

**Gloria Material Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three 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 March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$3,738,164 thousand and NT\$3,418,162 thousand, respectively, representing 15% and 15%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$903,298 thousand and NT\$581,513 thousand, respectively, representing 7% and 4%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$107,226 thousand and NT\$72,898 thousand, respectively, representing 18% 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 March 31, 2023 and 2022, were NT\$282,357 thousand and NT\$468,650 thousand, respectively, and the share of comprehensive income of those investments for the three months ended March 31, 2023 and 2022 amounted to NT\$8,710 thousand and NT\$10,562 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 the 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 March 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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

April 27, 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)

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,300,714	9	\$ 2,508,593	10	\$ 1,177,250	5
Financial assets at fair value through profit or loss - current (Note 7)	76,934	-	52,879	-	72,245	-
Notes receivable (Note 9)	283,947	1	227,332	1	288,991	1
Trade receivables (Notes 9 and 29)	2,203,421	9	2,316,468	9	2,141,658	9
Other receivables (Note 29)	328,690	1	103,352	1	118,645	1
Inventories (Note 10)	6,704,850	26	6,418,021	25	5,447,452	24
Other current assets (Notes 16, 29 and 30)	<u>424,498</u>	<u>2</u>	<u>350,692</u>	<u>1</u>	<u>138,286</u>	<u>1</u>
Total current assets	<u>12,323,054</u>	<u>48</u>	<u>11,977,337</u>	<u>47</u>	<u>9,384,527</u>	<u>41</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	256,853	1	230,853	1	245,996	1
Investments accounted for using the equity method (Note 12)	282,357	1	380,361	2	468,650	2
Property, plant and equipment (Notes 13 and 30)	8,648,303	34	8,307,632	33	8,525,910	38
Right-of-use assets (Note 14)	150,537	1	125,205	-	134,054	1
Investment properties (Notes 15 and 30)	407,539	2	613,930	2	345,728	1
Deferred tax assets	142,424	-	142,243	1	125,638	1
Prepayments for equipment (Note 29)	3,151,171	12	3,320,249	13	3,077,933	14
Other non-current assets (Notes 16 and 30)	<u>174,489</u>	<u>1</u>	<u>161,185</u>	<u>1</u>	<u>346,685</u>	<u>1</u>
Total non-current assets	<u>13,213,673</u>	<u>52</u>	<u>13,281,658</u>	<u>53</u>	<u>13,270,594</u>	<u>59</u>
TOTAL	<u>\$ 25,536,727</u>	<u>100</u>	<u>\$ 25,258,995</u>	<u>100</u>	<u>\$ 22,655,121</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 30)	\$ 1,527,466	6	\$ 1,586,969	6	\$ 1,604,720	7
Short-term bills payable (Note 17)	30,000	-	40,000	-	294,972	1
Financial liabilities at fair value through profit or loss - current (Note 7)	3,129	-	-	-	-	-
Notes payable	360	-	395	-	711	-
Trade payables (Note 29)	488,528	2	746,383	3	432,601	2
Other payables (Notes 19 and 29)	581,750	2	730,912	3	1,126,870	5
Current tax liabilities	586,880	2	465,763	2	184,248	1
Lease liabilities - current (Note 29)	13,809	-	6,687	-	7,598	-
Current portion of long-term borrowings (Notes 17 and 30)	2,030,612	8	1,211,877	5	1,464,230	7
Other current liabilities	<u>146,054</u>	<u>1</u>	<u>108,042</u>	<u>-</u>	<u>81,041</u>	<u>-</u>
Total current liabilities	<u>5,408,588</u>	<u>21</u>	<u>4,897,028</u>	<u>19</u>	<u>5,196,991</u>	<u>23</u>
NON-CURRENT LIABILITIES						
Bonds payable (Notes 18 and 30)	2,862,568	11	4,337,043	17	1,413,961	6
Long-term borrowings (Notes 17 and 30)	3,217,888	13	4,034,901	16	6,289,966	28
Deferred tax liabilities	165,237	1	148,223	1	134,976	1
Lease liabilities - non-current (Notes 14 and 29)	59,164	-	39,931	-	45,076	-
Net defined benefit liabilities - non-current	128,893	-	133,870	1	145,325	1
Other non-current liabilities (Note 20)	<u>538,046</u>	<u>2</u>	<u>535,719</u>	<u>2</u>	<u>101,487</u>	<u>-</u>
Total non-current liabilities	<u>6,971,796</u>	<u>27</u>	<u>9,229,687</u>	<u>37</u>	<u>8,130,791</u>	<u>36</u>
Total liabilities	<u>12,380,384</u>	<u>48</u>	<u>14,126,715</u>	<u>56</u>	<u>13,327,782</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital						
Ordinary shares	<u>5,019,660</u>	<u>20</u>	<u>4,571,224</u>	<u>18</u>	<u>4,567,360</u>	<u>20</u>
Capital surplus	<u>3,212,369</u>	<u>12</u>	<u>2,178,236</u>	<u>9</u>	<u>2,034,616</u>	<u>9</u>
Retained earnings						
Legal reserve	914,627	4	914,627	4	843,957	3
Special reserve	103,107	-	103,107	-	187,212	1
Unappropriated earnings	<u>3,577,888</u>	<u>14</u>	<u>3,032,679</u>	<u>12</u>	<u>1,349,679</u>	<u>6</u>
Total retained earnings	<u>4,595,622</u>	<u>18</u>	<u>4,050,413</u>	<u>16</u>	<u>2,380,848</u>	<u>10</u>
Other equity	<u>(32,668)</u>	<u>-</u>	<u>(43,415)</u>	<u>-</u>	<u>(24,998)</u>	<u>-</u>
Treasury shares	<u>(255,366)</u>	<u>(1)</u>	<u>(221,911)</u>	<u>(1)</u>	<u>(231,834)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	12,539,617	49	10,534,547	42	8,725,992	38
NON-CONTROLLING INTERESTS	<u>616,726</u>	<u>3</u>	<u>597,733</u>	<u>2</u>	<u>601,347</u>	<u>3</u>
Total equity	<u>13,156,343</u>	<u>52</u>	<u>11,132,280</u>	<u>44</u>	<u>9,327,339</u>	<u>41</u>
TOTAL	<u>\$ 25,536,727</u>	<u>100</u>	<u>\$ 25,258,995</u>	<u>100</u>	<u>\$ 22,655,121</u>	<u>100</u>

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

(With Deloitte & Touche review report dated April 27, 2023)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 29)	\$ 3,317,519	100	\$ 2,643,362	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>(2,390,006)</u>	<u>(72)</u>	<u>(1,804,419)</u>	<u>(68)</u>
GROSS PROFIT	<u>927,513</u>	<u>28</u>	<u>838,943</u>	<u>32</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(160,311)	(5)	(303,044)	(12)
General and administrative expenses	(125,574)	(4)	(97,714)	(4)
Research and development expenses	(5,748)	-	(8,972)	-
Expected credit loss recognized	<u>(258)</u>	<u>-</u>	<u>(110)</u>	<u>-</u>
Total operating expenses	<u>(291,891)</u>	<u>(9)</u>	<u>(409,840)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>635,622</u>	<u>19</u>	<u>429,103</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	2,602	-	273	-
Other income	25,417	1	18,864	1
Other gains and losses	87,466	3	9,040	-
Finance costs	(47,829)	(2)	(35,191)	(1)
Share of profit of associates	<u>6,846</u>	<u>-</u>	<u>10,562</u>	<u>-</u>
Total non-operating income and expenses	<u>74,502</u>	<u>2</u>	<u>3,548</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	710,124	21	432,651	16
INCOME TAX EXPENSE (Note 24)	<u>(131,631)</u>	<u>(4)</u>	<u>(64,357)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>578,493</u>	<u>17</u>	<u>368,294</u>	<u>14</u>

