510
Gain on disposal of investments accounted for using equity method	(173,781)	(74,356)
Write-down of inventories	73,143	30,624
Loss on foreign currency exchange	14,808	36,420
Others	-	(36,333)
Changes in operating assets and liabilities		
Notes receivable	11,476	59,887
Trade receivables	(408,510)	(745,048)
Other receivables	(17,742)	(9,033)
Inventories	(377,900)	(683,180)
Other current assets	(86,342)	(8,432)
Notes payable	(24)	971
Trade payables	(41,843)	(84,160)
Other payables	(40,453)	68,347
Other current liabilities	119,717	26,230
Net defined benefit liabilities	(92,562)	(9,810)
Cash generated from operations	1,608,756	914,713
Interest received	19,637	2,811
Dividends received	37,976	17,321
Interest paid	(80,589)	(94,722)
Income tax paid	(457,228)	(106,350)
Net cash generated from operating activities	<u>1,128,552</u>	<u>733,773</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(111,137)	(50,305)
Proceeds from sale of financial assets at fair value through other comprehensive income	117,318	89,510
Purchase of financial assets at amortized cost	(78,102)	-
Proceeds from sale of financial assets at amortized cost	-	8,462

(Continued)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
Purchase of financial assets at fair value through profit or loss	\$ (45,157)	\$ (11,524)
Proceeds from sale of financial assets at fair value through profit or loss	72,269	11,865
Acquisition of associates	(97,898)	(51,964)
Proceeds from disposal of associates	326,480	155,213
Payments for property, plant and equipment	(868,530)	(696,139)
Proceeds from disposal of property, plant and equipment	354,104	6,238
Payments for investment properties	(2,095)	-
Proceeds from disposal of investment properties	207,438	-
Increase in other non-current assets	(4,137)	-
Decrease in other non-current assets	<u>-</u>	<u>168,056</u>
Net cash used in investing activities	<u>(129,447)</u>	<u>(370,588)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(403,235)	(86,659)
Repayments of short-term bills payable	(30,000)	(280,024)
Proceeds from issuance of convertible bonds	5,019,682	3,024,680
Proceeds from long-term borrowings	4,734,030	910,000
Repayments of long-term borrowings	(5,156,440)	(2,726,656)
Repayments of the principal portion of lease liabilities	(12,032)	(10,205)
Increase in other non-current liabilities	-	186,429
Decrease in other non-current liabilities	(18)	-
Cash dividends paid to owners of the Company	(1,217,079)	(623,665)
Acquisition of additional interests in subsidiaries	(57,954)	-
Proceeds from disposal of the Company's shares by subsidiaries	17,630	56,686
Payments for buy-back of the Company's shares as treasury shares by subsidiaries	(131,436)	(31,883)
Cash dividends paid by subsidiaries	<u>(66,540)</u>	<u>(71,139)</u>
Net cash generated from financing activities	<u>2,696,608</u>	<u>347,564</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>58,644</u>	<u>65,060</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,754,357	775,809
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>2,508,593</u>	<u>1,225,981</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 6,262,950</u>	<u>\$ 2,001,790</u>

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

(With Deloitte & Touche review report dated October 26, 2023)

(Concluded)

# GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATIONS

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

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

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

### 2. ADMIT OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors on October 26, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases 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 IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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 is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs 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 POLICIES INFORMATION**

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- 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. 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 profit or loss and other 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 used by the Company.

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.

See Note 11, Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2022 for the material accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,143	\$ 924	\$ 524
Checking accounts and demand deposits	4,226,790	1,819,587	1,422,995
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	1,534,838	100,000	100,000
Repurchase agreements collateralized by bills	<u>500,179</u>	<u>588,082</u>	<u>478,271</u>
	<u>\$ 6,262,950</u>	<u>\$ 2,508,593</u>	<u>\$ 2,001,790</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 7,158	\$ 52,879	\$ 58,831
Mutual funds	44,044	-	-
Derivative financial assets (not under hedge accounting)			
Foreign exchange swap contracts	1,895	-	1,208
Foreign exchange forward contracts	<u>4,296</u>	<u>-</u>	<u>3,978</u>
	<u>\$ 57,393</u>	<u>\$ 52,879</u>	<u>\$ 64,017</u>

At the end of the reporting period, outstanding foreign exchange swap contracts and foreign exchange forward contracts not under hedge accounting were as follows:

### September 30, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	EUR/USD	2023/10/30	EUR570/USD622
	GBP/USD	2023/10/16-2023/12/12	GBP1,000/USD1,270
	USD/NTD	2023/10/6-2023/10/11	USD4,000/NTD128,484
Foreign exchange forward contracts			
	Sell	EUR/USD	2023/10/23-2023/11/27
Sell	GBP/USD	2023/10/5-2023/12/19	GBP2,200/USD2,750

December 31, 2022: None.

September 30, 2022

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
Foreign exchange swap contracts	GBP/USD	2022/10/31-2022/11/25	GBP910/USD1,055
Foreign exchange forward contracts			
Sell	EUR/USD	2022/10/6-2022/11/30	EUR3,550/USD3,600
Sell	GBP/USD	2022/10/31	GBP300/USD354

The Group entered into foreign exchange swap contracts and foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Non-current</u>			
Investments in equity instruments at FVTOCI			
Listed shares	\$ 244,004	\$ 229,398	\$ 210,161
Unlisted shares	<u>1,455</u>	<u>1,455</u>	<u>1,455</u>
	<u>\$ 245,459</u>	<u>\$ 230,853</u>	<u>\$ 211,616</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 218,105	\$ 229,579	\$ 238,955
Less: Allowance for impairment loss	<u>(2,281)</u>	<u>(2,247)</u>	<u>(2,218)</u>
	<u>\$ 215,824</u>	<u>\$ 227,332</u>	<u>\$ 236,737</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,568,695	\$ 1,510,875	\$ 1,869,354
Less: Allowance for impairment loss	<u>(22,207)</u>	<u>(21,286)</u>	<u>(26,220)</u>
	1,546,488	1,489,589	1,843,134
At FVTOCI	<u>1,208,358</u>	<u>826,879</u>	<u>756,756</u>
	<u>\$ 2,754,846</u>	<u>\$ 2,316,468</u>	<u>\$ 2,599,890</u>

## Trade Receivables

### 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 and industry outlook. The not past due trade receivables were provided with an allowance of 0% to 1.04%, 0% to 1.66% and 0% to 1.04% and past due trade receivables were provided with an allowance of 0.01% to 100%, 0.01% to 100% and 0.01% to 100%, as of September 30, 2023, December 31, 2022 and September 30, 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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Not past due	\$ 1,152,080	\$ 1,146,203	\$ 1,499,290
Past due			
1-60 days	294,153	275,405	278,081
61-120 days	77,212	54,742	48,033
More than 120 days	<u>45,250</u>	<u>34,525</u>	<u>43,950</u>
	<u>\$ 1,568,695</u>	<u>\$ 1,510,875</u>	<u>\$ 1,869,354</u>

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

The movements of the loss allowance of trade receivables at amortized cost were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 21,286	\$ 21,408
Add: Recognition	601	4,007
Less: Amounts written off	-	(29)
Foreign exchange gains and losses	<u>320</u>	<u>834</u>
Balance at September 30	<u>\$ 22,207</u>	<u>\$ 26,220</u>

b. At FVTOCI

The Group signed a contract with a bank to sell certain accounts receivable without recourse and transaction costs. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Not past due	\$ 808,326	\$ 616,088	\$ 583,498
Past due			
1-60 days	374,202	204,216	167,111
61-120 days	25,830	6,575	6,147
More than 120 days	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,208,358</u>	<u>\$ 826,879</u>	<u>\$ 756,756</u>

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

The movements of the loss allowance of trade receivables at FVTOCI were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ -	\$ -
Less: Reversal	<u>-</u>	<u>-</u>
Balance at September 30	<u>\$ -</u>	<u>\$ -</u>

**Notes Receivable**

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Not past due	\$ 207,081	\$ 218,136	\$ 218,797
Past due	<u>11,024</u>	<u>11,443</u>	<u>20,158</u>
	<u>\$ 218,105</u>	<u>\$ 229,579</u>	<u>\$ 238,955</u>

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,247	\$ 2,514
Add: Recognition	19	-
Less: Reversal	-	(319)
Foreign exchange gains and losses	<u>15</u>	<u>23</u>
Balance at September 30	<u>\$ 2,281</u>	<u>\$ 2,218</u>

## 10. INVENTORIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Raw materials	\$ 2,046,202	\$ 2,030,869	\$ 2,117,127
Supplies	341,583	177,505	171,878
Work in progress	2,706,113	2,349,649	2,301,592
Finished goods	1,162,426	1,205,753	1,030,411
Merchandise	199,378	181,794	195,375
Inventory in transit	<u>353,366</u>	<u>592,721</u>	<u>266,658</u>
	6,809,068	6,538,291	6,083,041
Less: Adjustments and eliminations	<u>(86,113)</u>	<u>(120,270)</u>	<u>(81,715)</u>
	<u>\$ 6,722,955</u>	<u>\$ 6,418,021</u>	<u>\$ 6,001,326</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Cost of inventories sold	\$ 2,328,789	\$ 2,209,674	\$ 7,274,050	\$ 6,021,109
Unamortized manufacturing expense	14,535	13,706	32,250	40,496
Inventory write-downs	<u>15,962</u>	<u>13,217</u>	<u>73,143</u>	<u>30,624</u>
	<u>\$ 2,359,286</u>	<u>\$ 2,236,597</u>	<u>\$ 7,379,443</u>	<u>\$ 6,092,229</u>

## 11. SUBSIDIARIES

### a. Subsidiaries included in consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Faith Easy Enterprises Ltd.	General investment and trading	96	96	96	1
The Company	Golden Win Steel Industrial Corp.	Processing and trading of special steel, carbon steel, super alloy material rollers	46	46	46	1, 2
The Company	Alloy Tool Steel, Inc.	Trading of alloy steel	100	100	100	1
The Company	Ho Yang Investment Corp.	General investment	47	34	34	1, 3
The Company	All Win Enterprises Ltd.	General investment and trading	100	100	100	1
The Company	Rong Yang Investment Corp.	General investment	100	100	100	1
The Company	Gloria Material Technology Japan Co., Ltd.	Production and selling of alloy steel	100	100	100	1
Faith Easy Enterprises Ltd.	Guangzhou Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	1
Faith Easy Enterprises Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	1
Faith Easy Enterprises Ltd.	Tianjin Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	1
Faith Easy Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	1
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	General investment and trading	97	97	97	1
Rainbow Shines Limited	Vietnam Goldway Special Material Co., Ltd.	Production and selling of alloy steel	100	100	100	1
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	General investment and trading	100	100	100	1
G-Yao Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and trading of alloy steel	100	100	100	1

- 1) It is an immaterial subsidiary; its financial statements have not been reviewed as of September 30, 2023 and 2022.
- 2) Although the Group's percentage of ownership in Golden Win Steel Industrial Corp. was less than 50%, the Group still has control over the entity. Thus, Golden Win Steel Industrial Corp. is considered a subsidiary of the Group.
- 3) Although the Group's percentage of ownership in Ho Yang Investment Corp. was less than 50%, the Group has more than half of directors' seat and still has control over the entity. Thus, Ho Yang Investment Corp. is considered a subsidiary of the Group.

### b. Subsidiaries excluded from consolidated financial statements: None.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates That Are Not Individually Material	September 30, 2023	December 31, 2022	September 30, 2022
Forcera Materials Co., Ltd	\$ -	\$ 89,430	\$ 117,508
S-tech Corp.	<u>334,231</u>	<u>290,931</u>	<u>356,330</u>
	<u>\$ 334,231</u>	<u>\$ 380,361</u>	<u>\$ 473,838</u>

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of company which have not been reviewed.

### 13. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Land	\$ 2,732,369	\$ 2,732,369	\$ 2,732,369
Buildings	1,726,505	1,768,598	1,785,326
Equipment	2,364,597	2,517,982	2,561,499
Transportation equipment	46,131	41,103	42,223
Machinery	9,142	10,122	10,710
Other equipment	158,777	163,646	167,008
Construction in progress	<u>1,336,063</u>	<u>1,073,812</u>	<u>996,948</u>
	<u>\$ 8,373,584</u>	<u>\$ 8,307,632</u>	<u>\$ 8,296,083</u>

	Land	Buildings	Machinery	Transportation Equipment	Tools and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 2,732,369	\$ 3,468,158	\$ 11,344,476	\$ 332,284	\$ 144,180	\$ 321,577	\$ 1,073,812	\$ 19,416,856
Additions	-	11,181	556,572	15,042	400	9,981	270,465	863,641
Disposals	-	(3,568)	(2,003,949)	(4,996)	(3,419)	(7,088)	-	(2,023,020)
Reclassified	-	(3,410)	(92,066)	-	-	-	(8,311)	(103,787)
Effects of foreign currency exchange differences	-	6,434	3,643	145	452	(4,218)	97	6,553
Balance at September 30, 2023	<u>\$ 2,732,369</u>	<u>\$ 3,478,795</u>	<u>\$ 9,808,676</u>	<u>\$ 342,475</u>	<u>\$ 141,613</u>	<u>\$ 320,252</u>	<u>\$ 1,336,063</u>	<u>\$ 18,160,243</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 1,699,560	\$ 8,827,784	\$ 291,191	\$ 132,890	\$ 157,799	\$ -	\$ 11,109,224
Disposals	-	(3,568)	(1,642,898)	(4,237)	(3,241)	(11,354)	-	(1,665,298)
Reclassified	-	(1,541)	-	-	-	-	-	(1,541)
Depreciation expense	-	55,161	256,389	9,317	2,746	14,222	-	337,835
Effects of foreign currency exchange differences	-	2,678	2,804	73	76	808	-	6,439
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 1,752,290</u>	<u>\$ 7,444,079</u>	<u>\$ 296,344</u>	<u>\$ 132,471</u>	<u>\$ 161,475</u>	<u>\$ -</u>	<u>\$ 9,786,659</u>
Carrying amount at September 30, 2023	<u>\$ 2,732,369</u>	<u>\$ 1,726,505</u>	<u>\$ 2,364,597</u>	<u>\$ 46,131</u>	<u>\$ 9,142</u>	<u>\$ 158,777</u>	<u>\$ 1,336,063</u>	<u>\$ 8,373,584</u>
Carrying amount at January 1, 2023	<u>\$ 2,732,369</u>	<u>\$ 1,768,598</u>	<u>\$ 2,517,982</u>	<u>\$ 41,103</u>	<u>\$ 10,122</u>	<u>\$ 163,646</u>	<u>\$ 1,073,812</u>	<u>\$ 8,307,632</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 2,799,964	\$ 3,709,275	\$ 11,345,541	\$ 320,721	\$ 189,868	\$ 180,637	\$ 831,164	\$ 19,377,170
Additions	-	3,610	128,128	12,796	256	64,465	256,734	465,989
Disposals	-	-	(87,705)	(2,761)	(46,968)	(2,045)	-	(139,479)
Reclassified	(67,595)	(255,457)	(70,481)	-	-	90,141	(91,104)	(394,496)
Effects of foreign currency exchange differences	-	11,653	9,034	526	824	1,310	154	23,501
Balance at September 30, 2022	<u>\$ 2,732,369</u>	<u>\$ 3,469,081</u>	<u>\$ 11,324,517</u>	<u>\$ 331,282</u>	<u>\$ 143,980</u>	<u>\$ 334,508</u>	<u>\$ 996,948</u>	<u>\$ 19,332,685</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 1,668,145	\$ 8,620,302	\$ 283,785	\$ 176,229	\$ 158,726	\$ -	\$ 10,907,187
Disposals	-	-	(88,373)	(2,761)	(45,646)	(1,975)	-	(138,755)
Reclassified	-	(43,743)	-	-	-	-	-	(43,743)
Depreciation expense	-	55,128	223,873	7,809	2,636	8,985	-	298,431
Effects of foreign currency exchange differences	-	4,225	7,216	226	51	1,764	-	13,482
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 1,683,755</u>	<u>\$ 8,763,018</u>	<u>\$ 289,059</u>	<u>\$ 133,270</u>	<u>\$ 167,500</u>	<u>\$ -</u>	<u>\$ 11,036,602</u>
Carrying amount at September 30, 2022	<u>\$ 2,732,369</u>	<u>\$ 1,785,326</u>	<u>\$ 2,561,499</u>	<u>\$ 42,223</u>	<u>\$ 10,710</u>	<u>\$ 167,008</u>	<u>\$ 996,948</u>	<u>\$ 8,296,083</u>

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

<b>Buildings</b>		
Houses and buildings (structure)		40-55 years
Mechanical and electrical facilities		2-10 years
Engineering system		1-15 years
<b>Equipment</b>		
Production line for forging		10-20 years
Process equipment		5-20 years
Mechanical system		3-5 years
Molds		1-3 years
<b>Transportation equipment</b>		
Stackers		3-10 years
Cranes		5-8 years
<b>Machinery</b>		
Analyzers and radiation detectors		5-20 years
Other tools and instruments		1-10 years
Other equipment		1-10 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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Carrying amount</u>			
Land	\$ 109,179	\$ 110,688	\$ 113,142
Buildings	34,029	13,160	14,268
Transportation equipment	<u>7,994</u>	<u>1,357</u>	<u>1,647</u>
	<u>\$ 151,202</u>	<u>\$ 125,205</u>	<u>\$ 129,057</u>
	<b>For the Three Months Ended September 30</b>	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>
	<b>2022</b>	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets		<u>\$ 36,322</u>	<u>\$ 5,099</u>
Depreciation charge for right-of-use assets			
Land	\$ 999	\$ 1,017	\$ 2,992
Buildings	2,928	1,108	8,629
Transportation equipment	<u>730</u>	<u>290</u>	<u>1,685</u>
	<u>\$ 4,657</u>	<u>\$ 2,415</u>	<u>\$ 13,306</u>
	<u>\$ 4,657</u>	<u>\$ 2,415</u>	<u>\$ 13,306</u>
	<u>\$ 4,657</u>	<u>\$ 2,415</u>	<u>\$ 13,306</u>
	<u>\$ 4,657</u>	<u>\$ 2,415</u>	<u>\$ 13,306</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and 2022.

b. Lease liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Carrying amount</u>			
Current	<u>\$ 16,382</u>	<u>\$ 6,687</u>	<u>\$ 6,864</u>
Non-current	<u>\$ 57,632</u>	<u>\$ 39,931</u>	<u>\$ 41,613</u>

Range of discount rates for lease liabilities was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	1.85%	1.85%	1.85%
Buildings	1.79%-1.80%	1.79%-1.80%	1.79%-1.80%
Transportation equipment	1.79%-2.02%	1.79%	1.79%

c. Other lease information

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 722</u>	<u>\$ 689</u>	<u>\$ 3,246</u>	<u>\$ 2,267</u>
Total cash outflow for leases			<u>\$ 14,269</u>	<u>\$ 11,638</u>

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

On February 24, 2022, the Board of Directors resolved to terminate the lease of land located at No. 15, Gong 1st Road from S-Tech Corp. on April 1, 2022.