(Continued)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 18,316	1	\$ 301	-
Share of the other comprehensive income of associates accounted for using the equity method	1,864	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>3,750</u>	<u>-</u>	<u>50,839</u>	<u>2</u>
Other comprehensive income for the period, net of income tax	<u>23,930</u>	<u>1</u>	<u>51,140</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 602,423</u>	<u>18</u>	<u>\$ 419,434</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 552,297	16	\$ 345,907	13
Non-controlling interests	<u>26,196</u>	<u>1</u>	<u>22,387</u>	<u>1</u>
	<u>\$ 578,493</u>	<u>17</u>	<u>\$ 368,294</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 563,716	17	\$ 396,918	15
Non-controlling interests	<u>38,707</u>	<u>1</u>	<u>22,516</u>	<u>1</u>
	<u>\$ 602,423</u>	<u>18</u>	<u>\$ 419,434</u>	<u>16</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$1.20</u>		<u>\$0.77</u>	
Diluted	<u>\$1.04</u>		<u>\$0.77</u>	

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

(With Deloitte & Touche review report dated April 27, 2023)

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GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company														
	Capital Surplus						Other Equity								
	Ordinary Shares	Treasury Share Transactions	Employee Share Options	Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposal	Changes in Ownership Interests in Subsidiaries	Others (Note 22)	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	Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
							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 2021 earnings															
Cash dividends distributed by the Company	-	-	-	-	-	-	-	-	(630,570)	-	-	-	(630,570)	-	(630,570)
Net profit for the three months ended March 31, 2022	-	-	-	-	-	-	-	-	345,907	-	-	-	345,907	22,387	368,294
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	48,851	2,160	-	51,011	129	51,140
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(3,517)	(3,517)	(3,763)	(7,280)
Disposal of the Company's shares held by subsidiaries	-	649	-	-	-	-	-	-	-	-	-	5,608	6,257	7,513	13,770
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	6,905	-	-	-	-	-	-	-	-	-	-	6,905	-	6,905
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	6,614	-	(6,614)	-	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	13,986	13,986
BALANCE AT MARCH 31, 2022	<u>\$ 4,567,360</u>	<u>\$ 317,396</u>	<u>\$ 4,925</u>	<u>\$ -</u>	<u>\$ 28,693</u>	<u>\$ 1,683,602</u>	<u>\$ 843,957</u>	<u>\$ 187,212</u>	<u>\$ 1,349,679</u>	<u>\$ 2,919</u>	<u>\$ (27,917)</u>	<u>\$ (231,834)</u>	<u>\$ 8,725,992</u>	<u>\$ 601,347</u>	<u>\$ 9,327,339</u>
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
Net profit for the three months ended March 31, 2023	-	-	-	-	-	-	-	-	552,297	-	-	-	552,297	26,196	578,493
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	-	4,142	7,277	-	11,419	12,511	23,930
Convertible bonds converted to ordinary shares	448,436	-	(58,142)	-	-	1,095,878	-	-	-	-	-	-	1,486,172	-	1,486,172
Purchase of the Company's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(782)	(782)	(913)	(1,695)
Disposal of the Company's shares held by subsidiaries	-	93	-	-	-	-	-	-	-	-	-	355	448	525	973
Disposal of investments accounted for using the method equity	-	-	-	-	-	(1,846)	-	-	107	-	(107)	-	(1,846)	-	(1,846)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	(7,760)	-	-	-	(7,760)	7,760	-
Changes 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	-	-	-	-	-	-	-	-	565	-	(565)	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,954)	(57,954)
BALANCE AT MARCH 31, 2023	<u>\$ 5,019,660</u>	<u>\$ 324,652</u>	<u>\$ 61,021</u>	<u>\$ -</u>	<u>\$ 26,843</u>	<u>\$ 2,799,853</u>	<u>\$ 914,627</u>	<u>\$ 103,107</u>	<u>\$ 3,577,888</u>	<u>\$ (3,415)</u>	<u>\$ (29,253)</u>	<u>\$ (255,366)</u>	<u>\$ 12,539,617</u>	<u>\$ 616,726</u>	<u>\$ 13,156,343</u>

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

(With Deloitte & Touche review report dated April 27, 2023)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 710,124	\$ 432,651
Adjustments for:		
Depreciation expense	119,851	104,307
Amortization expense	231	176
Expected credit loss recognized on trade receivables	258	110
Net (gain) loss on fair value changes of financial assets/liabilities at fair value through profit or loss	(8,689)	6,714
Finance costs	47,829	35,191
Interest income	(2,602)	(273)
Dividend income	-	(420)
Share of profit of associates	(6,846)	(10,562)
Gain on disposal of property, plant and equipment	(20)	(892)
Gain on disposal of investments accounted for using equity method	(88,407)	(1,045)
Write-down of inventories	12,986	6,369
Net gain on foreign currency exchange	(17,967)	(32,278)
Expenses arising from property, plant and equipment	32,829	19,574
Others	-	(719)
Changes in operating assets and liabilities		
Notes receivable	(57,397)	6,536
Trade receivables	124,901	(367,370)
Other receivables	(34,593)	42,128
Inventories	(299,737)	(103,468)
Other current assets	(73,942)	(16,105)
Notes payable	(35)	516
Trade payables	(257,791)	(174,082)
Other payables	(202,400)	(50,062)
Other current liabilities	38,012	17,494
Net defined benefit liabilities	(4,977)	(3,431)
Cash generated from (used in) operations	31,618	(88,941)
Interest received	2,602	273
Dividends received	-	420
Interest paid	(28,682)	(27,787)
Income tax received	8,320	11,257
Net cash used in generated from (used in) operating activities	13,858	(104,778)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(19,602)	(11,031)
Proceeds from sale of financial assets at fair value through other comprehensive income	11,705	66,652

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GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Proceeds from sale of financial assets at amortized cost	\$ 2,000	\$ 2,416
Purchase of financial assets at fair value through profit or loss	(12,024)	(11,524)
Proceeds from disposal of investments accounted for using the equity method	-	5,063
Proceeds from disposal of associates	172,661	1,938
Payments for property, plant and equipment	(287,666)	(252,630)
Proceeds from disposal of property, plant and equipment	11,928	983
Payments for investment properties	(2,095)	-
Proceeds from disposal of investment properties	33,190	-
Increase in other non-current assets	(13,644)	-
Decrease in other non-current assets	-	2,348
Net cash used in investing activities	<u>(103,547)</u>	<u>(195,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	60,776
Repayments of short-term borrowings	(52,851)	-
Repayments of short-term bills payable	(10,000)	(25,028)
Proceeds from long-term borrowings	-	400,000
Repayments of long-term borrowings	-	(223,832)
Repayment of the principal portion of lease liabilities	(3,731)	(1,865)
Decrease in other non-current liabilities	(21)	(9,322)
Acquisition of additional interests in subsidiaries	(57,954)	-
Proceeds from disposal of the Company's shares by subsidiary	973	13,770
Payments for buy-back of the Company's shares as treasury shares by subsidiary	<u>(1,695)</u>	<u>(7,280)</u>
Net cash (used in) generated from financing activities	<u>(125,279)</u>	<u>207,219</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>7,089</u>	<u>44,613</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(207,879)</u>	<u>(48,731)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>2,508,593</u>	<u>1,225,981</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,300,714</u>	<u>\$ 1,177,250</u>

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

(With Deloitte & Touche review report dated April 27, 2023)

(Concluded)

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 April 27, 2023.

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY 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 Group.