## 15. INVESTMENT PROPERTIES

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	\$ 189,518	\$ 189,518	\$ 189,518
Buildings	<u>213,120</u>	<u>424,412</u>	<u>428,299</u>
	<u>\$ 402,638</u>	<u>\$ 613,930</u>	<u>\$ 617,817</u>

Refer to Note 29, the Group sold the investment property to S-Tech Corp. with the price of \$207,438 thousand for the nine months ended September 30, 2023.

The depreciation of investment properties is recognized using the straight-line method over their useful lives as follows:

Houses and buildings (structure)	25-50 years
Mechanical and electrical facilities	2-10 years
Engineering system	2-20 years

As of December 31, 2022, the determination of fair value was performed by independent qualified professional valuers. As of December 31, 2021, the valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The fair value as appraised was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fair value	<u>\$ 1,491,236</u>	<u>\$ 1,681,139</u>	<u>\$ 955,152</u>

Being consideration of the Group's management there were no significant difference between in the fair value of investment properties as of September 30, 2023 and 2022 and as of December 31, 2022 and 2021.

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Prepayments	\$ 134,548	\$ 45,529	\$ 53,502
Refundable deposits (Note 30)	161,786	173,413	180,678
Restricted deposits (Note 30)	61,007	18,101	45,091
Other financial assets	300,000	264,564	-
Others	<u>22,448</u>	<u>10,270</u>	<u>30,845</u>
	<u>\$ 679,789</u>	<u>\$ 511,877</u>	<u>\$ 310,116</u>
Current	\$ 515,931	\$ 350,692	\$ 128,168
Non-current	<u>163,858</u>	<u>161,185</u>	<u>181,948</u>
	<u>\$ 679,789</u>	<u>\$ 511,877</u>	<u>\$ 310,116</u>

## 17. BORROWINGS

### a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings (Note 30)</u>			
Bank loans	\$ 147,273	\$ 103,762	\$ 87,501
<u>Unsecured borrowings</u>			
Letters of credit	26,430	26,051	50,242
Line of credit borrowings	<u>1,052,110</u>	<u>1,457,156</u>	<u>1,430,521</u>
	<u>\$ 1,225,813</u>	<u>\$ 1,586,969</u>	<u>\$ 1,568,264</u>
Range of interest rates	0.50%-7.80%	1.88%-7.06%	0.71%-4.50%

### b. Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	\$ 10,000	\$ 40,000	\$ 40,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>-</u>	<u>(24)</u>
	<u>\$ 10,000</u>	<u>\$ 40,000</u>	<u>\$ 39,976</u>

### c. Current portion of long-term liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Current portion of long-term borrowings	<u>\$ 30,800</u>	<u>\$ 1,211,877</u>	<u>\$ 1,030,520</u>

### d. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings (Note 30)</u>			
Bank loans	\$ 4,834,893	\$ 5,246,778	\$ 5,764,816
Less: Current portions	<u>(30,800)</u>	<u>(1,211,877)</u>	<u>(1,030,520)</u>
Long-term borrowings	<u>\$ 4,804,093</u>	<u>\$ 4,034,901</u>	<u>\$ 4,734,296</u>
Range of interest rates	2.01%-2.19%	1.34%-1.94%	0.68%-1.80%

- 1) In order to repay outstanding financial liabilities and enrich medium-term working capital, the Company obtained a syndicated loan, which has the maturity of 5 years with a credit line of NT\$4,200,000 thousand from Chang Hwa Bank and multiple financial institutions. 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

	September 30, 2023	December 31, 2022	September 30, 2022
Secured domestic bonds (Note 30)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Less: Discount on bonds payable	<u>(67,451)</u>	<u>(76,810)</u>	<u>(79,897)</u>
	1,432,549	1,423,190	1,420,103
Unsecured domestic convertible bonds	5,397,685	3,031,928	3,045,225
Less: Discount on bonds payable	<u>(292,789)</u>	<u>(118,075)</u>	<u>(129,693)</u>
	<u>5,104,896</u>	<u>2,913,853</u>	<u>2,915,532</u>
	<u>\$ 6,537,445</u>	<u>\$ 4,337,043</u>	<u>\$ 4,335,635</u>

### a. Secured domestic bonds

On November 29, 2021, the Group issued \$1,500,000 thousand, which was 0.65% of its NTD denominated secured bonds in Taiwan, with maturity date on November 29, 2028. The interest will be paid annually and the bonds will be repaid on the maturity date. The bonds are guaranteed by Hua Nan Commercial Bank.

### 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 bonds are guaranteed by Hua Nan Commercial Bank and as trustee for the bondholders by Taishin International Commercial Bank, Ltd.

Unless the holders of the convertible bonds apply for conversion into the Company's common 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 common 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 common 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)	<u>(114,739)</u>
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	2,909,982
Interest calculated at an effective rate of 1.5258%	16,634
Convertible bonds converted into ordinary shares	<u>(12,763)</u>
Liability components as of December 31, 2022	2,913,853
Interest calculated at an effective rate of 1.5258%	13,271
Convertible bonds converted into ordinary shares	<u>(2,613,954)</u>
Liability components as of September 30, 2023	<u>\$ 313,170</u>

c. The 7th unsecured domestic convertible bonds

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

Unless the holders of the convertible bonds apply for conversion into the Company's common 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 common 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 common shares anytime, by forwarding a request to Taiwan Central Depository & Clearing Corporation (TDCC) through a trading broker.

The conversion price is determined on a base date of July 21, 2023. The base price was calculated by the arithmetic mean of the closing price of one day, three days or five days of the business days before the base date (not included). The conversion price is determined by multiplying the base price by 110% of the conversion rate (calculated to the nearest dollar, rounded up to the nearest dollar). The calculation is based on the following: If there is an ex-rights or ex-dividend date, the closing price used to calculate

the conversion price shall be set as the ex-rights or ex-dividend price; if there is an ex-rights or ex-dividend date after the conversion price is determined and before the actual issuance date, the conversion price shall be adjusted according to the conversion price adjustment formula. In accordance with the above, the conversion price is set at NT\$59.2 per share upon issuance of the conversion bonds.

This convertible bond consists of a liability and an equity component, which is expressed as capital surplus - stock options under equity. The effective interest rate originally recognized for the liability component was 2.0524%.

Issue price (net of transaction costs and adjusted for related income tax effects)	\$ 5,019,682
Components of equity (net of transaction costs allocated to equity and adjusted for related income tax effects)	<u>(244,291)</u>
Components of liabilities at issue date (net of transaction costs allocated to liabilities)	4,775,391
Interest calculated at an effective rate of 2.0524%	<u>16,335</u>
Liability components as of September 30, 2023	<u>\$ 4,791,726</u>

## 19. OTHER PAYABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Payable for salaries and bonuses	\$ 238,488	\$ 304,671	\$ 243,773
Payable for annual leave	54,377	56,674	54,220
Payable for purchase of equipment	66,187	51,968	27,513
Payable for fuel	28,864	35,875	31,092
Payable for utility bill	57,483	46,066	48,967
Payable for export fees	78,845	81,040	121,672
Others	<u>193,506</u>	<u>154,618</u>	<u>86,687</u>
	<u>\$ 717,750</u>	<u>\$ 730,912</u>	<u>\$ 613,924</u>

## 20. OTHER NON-CURRENT LIABILITIES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Long-term deferred revenue (a)	\$ 4,962	\$ 4,868	\$ 4,937
Advanced expropriation receipts (b)	479,112	470,030	187,756
Guarantee deposit received	335	333	337
Others	<u>60,468</u>	<u>60,488</u>	<u>68,488</u>
	<u>\$ 544,877</u>	<u>\$ 535,719</u>	<u>\$ 261,518</u>

- a. Long-term deferred revenue is the subsidy of the local government for the purchase of land and lease of land use rights for the investment and establishment of factories by the Group. After the construction of the factory is completed and the operation starts, it is recognized as other income based on the period of use of the factory.

- b. Zhejiang Jiaying 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, CNY106,597 thousand and CNY41,985 thousand, as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively. The gain from expropriation will be recognized once the obligation of the agreement is fulfilled.