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

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

See Note 11 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

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 945	\$ 924	\$ 607
Checking accounts and demand deposits	1,506,893	1,819,587	1,176,643
Cash equivalents			
Time deposits	100,000	100,000	-
Repurchase agreements collateralized by bills	<u>692,876</u>	<u>588,082</u>	<u>-</u>
	<u>\$ 2,300,714</u>	<u>\$ 2,508,593</u>	<u>\$ 1,177,250</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	\$ 64,697	\$ 52,879	\$ 71,956
Mutual funds	12,237	-	-
Derivative financial assets (not under hedge accounting)			
Foreign exchange swap contracts	-	-	174
Foreign exchange forward contracts	-	-	115
	<u>\$ 76,934</u>	<u>\$ 52,879</u>	<u>\$ 72,245</u>
<u>Financial liabilities at FVTPL - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange swap contracts	\$ 493	\$ -	\$ -
Foreign exchange forward contracts	2,636	-	-
	<u>\$ 3,129</u>	<u>\$ -</u>	<u>\$ -</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:

March 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap	GBP/USD	2023.5.30-2023.6.29	GBP900/USD1,101
	CNY/USD	2023.4.27	CNY4,450/USD650
Foreign exchange forward contracts			
Sell	EUR/USD	2023.4.24-2023.5.30	EUR1,700/USD1,829
Sell	GBP/USD	2023.4.11-2023.6.29	GBP2,900/USD3,539

December 31, 2022: None.

March 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap	EUR/USD	2022.4.11	EUR300/USD340
	GBP/USD	2022.4.21	GBP300/USD395
Foreign exchange forward contracts			
Sell	EUR/USD	2022.4.21-2022.5.12	EUR1,500/USD1,680
Sell	GBP/USD	2022.4.21	GBP300/USD393

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

Investments in Equity Instruments at FVTOCI

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Equity instrument investments			
Listed shares	\$ 255,398	\$ 229,398	\$ 244,541
Unlisted shares	<u>1,455</u>	<u>1,455</u>	<u>1,455</u>
	<u>\$ 256,853</u>	<u>\$ 230,853</u>	<u>\$ 245,996</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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 286,586	\$ 229,579	\$ 291,399
Less: Allowance for impairment loss	<u>(2,639)</u>	<u>(2,247)</u>	<u>(2,408)</u>
	<u>\$ 283,947</u>	<u>\$ 227,332</u>	<u>\$ 288,991</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,556,007	\$ 1,510,875	\$ 1,498,981
Less: Allowance for impairment loss	<u>(21,181)</u>	<u>(21,286)</u>	<u>(22,338)</u>
	1,534,826	1,489,589	1,476,643
At FVTOCI	<u>668,595</u>	<u>826,879</u>	<u>665,015</u>
	<u>\$ 2,203,421</u>	<u>\$ 2,316,468</u>	<u>\$ 2,141,658</u>

Trade Receivable

a. At amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the 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 forecasts and industry outlook, as well as recent development of the COVID-19. The overdue trade receivables were provided with an allowance of 0% to 2.08%, 0% to 1.66% and 0% to 1.04% and not 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 March 31, 2023, December 31, 2022 and March 31, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	\$ 1,247,770	\$ 1,146,203	\$ 1,398,710
Past due			
31-60 days	221,852	275,405	25,516
61-120 days	31,655	54,742	28,079
More than 121 days	<u>54,730</u>	<u>34,525</u>	<u>46,676</u>
	<u>\$ 1,556,007</u>	<u>\$ 1,510,875</u>	<u>\$ 1,498,981</u>

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

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 21,286	\$ 21,408
Add: Recognition	-	245
Less: Reversal	(130)	-
Less: Amounts written off	-	(29)
Foreign exchange gains and losses	<u>25</u>	<u>714</u>
Balance at March 31	<u>\$ 21,181</u>	<u>\$ 22,338</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	\$ 585,854	\$ 616,088	\$ 310,837
Past due			
31-60 days	77,374	204,216	354,141
61-120 days	5,367	6,575	-
More than 121 days	<u>-</u>	<u>-</u>	<u>37</u>
	<u>\$ 668,595</u>	<u>\$ 826,879</u>	<u>\$ 665,015</u>

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

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ -	\$ -
Add: Recognition	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ -</u>	<u>\$ -</u>

Notes Receivable

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

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	\$ 268,564	\$ 218,136	\$ 247,442
Past due	<u>18,022</u>	<u>11,443</u>	<u>43,957</u>
	<u>\$ 286,586</u>	<u>\$ 229,579</u>	<u>\$ 291,399</u>

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

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 2,247	\$ 2,514
Add: Recognition	388	-
Less: Reversal	-	(135)
Foreign exchange gains and losses	<u>4</u>	<u>29</u>
Balance at March 31	<u>\$ 2,639</u>	<u>\$ 2,408</u>

10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 2,320,276	\$ 2,030,869	\$ 1,909,507
Supplies	208,281	177,505	203,156
Work in progress	2,576,789	2,349,649	2,098,829
Finished goods	1,178,212	1,205,753	820,117
Merchandise	180,012	181,794	197,180
Inventory in transit	<u>355,170</u>	<u>592,721</u>	<u>305,541</u>
	6,818,740	6,538,291	5,534,330
Less: Adjustments and eliminations	<u>(113,890)</u>	<u>(120,270)</u>	<u>(86,878)</u>
	<u>\$ 6,704,850</u>	<u>\$ 6,418,021</u>	<u>\$ 5,447,452</u>

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

	For the Three Months Ended March 31	
	2023	2022
Cost of inventories sold	\$ 2,369,335	\$ 1,781,850
Unamortized manufacturing expense	7,685	16,200
Inventory write-downs	<u>12,986</u>	<u>6,369</u>
	<u>\$ 2,390,006</u>	<u>\$ 1,804,419</u>

11. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

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

- 1) 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.
- 2) The Group's comprehensive percentage of ownership in Ho Yang Investment Corp. was more than 50% on March 31, 2023. Thus, Ho Yang Investment Corp. was 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 as of December 31, 2022 and March 31, 2021. Thus, Ho Yang Investment Corp. was considered a subsidiary of the Group.

b. Subsidiaries excluded from consolidated financial statements: None.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Forcera Materials Co., Ltd.	\$ -	\$ 89,430	\$ 112,517
S-tech Corp.	<u>282,357</u>	<u>290,931</u>	<u>356,133</u>
	<u>\$ 282,357</u>	<u>\$ 380,361</u>	<u>\$ 468,650</u>

Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2023	2022
The Company's share of:		
Profit for the year	\$ 6,846	\$ 10,562
Other comprehensive income for the year	<u>1,864</u>	<u>-</u>
	<u>\$ 8,710</u>	<u>\$ 10,562</u>

Investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 2,732,369	\$ 2,732,369	\$ 2,799,964
Buildings	1,753,328	1,768,598	2,032,176
Equipment	2,756,921	2,517,982	2,660,866
Transportation equipment	38,175	41,103	37,490
Machinery	7,850	10,122	14,069
Other equipment	165,117	163,646	21,208
Construction in progress	<u>1,194,543</u>	<u>1,073,812</u>	<u>960,137</u>
	<u>\$ 8,648,303</u>	<u>\$ 8,307,632</u>	<u>\$ 8,525,910</u>