## 21. RETIREMENT BENEFIT PLANS

For the three months and nine months ended September 30, 2023 and 2022, the pension expense of defined benefit plans were \$815 thousand, \$779 thousand, \$2,446 thousand and \$2,337 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

## 22. EQUITY

- a. Share capital

### Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>529,823</u>	<u>457,122</u>	<u>456,736</u>
Shares issued	<u>\$ 5,298,234</u>	<u>\$ 4,571,224</u>	<u>\$ 4,567,360</u>

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

As of September 30, 2023 and December 31, 2022, the holders of the Company’s the 6th unsecured domestic convertible bonds had applied for conversion into the cumulative amount of 79,416 thousand shares and 386 thousand shares of the Company’s common shares, respectively.

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 share the treasury shares, the shares issued became \$4,956,370 thousand, and the registration was completed in June 2023.

b. Capital surplus

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Additional paid-in capital	\$ 213,918	\$ 216,649	\$ 216,649
Additional paid-in capital-bond conversion	3,365,431	1,472,057	1,462,657
Adjustment from changes in equity of associates	9,539	13,613	10,215
Donated assets	<u>3,502</u>	<u>3,502</u>	<u>3,502</u>
	<u>\$ 3,592,390</u>	<u>\$ 1,705,821</u>	<u>\$ 1,693,023</u>

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:

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

Cash dividends were approved by the Board of Directors on April 13, 2023 and February 24, 2022, respectively. Other appropriations of earnings for 2021 was approved by the shareholders in the shareholders' meeting on May 26, 2022. Other appropriations of earnings for 2022 was approved by the shareholders in the shareholders' meeting on May 25, 2023.

d. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares at January 1, 2023	9,527	6,329	15,856
Increase during the period	2,766	-	2,766
Decrease during the period	<u>(314)</u>	<u>(6,329)</u>	<u>(6,643)</u>
Number of shares at September 30, 2023	<u>11,979</u>	<u>-</u>	<u>11,979</u>
Book value of shares at September 30, 2023	<u>\$ 227,678</u>	<u>\$ -</u>	<u>\$ 227,678</u>
Number of shares at January 1, 2022	10,666	6,329	16,995
Increase during the period	1,355	-	1,355
Decrease during the period	<u>(1,930)</u>	<u>-</u>	<u>(1,930)</u>
Number of shares at September 30, 2022	<u>10,091</u>	<u>6,329</u>	<u>16,420</u>
Book value of shares at September 30, 2022	<u>\$ 129,053</u>	<u>\$ 99,735</u>	<u>\$ 228,788</u>

For the nine months ended September 30, 2023 and 2022, subsidiaries sold 314 thousand and 1,930 thousand, respectively shares of the Company for \$17,630 thousand and \$56,686 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

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Government grants	\$ -	\$ 35,659	\$ -	\$ 35,699
Dividends income	10,049	5,414	23,845	8,140
Rental income	14,471	18,285	48,591	45,469
Sale of electricity	3,125	4,832	10,598	11,886
Others	<u>5,050</u>	<u>4,779</u>	<u>18,714</u>	<u>23,728</u>
	<u>\$ 32,695</u>	<u>\$ 68,969</u>	<u>\$ 101,748</u>	<u>\$ 124,922</u>

b. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans and bills payable	\$ 44,515	\$ 48,226	\$ 137,809	\$ 131,729
Interest on lease liabilities	335	229	1,010	834
Amortization of long-term borrowing costs	7,081	1,722	10,525	5,166
Interest on bonds payable	23,222	11,058	46,277	22,076
Less: Amount included in the cost of qualifying assets	<u>(18,843)</u>	<u>(13,350)</u>	<u>(51,460)</u>	<u>(35,414)</u>
	<u>\$ 56,310</u>	<u>\$ 47,885</u>	<u>\$ 144,161</u>	<u>\$ 124,391</u>

Information on capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Capitalized interest	\$ 18,843	\$ 13,350	\$ 51,460	\$ 35,414
Capitalization rate	1.34%-2.49%	1.44%-1.56%	1.34%-2.49%	1.14%-1.56%

c. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net gain (loss) on fair air value changes of financial assets designated as at FVTPL	\$ 9,999	\$ 3,143	\$ 31,626	\$ (8,140)
Gain on disposal of associates	9,218	16,290	173,781	74,356
Gain on disposal of property, plant and equipment	(3,726)	16	(3,618)	5,514
Net foreign currency exchange gains	131,038	197,318	386,990	450,326
Net foreign currency exchange losses	(84,260)	(130,621)	(293,341)	(351,765)
Others	<u>(15,454)</u>	<u>5,273</u>	<u>(81,615)</u>	<u>(44,145)</u>
	<u>\$ 46,815</u>	<u>\$ 91,419</u>	<u>\$ 213,823</u>	<u>\$ 126,146</u>

d. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function				
Operating costs	\$ 96,908	\$ 79,396	\$ 280,954	\$ 243,068
Operating expenses	8,937	21,243	23,545	58,061
Other losses	<u>16,382</u>	<u>7,327</u>	<u>54,460</u>	<u>15,709</u>
	<u>\$ 122,227</u>	<u>\$ 107,966</u>	<u>\$ 358,959</u>	<u>\$ 316,838</u>
An analysis of amortization by function				
Operating costs	\$ 166	\$ 39	\$ 200	\$ 203
Operating expenses	<u>124</u>	<u>149</u>	<u>519</u>	<u>310</u>
	<u>\$ 290</u>	<u>\$ 188</u>	<u>\$ 719</u>	<u>\$ 513</u>

e. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Defined contribution plan	\$ 10,083	\$ 12,489	\$ 34,134	\$ 32,991
Defined benefit plan (Note 21)	815	779	2,446	2,337
Other employee benefits	<u>326,039</u>	<u>306,361</u>	<u>1,046,895</u>	<u>901,463</u>
	<u>\$ 336,937</u>	<u>\$ 319,629</u>	<u>\$ 1,083,475</u>	<u>\$ 936,791</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	An analysis by function			
Operating costs	\$ 238,515	\$ 210,966	\$ 738,766	\$ 629,606
Operating expenses	<u>98,422</u>	<u>108,663</u>	<u>344,709</u>	<u>307,185</u>
	<u>\$ 336,937</u>	<u>\$ 319,629</u>	<u>\$ 1,083,475</u>	<u>\$ 936,791</u>

(Concluded)

f. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the three months and nine months ended September 30, 2023 and 2022, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Compensation of employees	<u>\$ 12,000</u>	<u>\$ 15,000</u>	<u>\$ 36,000</u>
Remuneration of directors and supervisors	<u>\$ 6,000</u>	<u>\$ 5,010</u>	<u>\$ 18,000</u>	<u>\$ 15,010</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors and supervisors for 2022 and 2021 that were resolved by the Board of Directors on February 23, 2023 and February 24, 2022, respectively, are as shown below:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 50,000	\$ -	\$ 20,000	\$ -
Remuneration of directors and supervisors	25,000	-	14,000	-

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. Income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 131,404	\$ 139,293	\$ 385,729	\$ 331,081
Income tax on				
unappropriated earnings	-	-	2,180	-
Adjustments for prior year	-	1,133	(8,525)	(10,209)
Deferred tax				
In respect of the current year	<u>(14,031)</u>	<u>14,745</u>	<u>25,963</u>	<u>37,437</u>
Income tax expense recognized in profit or loss	<u>\$ 117,373</u>	<u>\$ 155,171</u>	<u>\$ 405,347</u>	<u>\$ 358,309</u>

### b. 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 Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Profit for the period attributable to owners of the Company	\$ 523,747	\$ 561,194	\$ 1,678,278	\$ 1,456,519
Effect of potentially dilutive ordinary shares:				
Employees' compensation	-	-	-	-
Interest on convertible bonds (after tax)	<u>14,131</u>	<u>4,440</u>	<u>23,685</u>	<u>4,440</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 537,878</u>	<u>\$ 565,634</u>	<u>\$ 1,701,963</u>	<u>\$ 1,460,959</u>

## Shares (In Thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	522,221	446,902	494,316	446,766
Effect of potentially dilutive ordinary shares:				
Employees' compensation	264	1,184	1,025	1,356
Convertible bonds	<u>67,404</u>	<u>45,210</u>	<u>59,269</u>	<u>15,235</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>589,889</u>	<u>493,296</u>	<u>554,610</u>	<u>463,357</u>

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the nine months ended September 30, 2023, the Group acquired additional shares of Ho Yang Investment Corp. in the amount of \$57,954 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

The Group's management believes that the carrying amounts of the financial assets and financial liabilities that are not measured at fair value approximate their fair value or the fair value cannot be reliably measured.

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

#### 1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 244,004	\$ -	\$ -	\$ 244,004
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>1,455</u>
	<u>\$ 244,004</u>	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ 245,459</u>
Investments in debt instruments				
Trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,358</u>	<u>\$ 1,208,358</u>
Financial assets at FVTPL				
Investments in equity instruments				
Listed shares	\$ 7,158	\$ -	\$ -	\$ 7,158
Mutual funds	44,044	-	-	44,044
Derivatives	<u>-</u>	<u>6,191</u>	<u>-</u>	<u>6,191</u>
	<u>\$ 51,202</u>	<u>\$ 6,191</u>	<u>\$ -</u>	<u>\$ 57,393</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 229,398	\$ -	\$ -	\$ 229,398
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>1,455</u>
	<u>\$ 229,398</u>	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ 230,853</u>
Investments in debt instruments				
Trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,879</u>	<u>\$ 826,879</u>
Financial assets at FVTPL				
Investments in equity instruments				
Listed shares	<u>\$ 52,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,879</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 210,161	\$ -	\$ -	\$ 210,161
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,455</u>	<u>1,455</u>
	<u>\$ 210,161</u>	<u>\$ -</u>	<u>\$ 1,455</u>	<u>\$ 211,616</u>
Investments in debt instruments				
Trade receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 756,756</u>	<u>\$ 756,756</u>
Financial assets at FVTPL				
Listed shares	\$ 58,831	\$ -	\$ -	\$ 58,831
Derivatives	<u>-</u>	<u>5,186</u>	<u>-</u>	<u>5,186</u>
	<u>\$ 58,831</u>	<u>\$ 5,186</u>	<u>\$ -</u>	<u>\$ 64,017</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2023

Financial Assets	<u>Financial Assets at FVTOCI</u> Debt Instruments
Balance at January 1, 2023	\$ 826,879
(Recognized) reversed in profit or loss	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-
Net changes in trade receivables	<u>381,479</u>
Balance at September 30, 2023	<u>\$ 1,208,358</u>

For the nine months ended September 30, 2022

Financial Assets	<u>Financial Assets at FVTOCI</u> Debt Instruments
Balance at January 1, 2022	\$ 450,324
(Recognized) reversed in profit or loss	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-
Net changes in trade receivables	<u>306,432</u>
Balance at September 30, 2022	<u>\$ 756,756</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts and foreign exchange swap contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) 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.

c. Categories of financial instruments

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,580,352	\$ 4,723,689	\$ 4,058,196
FVTPL			
Mandatorily classified as at FVTPL	57,393	52,879	64,017
Financial assets at FVTOCI			
Equity instruments	245,459	230,853	211,616
Debt instruments	1,208,358	826,879	756,756

Financial liabilities

Financial liabilities at amortized cost (2)	13,723,021	12,270,540	12,546,220
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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.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings, short-term bills payable, notes payable, trade and other payables and bonds payable.

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 amount of the Group's derivative financial instruments exposed to foreign currency risk is immaterial.

#### Sensitivity analysis

The Group was mainly exposed to the USD, CNY, EUR and GBP.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency exchange risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period 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.

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
CNY impact	<u>\$ 5,246</u>	<u>\$ 9,381</u>
USD impact	<u>\$ 33,408</u>	<u>\$ 39,115</u>
EUR impact	<u>\$ 10,277</u>	<u>\$ 10,611</u>
GBP impact	<u>\$ 22,709</u>	<u>\$ 5,957</u>

The result was mainly attributable to the exposure on outstanding receivables and payables 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 amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fair value interest rate risk			
Financial assets	\$ 2,349,790	\$ 966,732	\$ 596,130
Financial liabilities	6,621,459	4,423,661	4,424,088
Cash flow interest rate risk			
Financial assets	2,705,486	1,084,322	755,083
Financial liabilities	6,060,706	6,833,747	7,333,080

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 and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would have decreased by \$2,516 thousand and \$4,933 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

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 nine months ended September 30, 2023 and 2022 would have increased/decreased by \$24,546 thousand and \$21,162 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 nine months ended September 30, 2023 and 2022 would have increased/decreased by \$5,120 thousand and \$5,883 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 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 customers' accounts receivable 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 the end of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had available unutilized bank loan facilities of \$7,624,907 thousand, \$5,711,017 thousand and \$5,260,291 thousand, respectively.

- a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

### September 30, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 695,608	\$ 130,677	\$ 600,551	\$ -	\$ -
Lease liabilities	1,468	2,961	13,205	35,487	27,580
Liabilities instruments	<u>380,645</u>	<u>344,698</u>	<u>651,759</u>	<u>10,287,126</u>	<u>1,522,583</u>
	<u>\$ 1,077,721</u>	<u>\$ 478,336</u>	<u>\$ 1,265,515</u>	<u>\$ 10,322,613</u>	<u>\$ 1,550,163</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10+ Years</b>
Lease liabilities	<u>\$ 17,634</u>	<u>\$ 35,487</u>	<u>\$ 9,193</u>	<u>\$ 18,387</u>

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

September 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 534,585 794	\$ 117,821 1,282	\$ 486,626 5,608	\$ - 17,888	\$ - 29,418
Liabilities instruments	<u>307,916</u>	<u>652,423</u>	<u>1,730,138</u>	<u>7,893,729</u>	<u>1,512,833</u>
	<u>\$ 843,295</u>	<u>\$ 771,526</u>	<u>\$ 2,222,372</u>	<u>\$ 7,911,617</u>	<u>\$ 1,542,251</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10+ Years</b>
Lease liabilities	<u>\$ 7,684</u>	<u>\$ 17,888</u>	<u>\$ 9,193</u>	<u>\$ 20,225</u>

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the period were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>September 30, 2023</u>				
Financial institution	\$ 40,839	\$ 8,168	\$ 32,671	6
<u>December 31, 2022</u>				
Financial institution	126,326	25,265	101,061	5
<u>September 30, 2022</u>				
Financial institution	88,818	17,764	71,054	2

The Group has factoring agreements with financial institutions. The credit limit is US\$10,000 thousand for both September 30, 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

<u>Related Party</u>	<u>Relationship</u>
S-Tech Corp.	Associate
Chun Yu Works & 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
Star Travel Corp.	Related party in substance
Dong-Ying Management Consulting Co., Ltd.	Related party in substance

b. Sales of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
S-Tech Corp.	\$ 72,067	\$ 68,551	\$ 176,653	\$ 290,622
Related party in substance	<u>3,755</u>	<u>-</u>	<u>6,122</u>	<u>-</u>
	<u>\$ 75,822</u>	<u>\$ 68,551</u>	<u>\$ 182,775</u>	<u>\$ 290,622</u>

The payment term usually is within 30 to 60 days after the receipt of the invoice. There were no significant differences in transaction terms between related parties and third parties.

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
S-Tech Corp.	\$ 87,699	\$ 125,590	\$ 293,301	\$ 349,581
Related party in substance	<u>7,980</u>	<u>25,434</u>	<u>19,130</u>	<u>100,317</u>
	<u>\$ 95,679</u>	<u>\$ 151,024</u>	<u>\$ 312,431</u>	<u>\$ 449,898</u>

The payment term usually is 30 days after the receipt of the invoice. There were no significant differences in transaction terms between related parties and third parties.

d. Operating expenses and other gains and losses

Account Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Operating expenses	Associate	\$ 9,813	\$ 242	\$ 12,225	\$ 761
	Related party in substance				
	Tsg Transport Corp.	62,871	183,283	174,299	557,141
	Other	<u>348</u>	<u>277</u>	<u>37,564</u>	<u>1,816</u>
		<u>\$ 73,032</u>	<u>\$ 183,802</u>	<u>\$ 224,088</u>	<u>\$ 559,718</u>
Manufacturing costs	Associate	\$ 383	\$ 72	\$ 1,003	\$ 14,706
	Related party in substance	<u>19,689</u>	<u>7,293</u>	<u>60,385</u>	<u>17,457</u>
		<u>\$ 20,072</u>	<u>\$ 7,365</u>	<u>\$ 61,388</u>	<u>\$ 32,163</u>

Account Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Other gains	Associate	\$ 13,827	\$ 17,117	\$ 51,147	\$ 42,029
	Related party in substance	<u>2,077</u>	<u>1,857</u>	<u>6,221</u>	<u>4,912</u>
		<u>\$ 15,904</u>	<u>\$ 18,974</u>	<u>\$ 57,368</u>	<u>\$ 46,941</u>
Other losses	Related party in substance	<u>\$ -</u>	<u>\$ 1,047</u>	<u>\$ 22</u>	<u>\$ 1,047</u>

e. Receivables from related parties (not including loans to related parties)

Account Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Trade receivables	S-Tech Corp.	<u>\$ 46,116</u>	<u>\$ 81,763</u>	<u>\$ 83,738</u>
	Related party in substance	<u>\$ 540</u>	<u>\$ -</u>	<u>\$ -</u>
Other receivables	Associate	<u>\$ 8,454</u>	<u>\$ 8,224</u>	<u>\$ 6,894</u>
	Related party in substance	<u>\$ 1,402</u>	<u>\$ 1,115</u>	<u>\$ 1,073</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties

Account Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Trade payables to related parties	S-Tech Corp.	<u>\$ 25,083</u>	<u>\$ 32,928</u>	<u>\$ 23,059</u>
	Related party in substance	<u>\$ 8,636</u>	<u>\$ 19,058</u>	<u>\$ 19,182</u>
Other payables	Associate	<u>\$ 311</u>	<u>\$ -</u>	<u>\$ -</u>
	Related party in substance	<u>\$ 22,301</u>	<u>\$ 18,657</u>	<u>\$ 12,980</u>

The outstanding trade payables to related parties are unsecured.

g. Other assets

Account Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Other current assets	Related party in substance	<u>\$ -</u>	<u>\$ 1,740</u>	<u>\$ 244</u>
Prepayments for equipment	Related party in substance	<u>\$ 3,802</u>	<u>\$ 494</u>	<u>\$ 454</u>

h. Acquisition of property, plant and equipment

Related Party Category/Name	Proceeds	
	For the Nine Months Ended September 30	
	2023	2022
Related party in substance	\$ 385	\$ 217

i. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2023	2022	2023	2022
S-Tech Corp.	\$ 340,729	\$ -	\$ 277	\$ -
Related party in substance	-	-	-	-
	<u>\$ 340,729</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ -</u>