	Land	Buildings	Equipment	Transportation Equipment	Machinery	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	-	1,981	366,388	248	-	4,566	139,017	512,200
Disposals	-	-	(25,098)	(1,783)	(590)	(3,664)	(18,311)	(49,446)
Reclassified	-	(3,410)	(40,443)	-	-	-	-	(43,853)
Effects of foreign currency exchange differences	-	1,342	249	(36)	119	27	25	1,726
Balance at March 31, 2023	<u>\$ 2,732,369</u>	<u>\$ 3,468,071</u>	<u>\$ 11,645,572</u>	<u>\$ 330,713</u>	<u>\$ 143,709</u>	<u>\$ 322,506</u>	<u>\$ 1,194,543</u>	<u>\$ 19,837,483</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2023	\$ -	\$ 1,699,560	\$ 8,827,784	\$ 291,191	\$ 132,890	\$ 157,799	\$ -	\$ 11,109,224
Disposals	-	-	(24,297)	(1,715)	(590)	(10,936)	-	(37,538)
Depreciation expense	-	16,194	82,491	3,010	3,524	7,556	-	112,775
Reclassified	-	(1,541)	-	-	-	-	-	(1,541)
Effects of foreign currency exchange differences	-	530	2,673	52	35	2,970	-	6,260
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 1,714,743</u>	<u>\$ 8,888,651</u>	<u>\$ 292,538</u>	<u>\$ 135,859</u>	<u>\$ 157,389</u>	<u>\$ -</u>	<u>\$ 11,189,180</u>
Carrying amount at March 31, 2023	<u>\$ 2,732,369</u>	<u>\$ 1,753,328</u>	<u>\$ 2,756,921</u>	<u>\$ 38,175</u>	<u>\$ 7,850</u>	<u>\$ 165,117</u>	<u>\$ 1,194,543</u>	<u>\$ 8,648,303</u>
Balance at January 1, 2022	<u>\$ 2,732,369</u>	<u>\$ 1,768,598</u>	<u>\$ 2,516,692</u>	<u>\$ 41,093</u>	<u>\$ 11,290</u>	<u>\$ 163,778</u>	<u>\$ 1,073,812</u>	<u>\$ 8,307,632</u>
<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	-	2,105	43,902	3,325	-	1,040	128,992	179,364
Disposals	-	-	(19,959)	(580)	-	(441)	-	(20,980)
Reclassified	-	210	(35,184)	-	-	-	(210)	(35,184)
Effects of foreign currency exchange differences	-	12,676	6,131	138	853	1,027	191	21,016
Balance at March 31, 2022	<u>\$ 2,799,964</u>	<u>\$ 3,724,266</u>	<u>\$ 11,340,431</u>	<u>\$ 323,604</u>	<u>\$ 190,721</u>	<u>\$ 182,263</u>	<u>\$ 960,137</u>	<u>\$ 19,521,386</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 1,668,145	\$ 8,620,302	\$ 283,785	\$ 176,229	\$ 158,726	\$ -	\$ 10,907,187
Disposals	-	-	(19,882)	(580)	-	(427)	-	(20,889)
Depreciation expense	-	19,341	75,077	2,839	379	1,314	-	98,950
Reclassified	-	-	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	4,604	4,068	70	44	1,442	-	10,228
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 1,692,090</u>	<u>\$ 8,679,565</u>	<u>\$ 286,114</u>	<u>\$ 176,652</u>	<u>\$ 161,055</u>	<u>\$ -</u>	<u>\$ 10,995,476</u>
Carrying amount at March 31, 2022	<u>\$ 2,799,964</u>	<u>\$ 2,032,176</u>	<u>\$ 2,660,866</u>	<u>\$ 37,490</u>	<u>\$ 14,069</u>	<u>\$ 21,208</u>	<u>\$ 960,137</u>	<u>\$ 8,525,910</u>
Balance at January 1, 2022	<u>\$ 2,799,964</u>	<u>\$ 2,041,130</u>	<u>\$ 2,725,239</u>	<u>\$ 36,936</u>	<u>\$ 13,639</u>	<u>\$ 21,911</u>	<u>\$ 831,164</u>	<u>\$ 8,469,983</u>

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

Buildings	
Houses and buildings (structure)	40-55 years
Mechanical and electrical facilities	2-10 years
Engineering system	2-15 years
Equipment	
Production line for forging	10-20 years
Process equipment	1-10 years
Mechanical system	3-5 years
Molds	1-6 years
Transportation equipment	
Stackers	3-10 years
Cranes	2-8 years
Machinery	
Analyzers and radiation detectors	3-10 years
Other tools and instruments	2-5 years
Other equipment	2-13 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 109,982	\$ 110,688	\$ 115,294
Buildings	38,370	13,160	16,485
Transportation equipment	<u>2,185</u>	<u>1,357</u>	<u>2,275</u>
	<u>\$ 150,537</u>	<u>\$ 125,205</u>	<u>\$ 134,054</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 29,149</u>	<u>\$ 5,099</u>
Depreciation charge for right-of-use assets			
Land		\$ 1,000	\$ 1,225
Buildings		2,838	1,108
Transportation equipment		<u>321</u>	<u>407</u>
		<u>\$ 4,159</u>	<u>\$ 2,740</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 three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	\$ 13,809	\$ 6,687	\$ 7,598
Non-current	\$ 59,164	\$ 39,931	\$ 45,076

Range of discount rates for lease liabilities was as follows:

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

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	\$ 1,683	\$ 131
Total cash outflow for leases	\$ 5,746	\$ 2,364

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

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 189,518	\$ 189,518	\$ 121,923
Buildings	<u>218,021</u>	<u>424,412</u>	<u>223,805</u>
	<u>\$ 407,539</u>	<u>\$ 613,930</u>	<u>\$ 345,728</u>

Refer to Note 33, the Group sold the investment property to S-Tech Corp. with the price of \$207,438 thousand for the three months ended March 31, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value	<u>\$ 1,491,236</u>	<u>\$ 1,681,139</u>	<u>\$ 620,000</u>

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

The Group leased property, plant and equipment to S-Tech Corp. and Taiwan Steel Group Aerospace Technology Corporation. The lease terms were 3 years. Rents are paid at the end of each month.

Investment properties pledged as collateral for bank borrowings were set out in Note 30.

16. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments	\$ 103,789	\$ 45,529	\$ 64,566
Refundable deposits (Note 30)	173,297	173,413	345,822
Restricted deposits (Note 30)	16,101	18,101	51,137
Other financial assets	265,872	264,564	-
Others	<u>39,928</u>	<u>10,270</u>	<u>23,446</u>
	<u>\$ 598,987</u>	<u>\$ 511,877</u>	<u>\$ 484,971</u>
Current	\$ 424,498	\$ 350,692	\$ 138,286
Non-current	<u>174,489</u>	<u>161,185</u>	<u>346,685</u>
	<u>\$ 598,987</u>	<u>\$ 511,877</u>	<u>\$ 484,971</u>

17. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings (Note 30)</u>			
Bank loans	\$ 92,295	\$ 103,762	\$ 170,100
<u>Unsecured borrowings</u>			
Letters of credit	58,199	26,051	110,971
Line of credit borrowings	<u>1,376,972</u>	<u>1,457,156</u>	<u>1,323,649</u>
	<u>\$ 1,527,466</u>	<u>\$ 1,586,969</u>	<u>\$ 1,604,720</u>
Range of interest rates	1.88%-7.10%	1.88%-7.06%	0.71%-4.50%

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Commercial paper	\$ 30,000	\$ 40,000	\$ 295,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>-</u>	<u>(28)</u>
	<u>\$ 30,000</u>	<u>\$ 40,000</u>	<u>\$ 294,972</u>

c. Current portion of long-term liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Current portion of long-term borrowings	<u>\$ 2,030,612</u>	<u>\$ 1,211,877</u>	<u>\$ 1,464,230</u>

d. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings (Note 30)</u>			
Bank loans	\$ 5,248,500	\$ 5,246,778	\$ 7,754,196
Less: Current portions	<u>(2,030,612)</u>	<u>(1,211,877)</u>	<u>(1,464,230)</u>
Long-term borrowings	<u>\$ 3,217,888</u>	<u>\$ 4,034,901</u>	<u>\$ 6,289,966</u>
Range of interest rates	1.34%-1.90%	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.
 - a) Term Loan A: Loan limit NT\$2,238,320 thousand; non-revolving credit line.
 - b) Term Loan B: Loan limit NT\$1,496,230 thousand; revolving credit line.
 - c) Term Loan C: Loan limit NT\$465,450 thousand; revolving credit line.

In addition to the general requirements, the maintenance of certain financial ratios is also required. If the Company is unable to comply with the financial ratio restrictions, the decision on whether the Company is in violation of the financial ratios will be made by a majority vote of the syndicate of banks.