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
S-Tech Corp.	\$ 340,729	\$ 3,798	\$ 277	\$ 3,798
Related party in substance	97	-	18	-
	<u>\$ 340,826</u>	<u>\$ 3,798</u>	<u>\$ 295</u>	<u>\$ 3,798</u>

j. Lease arrangements

Account Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Associate	\$ -	\$ -	\$ -

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	<u>Interest expense</u>			
Associate	\$ -	\$ -	\$ -	\$ 125

On February 24, 2022, the Board of Directors resolved to terminate the lease arrangement of S-Tech Corp. Refer to Note 14 for the relevant information.

k. Acquisition of investment property

Related Party Category/Name	Proceeds	
	For the Nine Months Ended September 30	
	2023	2022
Related party in substance	\$ <u>2,095</u>	\$ <u>-</u>

l. Disposals of investment property

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2023	2022	2023	2022
S-Tech Corp.	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
S-Tech Corp.	\$ <u>207,438</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

m. Acquisition of financial assets

For the nine months ended September 30, 2023

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

Note: Investment in subsidiaries was eliminated from consolidation.

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

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
S-Tech Corp.			
Amount endorsed	\$ -	\$ 10,000	\$ 10,000
Amount utilized	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>-</u>	\$ <u>10,000</u>	\$ <u>10,000</u>

o. Remuneration of key management personnel

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 28,238	\$ 17,893	\$ 87,698	\$ 65,517
Post-employment benefits	<u>222</u>	<u>465</u>	<u>661</u>	<u>968</u>
	<u>\$ 28,460</u>	<u>\$ 18,358</u>	<u>\$ 88,359</u>	<u>\$ 66,485</u>

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

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted deposits (classified as other current assets)	\$ 61,007	\$ 18,101	\$ 45,091
Land	1,679,681	2,500,478	2,215,855
Demand deposit (classified as refundable deposits)	95,200	112,200	112,200
Pledged certificate of deposit (classified as refundable deposits)	13,553	13,166	12,686
Buildings, net	694,772	978,452	935,255
Machinery and equipment, net	<u>-</u>	<u>640,730</u>	<u>657,559</u>
	<u>\$ 2,544,213</u>	<u>\$ 4,263,127</u>	<u>\$ 3,978,646</u>

Except for assets pledged as collateral or for security listed above, the subsidiaries pledged the Company's shares for bank loans. The amounts were \$203,580 thousand, \$0 thousand and \$0 thousand, on September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

### 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 September 30, 2023, December 31, 2022 and September 30, 2022, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
USD	<u>\$ 250</u>	<u>\$ 199</u>	<u>\$ -</u>
EUR	<u>\$ 7,033</u>	<u>\$ 9,533</u>	<u>\$ 6,814</u>
CNY	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 1,302</u>
CFH	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149</u>
JPY	<u>\$ 45,383</u>	<u>\$ -</u>	<u>\$ -</u>

- b. As of September 30, 2023, December 31, 2022 and September 30, 2022, unrecognized commitments for purchases of machinery and equipment and plant were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
NTD	<u>\$ 2,650,202</u>	<u>\$ 2,239,587</u>	<u>\$ 2,226,257</u>
EUR	<u>\$ 50,014</u>	<u>\$ 9,507</u>	<u>\$ 9,507</u>
USD	<u>\$ 1,313</u>	<u>\$ 6,959</u>	<u>\$ 6,959</u>
JPY	<u>\$ -</u>	<u>\$ 193,700</u>	<u>\$ 193,700</u>
CNY	<u>\$ 17,400</u>	<u>\$ 83,851</u>	<u>\$ 83,851</u>
VND	<u>\$ -</u>	<u>\$ 1,582,038</u>	<u>\$ 1,528,038</u>
CHF	<u>\$ 51,731</u>	<u>\$ 272</u>	<u>\$ 41</u>

Payment paid as commitment progress

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
NTD	<u>\$ 2,134,898</u>	<u>\$ 1,752,907</u>	<u>\$ 1,668,166</u>
EUR	<u>\$ 38,779</u>	<u>\$ 2,417</u>	<u>\$ 2,417</u>
USD	<u>\$ 358</u>	<u>\$ 6,615</u>	<u>\$ 6,290</u>
JPY	<u>\$ -</u>	<u>\$ 193,700</u>	<u>\$ 193,700</u>
CNY	<u>\$ 5,220</u>	<u>\$ 65,078</u>	<u>\$ 63,775</u>
VND	<u>\$ -</u>	<u>\$ 1,099,867</u>	<u>\$ 458,411</u>
CHF	<u>\$ 38,495</u>	<u>\$ 156</u>	<u>\$ 20</u>

- c. As of September 30, 2023, December 31, 2022 and September 30, 2022, \$1,969,750 thousand, \$2,346,900 thousand and \$2,016,250 thousand, respectively, of issued bills were pledged as deposit guarantees to obtain credit facilities. They can be cancelled when the guarantee obligations are terminated.

**32. SIGNIFICANT LOSSES FROM DISASTERS: NONE**

**33. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

- a. The Board of Directors resolved not to distribute dividends for the third quarter of 2023 on October 26, 2023.
- b. The Board of Directors resolved to redeem the 6th unsecured domestic bonds on October 26, 2023, handle the early redemption by the regulations of issuance and conversion bond, and the over-the-counter trading will be terminated.
- c. In order to promote sports activities and the development of Taiwan's sports industry, the Board of Directors resolved to donate amounts of \$25,000 thousand to the Tsg Hawks of Tsg Hawks Baseball Co., Ltd on October 26, 2023.
- d. To expand production capacity to respond to the necessity of the Company's operation and development, the Board of Directors resolved to purchase the large hydraulic forging machine and forging plant construction project on October 26, 2023.

### 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:

September 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,120	32.270 (USD:NTD)	\$ 1,520,548
USD	2,649	7.1797 (USD:CNY)	85,480
USD	48	26,669 (USD:VND)	1,551
EUR	7,896	33.910 (EUR:NTD)	267,759
AUD	900	20.550 (AUD:NTD)	18,501
GBP	13,478	39.230 (GBP:NTD)	528,723
JPY	169,424	0.2162 (JPY:NTD)	36,629
CNY	23,887	4.4946 (CNY:NTD)	107,362

Financial liabilities

Monetary items			
USD	24,304	32.270 (USD:NTD)	784,299
USD	3,782	7.1797 (USD:CNY)	122,029
USD	1,026	26,669 (USD:VND)	33,095
EUR	1,835	33.910 (EUR:NTD)	62,226
GBP	1,900	39.230 (GBP:NTD)	74,537
JPY	6,012	0.2162 (JPY:NTD)	1,230
CNY	543	4.4946 (CNY:NTD)	2,440

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,857	30.710 (USD:NTD)	\$ 1,469,679
USD	3,289	6.9669 (USD:CNY)	100,992
USD	21	25,380 (USD:VND)	650
EUR	10,320	32.720 (EUR:NTD)	337,658
AUD	1,175	20.830 (AUD:NTD)	24,467
GBP	5,474	37.090 (GBP:NTD)	203,047
JPY	41,039	0.2324 (JPY:NTD)	9,537
CNY	41,718	4.4080 (CNY:NTD)	183,893

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
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
			(Concluded)

September 30, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,026	31.750 (USD:NTD)	\$ 1,810,581
USD	3,074	7.0981 (USD:CNY)	97,589
USD	54	26,240 (USD:VND)	1,724
EUR	10,695	31.260 (EUR:NTD)	334,318
AUD	267	20.660 (AUD:NTD)	5,524
GBP	4,123	35.530 (GBP:NTD)	146,493
JPY	32,145	0.2201 (JPY:NTD)	7,075
CNY	61,229	4.4730 (CNY:NTD)	273,877

Financial liabilities

Monetary items			
USD	29,143	31.750 (USD:NTD)	925,278
USD	5,517	7.0981 (USD:CNY)	175,174
USD	855	26,240 (USD:VND)	27,150
EUR	3,906	31.260 (EUR:NTD)	122,094
GBP	770	35.530 (GBP:NTD)	27,358
JPY	12,611	0.2201 (JPY:NTD)	2,776
CNY	19,283	4.4730 (CNY:NTD)	86,254

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:

<b>For the Three Months Ended September 30</b>				
<b>2023</b>			<b>2022</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
USD	31.684 (USD:NTD)	\$ 22	30.404 (USD:NTD)	\$ (2,709)
NTD	1 (NTD:NTD)	47,728	1 (NTD:NTD)	73,721
CNY	4.4171 (CNY:NTD)	44	4.4517 (CNY:NTD)	(3,465)
VND	0.00131 (VND:NTD)	<u>(1,016)</u>	0.00128 (VND:NTD)	<u>(850)</u>
		<u>\$ 46,778</u>		<u>\$ 66,697</u>