According to the joint credit agreement aforementioned, during the loan period, the Company is required to maintain certain financial ratios as follows:

- a) Current ratio: No less than 1.0.
- b) Debt to net worth ratio: No higher than 1.8.
- c) Debt service coverage ratio: No less than 3.0.

The above financial ratios are reviewed every six months based on either the audited annual financial statements or the reviewed semi-annual financial statements.

If the Company is unable to comply with any of the aforementioned financial ratio restrictions, the Company should propose a financial improvement plan immediately to the managing bank, and if the financial ratios in the next period's consolidated financial statements are in compliance with the restrictions, the Company will be deemed as not in violation of the financial ratio restrictions. However, the interest of the outstanding borrowings will be increased by 0.1% of the original agreed loan interest rate from the interest payment date of the month following the month the current consolidated financial statements are submitted to the interest payment date of the following month when the financial ratio restrictions are met.

- 2) Due to loan repayment, capital expenditure and operating fund needs, the Company obtained a syndicated loan with a credit line of NT\$6,200,000 thousand from First Bank and multiple financial institutions. The maturity period was 5 years starting from the initial drawdown date.
 - a) Term Loan A: Loan limit NT\$3,060,000 thousand; non-revolving credit line.
 - b) Term Loan B: Loan limit NT\$1,700,000 thousand; non-revolving credit line.
 - c) Term Loan C: Loan limit NT\$1,440,000 thousand; revolving credit line.
 - d) Term Loan D: Loan limit NT\$1,440,000 thousand; revolving credit line. The shared credit line of Term Loan C and Term Loan D cannot exceed the credit line of Term Loan C.

In addition to the general requirements, the maintenance of certain financial ratios 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

	March 31, 2023	December 31, 2022	March 31, 2022
Secured domestic bonds (Note 30)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Discount on bonds payable	<u>(73,690)</u>	<u>(76,810)</u>	<u>(86,039)</u>
	<u>1,426,310</u>	<u>1,423,190</u>	<u>1,413,961</u>
Unsecured domestic convertible bonds	1,488,811	3,031,928	-
Discount on bonds payable	<u>(52,553)</u>	<u>(118,075)</u>	<u>-</u>
	<u>1,436,258</u>	<u>2,913,853</u>	<u>-</u>
	<u>\$ 2,862,568</u>	<u>\$ 4,337,043</u>	<u>\$ 1,413,961</u>

a. Secured domestic bonds

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

b. 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. Taishin International Commercial Bank, Ltd. is the trustee for the bondholders.

Unless the holders of the convertible bonds apply for conversion into the Company's 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%	8,577
Convertible bonds converted into ordinary shares	<u>(1,486,172)</u>
Liability components as of March 31, 2023	<u>\$ 1,436,258</u>

19. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payable for salaries and bonuses	\$ 191,494	\$ 304,671	\$ 133,986
Payable for annual leave	49,530	56,674	46,840
Payable for purchase of equipment	99,810	51,968	46,366
Payable for fuel	36,824	35,875	34,609
Payable for utility bill	45,953	46,066	33,465
Payable for export fees	61,483	81,040	135,812
Payable for dividends	-	-	619,281
Others	<u>96,656</u>	<u>154,618</u>	<u>76,511</u>
	<u>\$ 581,750</u>	<u>\$ 730,912</u>	<u>\$ 1,126,870</u>

20. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Long-term deferred revenue (a)	\$ 4,892	\$ 4,868	\$ 40,657
Advanced expropriation receipts (b)	472,354	470,030	-
Guarantee deposit received	332	333	343
Others	<u>60,468</u>	<u>60,488</u>	<u>60,487</u>
	<u>\$ 538,046</u>	<u>\$ 535,719</u>	<u>\$ 101,487</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 Jiaxing Shiang Yang Metal Material Technology Co., Ltd. ("Shiang Yang Company"), a subsidiary of the Group, signed an agreement of expropriation and movement on June 30, 2022 with Zhejiang Xinghui Co., Ltd. ("Xinghui Company"). According to the agreement, Xinghui Company would expropriate the land use right of 46,494 square meter and its buildings of Shiang Yang Company, at transaction price of CNY132,500 thousand. The proceeds would be paid according to stages of the agreement. The transaction price was referred to the appraisal report by professional appraisal institution and was agreed by both parties. Shiang Yang Company had an advance receipt of CNY106,651 thousand and CNY106,651 thousand on March 31, 2023 and December 31, 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 ended March 31, 2023 and 2022, the pension expense of defined benefit plans were \$818 thousand and \$779 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

	March 31, 2023	December 31, 2022	March 31, 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>501,966</u>	<u>457,122</u>	<u>456,736</u>
Shares issued	<u>\$ 5,019,660</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 March 31, 2023 and December 31, 2022, the holders of the Company's unsecured domestic convertible bonds had applied for conversion into the amount of 45,230 thousand shares and 386 thousand shares of the Company's common shares, respectively.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid-in capital	\$ 216,649	\$ 216,649	\$ 216,649
Additional paid-in capital-bond conversion	2,567,935	1,472,057	1,462,657
Adjustment from changes in equity of subsidiaries and associates	11,767	13,613	794
Donated assets	<u>3,502</u>	<u>3,502</u>	<u>3,502</u>
	<u>\$ 2,799,853</u>	<u>\$ 1,705,821</u>	<u>\$ 1,683,602</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 dividend policy is designed to meet present and future development projects and consideration of the investment environment, funding requirements, international, domestic competitive conditions and shareholders' interests simultaneously. The distribution of dividends could be either cash or shares, while cash dividends shall not be less than 50% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	\$ -	\$ 70,670
Special reserve	-	(84,105)
Cash dividends	1,239,092	630,570
Cash dividends per share (NT\$)	2.5	1.4

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 are subject to the resolution in the shareholders' meeting to be held on May 25, 2023.

d. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)	Shares Transferred to Employees (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2023	9,527	6,329	15,856
Increase during the year	42	-	42
Decrease during the year	<u>(21)</u>	<u>-</u>	<u>(21)</u>
Number of shares at March 31, 2023	<u>9,548</u>	<u>6,329</u>	<u>15,877</u>
Book value of shares at March 31, 2023	<u>\$ 155,631</u>	<u>\$ 99,735</u>	<u>\$ 255,366</u>
Number of shares at January 1, 2022	10,666	6,329	16,995
Increase during the year	355	-	355
Decrease during the year	<u>(532)</u>	<u>-</u>	<u>(532)</u>
Number of shares at March 31, 2022	<u>10,489</u>	<u>6,329</u>	<u>16,818</u>
Book value of shares at March 31, 2022	<u>\$ 132,099</u>	<u>\$ 99,735</u>	<u>\$ 231,834</u>

For the three months ended March 31, 2023 and 2022, subsidiaries sold 21 thousand and 532 thousand, respectively shares of the Company for \$973 thousand and \$13,770 thousand, respectively.

For information on the shares of the Company held by its subsidiaries, please refer to Table 3.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The shares held by subsidiaries were accounted for as treasury shares.

23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations included the following items:

a. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income	\$ 17,383	\$ 9,487
Sale of electricity	3,330	-
Dividends income	-	420
Government grants	-	40
Others	<u>4,704</u>	<u>8,917</u>
	<u>\$ 25,417</u>	<u>\$ 18,864</u>

b. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans and bills payable	\$ 46,869	\$ 37,925
Amortization of long-term borrowing costs	1,722	1,722
Interest on lease liabilities	332	368
Interest on bonds payable	14,134	5,509
Less: Amount included in the cost of qualifying assets	<u>(15,228)</u>	<u>(10,333)</u>
	<u>\$ 47,829</u>	<u>\$ 35,191</u>

Information on capitalized interest was as follows:

	For the Three Months Ended March 31	
	2023	2022
Capitalized interest	<u>\$ 15,228</u>	<u>\$ 10,333</u>
Capitalization rate	1.61%-1.65%	1.08%-1.32%

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Gain (loss) on fair value changes of financial assets designated as at FVTPL	\$ 8,689	\$ (6,714)
Gain on disposal of associates	88,407	1,045
Gain on disposal of property, plant and equipment	20	892
Net foreign currency exchange gains	135,169	81,091
Net foreign currency exchange losses	(128,676)	(48,459)
Others	<u>(16,143)</u>	<u>(18,815)</u>
	<u>\$ 87,466</u>	<u>\$ 9,040</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 92,964	\$ 86,265
Operating expenses	7,596	15,318
Other losses	<u>19,291</u>	<u>2,724</u>
	<u>\$ 119,851</u>	<u>\$ 104,307</u>
An analysis of amortization by function		
Operating costs	\$ 34	\$ 72
Operating expenses	<u>197</u>	<u>104</u>
	<u>\$ 231</u>	<u>\$ 176</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Defined contribution plan	\$ 11,801	\$ 9,422
Defined benefit plan (Note 21)	818	779
Other employee benefits	<u>360,115</u>	<u>281,543</u>
	<u>\$ 372,734</u>	<u>\$ 291,744</u>
An analysis by function		
Operating costs	\$ 249,952	\$ 200,664
Operating expenses	<u>122,782</u>	<u>91,080</u>
	<u>\$ 372,734</u>	<u>\$ 291,744</u>

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 ended March 31, 2023 and 2022, the compensation of employees and remuneration of directors and supervisors are as follows:

Amount

	For the Three Months Ended March 31	
	2023	2022
	Cash	Cash
Compensation of employees	<u>\$ 12,000</u>	<u>\$ 10,000</u>
Remuneration of directors and supervisors	<u>\$ 6,000</u>	<u>\$ 5,000</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:

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

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 March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 146,124	\$ 60,232
Adjustments for prior year	(8,525)	(11,257)
Deferred tax		
In respect of the current year	<u>(5,968)</u>	<u>15,382</u>
Income tax expense recognized in profit or loss	<u>\$ 131,631</u>	<u>\$ 64,357</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 March 31	
	2023	2022
Profit for the year attributable to owners of the Group	\$ 552,297	\$ 345,907
Effect of dilutive potential ordinary shares:		
Employees' compensation	-	-
Interest on convertible bonds (after tax)	<u>6,862</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operations	<u>\$ 559,159</u>	<u>\$ 345,907</u>

Shares (In Thousands)

	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	459,117	446,534
Effect of potentially dilutive ordinary shares:		
Employees' compensation	939	915
Convertible bonds	<u>75,743</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>535,799</u>	<u>447,449</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 three months ended March 31, 2023, the Group acquired additional shares of Ho Yang Investment Corp. in the amount of \$57,954 thousand, increasing its continuing interest from 47% to 60%.

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 Company'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

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 255,398	\$ -	\$ -	\$ 255,398
Unlisted shares	\$ -	\$ -	\$ 1,455	\$ 1,455
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 668,595	\$ 668,595
Financial assets at FVTPL				
Listed shares and emerging market shares	\$ 64,697	\$ -	\$ -	\$ 64,697
Mutual funds	\$ 12,237	\$ -	\$ -	\$ 12,237
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ 3,129	\$ -	\$ -	\$ 3,129

December 31, 2022

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

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 244,541	\$ -	\$ -	\$ 244,541
Unlisted shares	\$ -	\$ -	\$ 1,455	\$ 1,455
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 665,015	\$ 665,015
Financial assets at FVTPL				
Listed shares and emerging market shares	\$ 71,956	\$ -	\$ -	\$ 71,956
Derivative financial assets	289	-	-	289
	\$ 72,245	\$ -	\$ -	\$ 72,245

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 three months ended March 31, 2023

Financial Assets	Financial Assets at FVTOCI Debt Instruments
Balance at January 1, 2023	\$ 826,879
Recognized in profit or loss (included in other losses)	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-
Net changes in trade receivables	(158,284)
Balance at March 31, 2023	\$ 668,595

For the three months ended March 31, 2022

Financial Assets	Financial Assets at FVTOCI Debt Instruments
Balance at January 1, 2022	\$ 450,324
Recognized in profit or loss (included in other losses)	-
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-
Net changes in trade receivables	214,691
Balance at March 31, 2022	\$ 665,015

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

The future cash flows of trade receivables at FVTOCI are estimated using the discounted cash flow method based on trade receivables at the end of the period, discounted at a rate that reflects the credit risk of the transaction.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 4,805,399	\$ 4,723,689	\$ 2,980,044
FVTPL			
Equity instruments	76,934	52,879	72,245
Financial assets at FVTOCI			
Equity instruments	256,853	230,853	245,966
Debt instruments	668,595	826,879	665,015
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	10,487,799	12,270,540	12,444,109
FVTPL			
Held for trading	3,129	-	-

- 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 (including current portion), short-term bills payable, trade and other payables, bonds payable and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, bonds payable, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into forward foreign exchange contracts to manage its exposure to foreign currency risk.

There were no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency exchange risk. Approximately over 50% of the Group's sales is denominated in currencies other than the functional currency of the Group, whilst the cost of raw materials imported from abroad is denominated in currencies other than the functional currency of the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 35. 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 and CNY.

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.

	For the Three Months Ended March 31	
	2022	2021
CNY impact	\$ 5,460	\$ 13,305
USD impact	\$ 12,489	\$ 17,156
EUR impact	\$ 6,008	\$ 10,646
GBP impact	\$ 12,113	\$ 6,839

The result was mainly attributable to the exposure on outstanding receivables, payables and borrowing in foreign currency that were not hedged at the end of the reporting period.

The management believes that the sensitivity analysis could not represent the inherent risk of foreign currency risk, since the exposure of foreign currency risk at the end of the reporting period could not reflect foreign currency risk exposure during the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 1,073,147	\$ 966,732	\$ 23,749
Financial liabilities	2,965,540	4,423,661	1,761,607
Cash flow interest rate risk			
Financial assets	752,750	1,084,322	695,084
Financial liabilities	6,776,805	6,833,747	9,358,916

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 three months ended March 31, 2023 and 2022 would have decreased by \$1,506 thousand and \$2,166 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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$26,909 thousand and \$24,600 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 three months ended March 31, 2023 and 2022 would have increased/decreased by \$6,470 thousand and \$7,196 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 March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized bank loan facilities of \$5,415,390 thousand, \$5,711,017 thousand and \$4,452,906 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.

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 565,320	\$ 139,258	\$ 366,060	\$ -	\$ -
Lease liabilities	1,267	2,480	11,253	36,951	34,935
Liabilities					
instruments	<u>196,571</u>	<u>573,743</u>	<u>2,948,022</u>	<u>4,691,580</u>	<u>1,622,583</u>
	<u>\$ 763,158</u>	<u>\$ 715,481</u>	<u>\$ 3,325,335</u>	<u>\$ 4,728,531</u>	<u>\$ 1,657,518</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 15,000</u>	<u>\$ 36,951</u>	<u>\$ 9,193</u>	<u>\$ 25,742</u>

December 31, 2022

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

Additional information about the maturity analysis for lease liabilities:

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

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,053,915	\$ 103,933	\$ 402,334	\$ -	\$ -
Lease liabilities	1,477	1,307	5,769	21,578	30,338
Liabilities					
instruments	<u>881,522</u>	<u>774,183</u>	<u>1,821,435</u>	<u>6,439,765</u>	<u>1,532,333</u>
	<u>\$ 1,936,914</u>	<u>\$ 879,423</u>	<u>\$ 2,229,538</u>	<u>\$ 6,461,343</u>	<u>\$ 1,562,671</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10+ Years
Lease liabilities	<u>\$ 8,553</u>	<u>\$ 21,578</u>	<u>\$ 9,193</u>	<u>\$ 21,145</u>

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the period.