<b>For the Nine Months Ended September 30</b>				
<b>2023</b>			<b>2022</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
USD	30.928 (USD:NTD)	\$ (126)	29.285 (USD:NTD)	\$ (6,454)
NTD	1 (NTD:NTD)	94,964	1 (NTD:NTD)	115,623
CNY	4.4134 (CNY:NTD)	225	4.4390 (CNY:NTD)	(8,744)
VND	0.00129 (VND:NTD)	<u>(1,414)</u>	0.00128 (VND:NTD)	<u>(1,864)</u>
		<u>\$ 93,649</u>		<u>\$ 98,561</u>

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries) (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 (Table 6)

- 9) Trading in derivative instruments (Note 7)
  - 10) Intercompany relationships and significant intercompany transactions (Table 7)
- b. Information on investees (Table 8)
  - 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
    - 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 10):
      - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
      - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
      - 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 period and the purposes.
      - e) The highest balance, the end of period 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 period or on the financial position, such as the rendering or receipt of services.
  - d. Information of major shareholders: Table 11

### **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

Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	<u>Operating Segment Revenue</u>		<u>Operating Segment Income</u>	
	<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Company	\$ 9,338,594	\$ 8,211,369	\$ 1,717,441	\$ 1,396,103
Golden Win Steel Industrial Corp.	956,953	1,234,078	43,580	146,452
Faith Easy Enterprises Ltd.	838,841	946,950	53,198	97,548
Others	<u>1,312,605</u>	<u>1,213,865</u>	<u>87,136</u>	<u>71,737</u>
Continuing operations amounts	12,446,993	11,606,262	1,901,355	1,711,840
Less: Eliminations	<u>(2,212,945)</u>	<u>(2,571,742)</u>	<u>11,225</u>	<u>9,643</u>
Revenue/income from external customers	<u>\$ 10,234,048</u>	<u>\$ 9,034,520</u>	<u>1,912,580</u>	<u>1,721,483</u>
Interest income			19,637	2,811
Other income			101,748	124,922
Other gains and losses			213,823	126,146
Finance costs			(144,161)	(124,391)
Share of profit of associates			<u>26,864</u>	<u>35,618</u>
Profit from operations			<u>\$ 2,130,491</u>	<u>\$ 1,886,589</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Guangzhou Goldway Special Material Co., Ltd.	Other receivables	Yes	\$ 44,946	\$ 44,946	\$ -	3.7	2	\$ -	For working capital	\$ -	-	\$ -	\$ 132,891 (Note 7)	\$ 132,891 (Note 7)	-

Note 1: The numbers denote the following:

- a. 0 represents the issuer.
- b. Investees are numbered starting from 1.

Note 2: Receivables from related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: The limit on financing provided to others for the current year.

Note 4: Nature of financing is numbered as follows:

- a. For companies with business relationships: 1.
- b. For companies with short-term financing needs: 2.

Note 5: If the loan is made due to business relationships, the amount of the business transactions should be disclosed. The amount of business transactions refers to the amount of business transactions between the lender and the borrower in the most recent year.

Note 6: If the loan is made for short-term financing needs, the reason and purpose for the loan should be clearly described. For example, repayment of loan, acquisition of equipment, working capital, etc.

- Note 7:
- a. The financing limit for each borrower is 40% of the lender's net equity. For No. 0:  $\$332,228$  (net worth)  $\times$  40% =  $\$132,891$ .
  - b. The aggregate financing limit is 40% of the lender's net equity. For No. 0:  $\$332,228$  (net worth)  $\times$  40% =  $\$132,891$ .

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Guaranteed Party		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/Guar antee 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
		Name	Relationship (Note 2)										
0	Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	b	\$ 2,649,117 (Note 3)	\$ 48,768	\$ 25,816	\$ 25,816	\$ -			Y	N	N
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	2,649,117 (Note 3)	31,140	22,589	-	-			Y	N	Y
		All Win Enterprises Ltd.	b	2,649,117 (Note 3)	349,696	126,810	-	-			Y	N	N
		Xian Goldway Special Material Co., Ltd.	c	2,649,117 (Note 3)	264,438	267,841	38,039	-			Y	N	Y
		Faith Easy Enterprises Ltd.	b	2,649,117 (Note 3)	61,480	32,270	-	-			Y	N	N
		Guangzhou Goldway Special Material Co., Ltd.	c	2,649,117 (Note 3)	318,600	193,620	23,131	-			Y	N	Y
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	2,649,117 (Note 3)	171,011	121,084	-	-			Y	N	Y
		S-Tech Corp.	a	2,649,117 (Note 3)	20,000	-	-	-			N	N	N
						<u>\$ 790,030</u>	<u>\$ 86,986</u>		6	\$ 5,298,234 (Note 3)			
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	405,976 (Note 4)	19,362	<u>\$ 19,362</u>	<u>\$ 6,392</u>	-	2	608,964 (Note 4)	N	N	N

Note 1: The numbers denote the following:

- 0 represents the issuer.
- Investees are numbered starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee are categorized as follows:

- Business partner.
- Subsidiary whose ordinary shares are more than 50% owned by the endorser/guarantor.
- An investee over which the Company and its subsidiary has a combined shareholding of more than fifty percent (50%).
- Parent company that directly or indirectly through its subsidiary, owns more than fifty percent (50%) of the investee.
- Guaranteed by the Company according to the construction contract.
- 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:

- The limit on endorsements or guarantees provided for each borrower is NT\$5,298,234 (paid-in capital) × 50% = NT\$2,649,117.
- The aggregate endorsement/guarantee limit is NT\$5,298,234 (paid-in capital) × 100% = NT\$5,298,234.
- Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

Note 4: The limit on endorsements/guarantees is calculated as follows:

- The limit on endorsements or guarantees provided for each borrower is NT\$405,976 (paid-in capital) × 100% = NT\$405,976.
- The aggregate endorsement/guarantee limit is NT\$405,976 (paid-in capital) × 150% = NT\$608,964.
- Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

Note 5: All intercompany gains and losses from investment have been eliminated from consolidation.

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 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	September 30, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Gloria Material Technology Corp.	<u>Shares</u> Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	88	\$ 1,417	-	\$ 1,417	
Gloria Material Technology Corp.	CJW International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	251	3,242	-	3,242	
Gloria Material Technology Corp.	Tsg Power Corp.	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	103	2,136	-	2,137	
Gloria Material Technology Corp.	Zung-Fu Co., Ltd.	Parent company of the Company is the company's parent company's director	Financial assets at fair value through other comprehensive income - non-current	42	1,455	-	1,455	
Gloria Material Technology Corp.	Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through profit or loss - current	41	660	-	660	
Gloria Material Technology Corp.	D-Link Corporation	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through profit or loss - current	323	6,498	-	6,498	
Gloria Material Technology Corp.	Yuanta Japan Leading Enterprises Fund - New Taiwan Dollar Type A	-	Financial assets at fair value through profit or loss - current	1,011	9,696	-	9,858	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	100	4,531	-	4,531	
Golden Win Steel Industrial Corp.	Taiwan Styrene Monomer Corporation	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	1,781	28,674	-	28,674	
Golden Win Steel Industrial Corp.	TMP Steel Corporation	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	894	24,128	1	24,128	
Golden Win Steel Industrial Corp.	Chun Yu Works & Co., Ltd.	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	467	10,994	-	10,994	
Golden Win Steel Industrial Corp.	Taidoc Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	269	40,081	-	40,081	
Golden Win Steel Industrial Corp.	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	309	17,119	-	17,119	
Golden Win Steel Industrial Corp.	Yuanta US 20+ Year BBB Corporate Bond ETF	-	Financial assets at fair value through profit or loss - current	740	24,598	-	24,598	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	September 30, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Golden Win Steel Industrial Corp.	Tsg Power Corp.	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	1,030	\$ 21,372	1	\$ 21,372	
Golden Win Steel Industrial Corp.	YOUNGTEK ELECTRONICS CORP.	-	Financial assets at fair value through other comprehensive income - non-current	100	5,680	-	5,680	
Ho Yang Investment Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	11,879	539,903	2	539,903	
Ho Yang Investment Corp.	Taiwan Styrene Monomer Corporation	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	5,067	81,579	1	81,579	
Ho Yang Investment Corp.	D-Link Corporation	Chairman of the parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	377	7,582	-	7,582	
Rong Yang Investment Corp.	Yuanta Japan Leading Enterprises Fund - New Taiwan Dollar Type A	-	Financial assets at fair value through profit or loss - current	1,000	9,750	-	9,750	

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 8 and 9.

Note 5: All intercompany gains and losses from investment have been eliminated from consolidation.

(Concluded)

**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 NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

Note 1: If the disposal assets are subject to appraisal which should be stated in the column of "Reference basis for price determination".