March 31, 2023

	Less than 1 Month	1-3 Months	3 Months to 1 Year
Total forward			
Foreign exchange forward contracts			
- outflows	\$ 19,792	\$ 33,525	\$ -
Foreign exchange forward contracts			
- outflows	<u>42,561</u>	<u>120,892</u>	<u>-</u>
	<u>\$ 62,353</u>	<u>\$ 154,417</u>	<u>\$ -</u>

December 31, 2022: None.

March 31, 2022: None.

e. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds Balance, Beginning of Period	Receivables Factoring Proceeds	Cash Received of Factoring Proceed	Receivables Factoring Proceeds Balance, End of Period	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>March 31, 2023</u>						
Financial institution	EUR 3,895	EUR 4,934	EUR 6,740	EUR 2,089	-	-
	GBP 2,273	GBP 4,788	GBP 4,434	GBP 2,627	-	-
	USD 12,431	USD 26,198	USD 27,206	USD 11,423	USD 2,582	6
	AUD 712	AUD 982	AUD 1,283	AUD 411	-	-
	JPY -	JPY 17,286	JPY 17,286	JPY -	-	-
<u>March 31, 2022</u>						
Financial institution	EUR 665	EUR 2,259	EUR 1,495	EUR 1,429	EUR -	-
	GBP 1,498	GBP 2,703	GBP 1,337	GBP 2,864	GBP -	-
	USD 15,984	USD 19,933	USD 17,774	USD 18,143	USD 3,979	1
	AUD 81	AUD 198	AUD 127	AUD 152	AUD -	-
	JPY -	JPY 814	JPY 814	JPY -	JPY -	-

The Company has factoring agreements with financial institutions. The credit limit is US\$10,000 thousand for both March 31, 2023 and 2022 and the credit can be recycled.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and relationships

Related Party	Relationship
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
Ofco Industrial Corporation	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

b. Sales of goods

Related Party Category	For the Three Months Ended March 31	
	2023	2022
S-Tech Corp.	\$ 52,654	\$ 105,144
Related party in substance	<u>364</u>	<u>-</u>
	<u>\$ 53,018</u>	<u>\$ 105,144</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.

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2023	2022
S-Tech Corp.	\$ 126,087	\$ 107,561
Related party in substance	<u>4,988</u>	<u>17,919</u>
	<u>\$ 131,075</u>	<u>\$ 125,480</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 non-operating income and expenses

Account Item	Related Party Category	For the Three Months Ended March 31	
		2023	2022
Operating expenses	Associate	\$ -	\$ 282
	Tsg Transport Corp.	55,582	189,786
	Related party in substance	<u>12,072</u>	<u>99</u>
		<u>\$ 67,654</u>	<u>\$ 190,167</u>
Manufacturing costs	Associate	\$ 284	\$ 14,520
	Related party in substance	<u>19,332</u>	<u>4,190</u>
		<u>\$ 19,616</u>	<u>\$ 18,710</u>
Non-operating income and expenses	S-Tech Corp.	\$ 17,666	\$ 8,269
	Related party in substance	<u>2,015</u>	<u>1,727</u>
		<u>\$ 19,681</u>	<u>\$ 9,996</u>

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

Account Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	Associate	<u>\$ 26,138</u>	<u>\$ 81,763</u>	<u>\$ 74,567</u>
	Related party in substance	<u>\$ 405</u>	<u>\$ -</u>	<u>\$ 1,843</u>
Other receivables	S-Tech Corp.	<u>\$ 181,856</u>	<u>\$ 8,224</u>	<u>\$ 4,918</u>
	Related party in substance	<u>\$ 1,309</u>	<u>\$ 1,115</u>	<u>\$ 2,321</u>

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (not including loans from related parties)

Account Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Trade payables to related parties	Associate	<u>\$ 41,474</u>	<u>\$ 32,928</u>	<u>\$ 55,649</u>
	Related party in substance	<u>\$ 7,135</u>	<u>\$ 19,058</u>	<u>\$ 21,628</u>
Other payables	Associate	<u>\$ 87</u>	<u>\$ -</u>	<u>\$ 4,853</u>
	Related party in substance	<u>\$ 12,715</u>	<u>\$ 18,657</u>	<u>\$ 12,486</u>

The outstanding trade payables to related parties are unsecured.

g. Other assets

Account Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Other current assets	Related party in substance	\$ 3,853	\$ 1,740	\$ 731
Prepayments for equipment	Related party in substance	\$ 497	\$ 494	\$ 446

h. Lease arrangements

Account Item	Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities	Associate	\$ -	\$ -	\$ -

Related Party Category	For the Three Months Ended March 31	
	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.

i. Acquisition of investment property

Related Party Category/Name	Proceeds	
	For the Three Months Ended March 31	
	2023	2022
Related party in substance	\$ 2,095	\$ -

j. Disposals of investment property

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
S-Tech Corp.	\$ 207,438	\$ -	\$ -	\$ -

k. Acquisition of financial assets

For the three months ended March 31, 2023

Related Party Category	Account Item	Number of Shares	Underlying Assets	Purchase Price
S-Tech Corp.	(Note)	3,900	Ho Yang Investment Corp.	\$ 57,954

Note: Investment in subsidiaries was eliminated from consolidation.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Related Party Category/Name			
S-Tech Corp.			
Guaranteed amount	\$ 10,000	\$ 10,000	\$ 10,000
Actual expenditure	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

m. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term benefits	\$ 28,003	\$ 25,198
Post-employment benefits	<u>218</u>	<u>248</u>
	<u>\$ 28,221</u>	<u>\$ 25,446</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:

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted deposits (classified as other current assets)	\$ 16,101	\$ 18,101	\$ 51,137
Land	2,500,478	2,500,478	2,215,855
Demand deposit (classified as refundable deposits)	112,200	112,200	275,200
Pledged certificate of deposit (classified as refundable deposits)	12,789	13,166	12,686
Buildings, net	972,431	978,452	947,297
Machinery and equipment, net	<u>623,901</u>	<u>640,730</u>	<u>691,217</u>
	<u>\$ 4,237,900</u>	<u>\$ 4,263,127</u>	<u>\$ 4,193,392</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 \$0 thousand, \$0 thousand and \$67,324 thousand on March 31, 2023, December 31, 2022 and March 31, 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 March 31, 2023, December 31, 2022 and March 31, 2022, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
USD	\$ 373	\$ 199	\$ 8,582
EUR	\$ 9,511	\$ 9,533	\$ -
CNY	\$ 553	\$ 434	\$ -
CHF	\$ 196	\$ -	\$ -
JPY	\$ 17,400	\$ -	\$ -

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

	March 31, 2023	December 31, 2022	March 31, 2022
NTD	\$ 2,241,324	\$ 2,239,587	\$ 2,172,275
EUR	\$ 9,507	\$ 9,507	\$ 9,507
USD	\$ 95	\$ 6,959	\$ 6,959
JPY	\$ 193,700	\$ 193,700	\$ 193,700
CNY	\$ 83,851	\$ 83,851	\$ 80,774
VND	\$ -	\$ 1,582,038	\$ 431,618
CHF	\$ 272	\$ 272	\$ 41

Payment paid as commitment progress

	March 31, 2023	December 31, 2022	March 31, 2022
NTD	\$ 1,874,018	\$ 1,752,907	\$ 1,640,462
EUR	\$ 2,417	\$ 2,417	\$ 1,509
USD	\$ 76	\$ 6,615	\$ 6,287
JPY	\$ 193,700	\$ 193,700	\$ 183,330
CNY	\$ 70,419	\$ 65,078	\$ 59,035
VND	\$ -	\$ 1,099,867	\$ 302,133
CHF	\$ 156	\$ 156	\$ 20

- c. As of March 31, 2023, December 31, 2022 and March 31, 2022, \$1,969,750 thousand, \$2,346,900 thousand and \$2,070,760 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 first quarter of 2023 on April 27, 2023.