Note 2: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock has no par value or the par value per share is not NT\$10, the 20% of paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 3: The term "event date" refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of boards of directors' resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Note/Trade Receivables (Payables)			Note (Note 2)
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Account	Ending Balance	% of Total	
Gloria Material Technology Corp.	Golden Win Steel Industrial Corp.	Subsidiary	Sale	\$ 456,962	5	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	\$ 36,478	2	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	Parent company	Purchase	456,962	60	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	36,478	61	
Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	Subsidiary	Sale	309,497	3	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	100,827	4	
Alloy Tool Steel, Inc.	Gloria Material Technology Corp.	Parent company	Purchase	309,497	85	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	100,827	91	
Gloria Material Technology Corp.	All Win Enterprises Ltd.	Subsidiary	Sale	508,365	5	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	4,429	-	
All Win Enterprises Ltd.	Gloria Material Technology Corp.	Parent company	Purchase	508,365	100	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	4,429	24	
Zhejiang Jiaying Shiang Yang Metal Material Technology Co., Ltd.	Zhejiang Jiaying Goldway Special Material Co., Ltd.	Affiliated company	Sale	109,769	79	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	8,960	21	
Zhejiang Jiaying Goldway Special Material Co., Ltd.	Zhejiang Jiaying Shiang Yang Metal Material Technology Co., Ltd.	Affiliated company	Purchase	109,769	37	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	8,960	26	
All Win Enterprises Ltd.	Zhejiang Jiaying Shiang Yang Metal Material Technology Co., Ltd.	Affiliated company	Sale	154,362	34	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	12,125	8	
Zhejiang Jiaying Shiang Yang Metal Material Technology Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	154,362	100	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	12,125	41	
All Win Enterprises Ltd.	Xian Goldway Special Material Co., Ltd.	Affiliated company	Sale	173,599	39	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	67,309	45	
Xian Goldway Special Material Co., Ltd.	All Win Enterprises Ltd.	Affiliated company	Purchase	173,599	100	Net 90 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	67,309	96	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Sale	176,489	2	Net 30-60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	46,116	2	
Gloria Material Technology Corp.	S-Tech Corp.	Associate	Purchase	249,917	4	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	25,083	4	

Note 1: If the related party transaction terms are different from the general transaction terms, the description of the terms of the transaction and the reasons for the difference should be stated in the columns of unit price and payment terms.

Note 2: If there are any prepayments, the reason, contractual terms, amount, and differences from general transactions should be stated in the remarks column.

Note 3: All intercompany gains and losses from investment, except for associates, have been eliminated from consolidation.

**GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**SEPTEMBER 30, 2023**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Receivables from Related Parties		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance		Amount	Actions Taken		
Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	Parent company (Note)	Trade receivables	\$ 100,827	3.38	\$ -	-	\$ -	\$ -

Note: The aforementioned intercompany transactions have been eliminated upon consolidation.

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Gloria Material Technology Corp.	Alloy Tool Steel, Inc.	a	Trade receivables	\$ 100,827	No significant difference	-
		Alloy Tool Steel, Inc.	a	Sales revenue	309,497	No significant difference	3
		Golden Win Steel Industrial Corp.	a	Trade receivables	36,478	No significant difference	-
		Golden Win Steel Industrial Corp.	a	Sales revenue	456,962	No significant difference	4
		All Win Enterprises Ltd.	a	Sales revenue	508,365	No significant difference	5
		All Win Enterprises Ltd.	a	Other income	6,221	No significant difference	-
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	Trade receivables	29,996	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	c	Sales revenue	51,239	No significant difference	1
		Gloria Material Technology Corp.	b	Sales revenue	57,157	No significant difference	1
		All Win Enterprises Ltd.	c	Sales revenue	6,812	No significant difference	-
2	Xian Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	5,548	No significant difference	-
3	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	8,960	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	109,769	No significant difference	1
		Guangzhou Goldway Special Material Co., Ltd.	c	Trade receivables	7,218	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	9,405	No significant difference	-
4	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	82,544	No significant difference	1
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	29,148	No significant difference	-
5	Guangzhou Goldway Special Material Co., Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	67,720	No significant difference	-
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	91,016	No significant difference	1

(Continued)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
6	All Win Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	\$ 154,362	No significant difference	2
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	12,125	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Trade receivables	23,246	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	77,174	No significant difference	1
		Guangzhou Goldway Special Material Co., Ltd.	c	Trade receivables	8,233	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	33,506	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	19,565	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	55,315	No significant difference	1
		Xian Goldway Special Material Co., Ltd.	c	Trade receivables	67,309	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Sales revenue	173,599	No significant difference	2

Note 1: The information on the business transactions between the parent company and its subsidiaries should be indicated in the serial number column respectively, and the serial number should be filled in as follows:

- The parent company is coded "0".
- Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: There are three types of relationship with the trader, just indicate the type:

- Company to Subsidiary.
- Subsidiary to Company.
- Subsidiary to Subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount at the end of the period accounts for the total consolidated revenue.

Note 4: All intercompany gains and losses from investment have been eliminated from consolidation.

(Concluded)

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee (Note 2)	Share of Profit (Loss) (Note 2)	Note
				September 30, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Gloria Material Technology Corp.	Faith Easy Enterprises Ltd.	Samoa	General investment and trading	\$ 192,558	\$ 192,558	6,000,000	96	\$ 723,544	\$ 37,705	\$ 36,216	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	452,085	87,116	40,175	Subsidiary
	Alloy Tool Steel, Inc.	USA	Sale of alloy steel	100,487	100,487	4,300,000	100	226,133	25,741	25,741	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	173,539	115,585	14,005,660	47	-	16,418	(2,604)	Subsidiary
	All Win Enterprises Ltd.	Seychelles	General investment	286,602	535,164	10,000,000	100	455,362	75,961	75,961	Subsidiary
	Rong Yang Investment Corp.	Republic of China	General investment	50,000	50,000	5,000,000	100	45,067	(175)	(175)	Subsidiary
	Gloria Material Technology Japan	Japan	Sale of alloy steel	15,852	2,232	1,380	100	11,877	(2,405)	(2,405)	Subsidiary
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	Samoa	General investment and trading	89,065	89,065	3,122,222	97	79,251	(4,563)	NA	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	99,208	99,208	8,447,170	28	107,355	16,418	NA	Subsidiary
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	Mauritius	General investment	US\$ 10,000	US\$ 18,000	10,000,000	100	327,788	16,949	NA	Subsidiary
Rainbow Shines Limited	Vietnam Goldway Special Material Co., Ltd.	Vietnam	Processing and trading of special steel, carbon steel, super alloy material rollers	US\$ 3,000	US\$ 3,000	-	100	89,983	(2,481)	NA	Subsidiary
Gloria Material Technology Corp.	S-Tech Corp.	Republic of China	Production and sales of titanium alloys	297,435	261,402	19,580,312	13	334,231	214,844	26,864	Associate
	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	-	32,692	-	-	-	-	-	Associate
Golden Win Steel Industrial Corp.	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	-	29,243	-	-	-	-	NA	Associate

Note 1: If the public company has a foreign holding company and uses consolidated statements as its main financial statements in accordance with local laws and regulations, the Company may only disclose relevant information of the holding company.

Note 2: For companies that do not belong to the type as described in Note 1, the information is disclosed as follows:

- 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.
- The profit or loss of the investee company is disclosed in the column of Net Income (Loss) of the Investee.
- 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 9.

Note 4: All intercompany gains and losses from investment have been eliminated from consolidation.

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023
					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	\$ 4,357	96	Note b (2) \$ 5,140	\$ 194,816	\$ -
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$3,000 thousand (paid-in capital of CNY22,108 thousand)	b	- (Note 4)	-	-	- (Note 4)	19,880	96	Note b (2) 18,802	283,024	-
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	1,212	96	Note b (2) 1,610	160,775	18,007
Xian Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$2,000 thousand (paid-in capital of CNY12,660 thousand)	b	- (Note 5)	-	-	- (Note 5)	14,202	96	Note b (2) 14,375	121,045	-
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital US\$50,000 thousand (paid-in capital of CNY63,926 thousand)	b	US\$ 18,000	-	US\$ 8,000	US\$ 10,000	16,945	100	Note b (2) 16,945	332,228	24,773

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 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	\$ 984,235 (US\$ 30,500)	\$ 8,581,712 (Note 3)

Note 1: Methods of investment are classified as below:

- Investments through a holding company registered in a third region.
- Reinvestments through a holding company set up in a third region.
- Reinvestments through a holding company existing in a third region.
- Direct investment.
- Others.

(Continued)

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) Other financial statements which were not reviewed by the accounting firm.

Note 3: The upper limit on investments was 60% of the consolidated net asset value of the Group:  $\$14,302,854 \times 60\% = \$8,581,712$ .

Note 4: The amount represents the retained earnings received by Faith Easy Enterprises Ltd. from Guangzhou Goldway Special Material Co., Ltd., that was transferred to the share capital of Zhejiang Jiaying Goldway Special Material Co., Ltd.

Note 5: The amount represents the retained earnings of Faith Easy Enterprises Ltd. transferred to the share capital of Xian Goldway Special Material Co., Ltd.

(Concluded)

## GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)

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	\$ -	-	\$ 173	Note 1
Zhejiang Jiaying 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	150	-	81	Note 1
Tianjin Goldway Special Material Co., Ltd.	Sale	63,175	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	1,707	Note 1
Xian Goldway Special Material Co., Ltd.	Sale	178,097	2	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	4,200	Note 1
Zhejiang Jiaying 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	4,381	-	9,429	Note 1

Note 1: The Company transacted with the above companies through All Win Enterprises Ltd. directly or indirectly.

Note 2: For information of the Company's endorsements and guarantees provided for the above companies, refer to Table 2.

**TABLE 11****GLORIA MATERIAL TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kings Asset Management Corp.	31,292,000	5.90

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.