- b. On April 13, 2023, the Board of Directors resolved to cancel 6,329 thousand shares of treasury stock. The base date of the capital reduction will be May 22, 2023. The amount of the capital reduction will be \$63,290 thousand, with a par value of \$10 per share.
- c. The Board of Directors resolved to dispose of the equipment for forging and finishing of Plant S350 to S-Tech Corp. on April 13, 2023. The transaction price was approximately \$340,512 thousand.
- d. On April 27, 2023, the Board of Directors resolved to participate in the capital increase of S-Tech Corp. with cash. The details of the investment, the amount of shares, total amount, the resources of capital, the period of paying the payables for the investment. etc. were authorized by the shareholders to the chairman of the Company to consider the actual situation to make all the decision.
- e. On April 27, 2023, the Board of Directors resolved to apply for a syndicated loan from First Commercial Bank and multiple financial institutions. The estimated credit line will be approximately \$7,000,000 thousand.

34. OTHER ITEMS

Since the outbreak of the COVID-19 pandemic in late January 2020, the global environment has exhibited an unstable trend with the spread of the pandemic worldwide and the successive implementation of lockdown measures by many countries. The Group has therefore taken measures to adjust its product portfolio for stabilization of its business and is actively maintaining business relationships with customers and suppliers and strengthening cost control measures in order to mitigate the impact on its operations. However, the current situation is still highly uncertain. Therefore, the Group will continue to monitor the development of the pandemic in order to promptly respond to the impact of the pandemic on the Group's business and financial status.

35. 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:

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 48,123	30.450 (USD:NTD)	\$ 1,465,346
USD	4,086	6.8717 (USD:CNY)	124,425
USD	21	25,165 (USD:VND)	644
EUR	8,434	33.150 (EUR:NTD)	279,589
AUD	806	20.330 (AUD:NTD)	16,377
GBP	6,431	37.670 (GBP:NTD)	242,261
JPY	62,697	0.2288 (JPY:NTD)	14,345
CNY	25,937	4.4312 (CNY:NTD)	114,933
(Continued)			

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 39,207	30.450 (USD:NTD)	\$ 1,193,852
USD	3,905	6.8717 (USD:CNY)	118,896
USD	916	25,165 (USD:VND)	27,885
EUR	4,809	33.150 (EUR:NTD)	159,434
JPY	18,985	0.2288 (JPY:NTD)	4,344
CNY	1,293	4.4312 (CNY:NTD)	5,731
			(Concluded)

December 31, 2022

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

Financial liabilities

Monetary items			
USD	38,934	30.710 (USD:NTD)	1,195,653
USD	3,279	6.9669 (USD:CNY)	100,683
USD	811	25,380 (USD:VND)	24,909
EUR	6,014	32.720 (EUR:NTD)	196,782
GBP	2,100	37.090 (GBP:NTD)	77,889
JPY	11,162	0.2324 (JPY:NTD)	2,594
CNY	18,908	4.4080 (CNY:NTD)	83,349

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 48,812	28.625 (USD:NTD)	\$ 1,397,237
USD	3,019	6.3526 (USD:CNY)	86,430
USD	54	23,657 (USD:VND)	1,555
EUR	8,331	31.920 (EUR:NTD)	265,934
AUD	371	21.420 (AUD:NTD)	7,944
GBP	3,971	37.620 (GBP:NTD)	149,387
JPY	21,087	0.2353 (JPY:NTD)	4,962
CNY	84,937	4.5060 (CNY:NTD)	387,728

Financial liabilities

Monetary items			
USD	32,707	28.625 (USD:NTD)	936,237
USD	6,183	6.3526 (USD:CNY)	176,991
USD	1,009	23,657 (USD:VND)	28,869
EUR	1,661	31.920 (EUR:NTD)	53,018
GBP	335	37.620 (GBP:NTD)	12,603
JPY	6,142	0.2353 (JPY:NTD)	1,445
CNY	25,885	4.5060 (CNY:NTD)	116,636

The following information was aggregated by the functional currencies of entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended March 31				
2023			2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.395 (USD:NTD)	\$ (11)	27.994 (USD:NTD)	\$ 276
VND	0.00127 (VND:NTD)	(76)	0.00121 (VND:NTD)	(202)
NTD	1 (NTD:NTD)	6,009	1 (NTD:NTD)	32,067
CNY	4.4425 (CNY:NTD)	<u>571</u>	4.4082 (CNY:NTD)	<u>491</u>
		<u>\$ 6,493</u>		<u>\$ 32,632</u>

36. 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, associates and joint ventures) (Table 3)

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (Note 7)
 - 10) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees (Table 7)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the 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: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

37. 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:

	Operating Segment Revenue For the Three Months Ended March 31		Operating Segment Income For the Three Months Ended March 31	
	2023	2022	2023	2022
The Company	\$ 2,969,213	\$ 2,437,256	\$ 555,240	\$ 337,763
Golden Win Steel Industrial Corp.	324,262	386,727	17,148	43,070
Faith Easy Enterprises Ltd.	253,135	319,803	25,387	28,528
Others	<u>429,116</u>	<u>321,931</u>	<u>32,872</u>	<u>15,495</u>
Continuing operations amounts	3,975,726	3,465,717	630,647	424,856
Less: Eliminations	<u>(658,207)</u>	<u>(822,355)</u>	<u>4,975</u>	<u>4,247</u>
Revenue/income from external customers	<u>\$ 3,317,519</u>	<u>\$ 2,643,362</u>	<u>635,622</u>	<u>429,103</u>
Interest income			2,602	273
Other income			25,417	18,864
Other gains and losses			87,466	9,040
Finance costs			(47,829)	(35,191)
Share of profit of associates			<u>6,846</u>	<u>10,562</u>
Profit from operations			<u>\$ 710,124</u>	<u>\$ 432,651</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 THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Guangzhou Goldway Special Material Co., Ltd.	Other receivables	Yes	\$ 44,312	\$ 44,312	\$ 37,665	3.7	2	\$ -	For working capital	\$ -	-	\$ -	\$ 227,657 (Note 7)	\$ 227,657 (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: \$569,143 (net worth) × 40% = \$227,657.

b. The aggregate financing limit is 40% of the lender’s net equity. For No. 0: \$569,143 (net worth) × 40% = \$227,657.

TABLE 2

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No.	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/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Gloria Material Technology Corp.	Alloy Tool Steel Inc.	b	\$ 2,509,830 (Note 3)	\$ 48,768	\$ 24,360	\$ 24,360	\$ -	7	\$ 5,019,660 (Note 3)	Y	N	N
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	2,509,830 (Note 3)	30,480	30,450	-	-			Y	N	Y
		All Win Enterprises Ltd.	b	2,509,830 (Note 3)	255,552	255,330	-	-			Y	N	N
		Xian Goldway Special Material Co., Ltd.	c	2,509,830 (Note 3)	213,360	213,150	66,961	-			Y	N	Y
		Faith Easy Enterprises Ltd.	b	2,509,830 (Note 3)	30,480	30,450	-	-			Y	N	N
		Guangzhou Goldway Special Material Co., Ltd.	c	2,509,830 (Note 3)	152,400	152,250	25,294	-			Y	N	Y
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	2,509,830 (Note 3)	103,632	103,530	-	-			Y	N	Y
		S-Tech Corp.	a	2,509,830 (Note 3)	20,000	<u>20,000</u>	<u>-</u>	10,000			N	N	N
						<u>\$ 829,520</u>	<u>\$ 116,615</u>						
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	405,976 (Note 4)	18,288	<u>\$ 18,270</u>	<u>\$ -</u>	-	2	608,964 (Note 4)	N	N	N

Note 1: The numbers denote the following:

a. 0 represents the issuer.

b. Investees are numbered starting from 1.

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

a. Business partner.

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

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

d. Parent company that directly or indirectly through its subsidiary, owns more than fifty percent (50%) of the investee.

e. Guaranteed by the Company according to the construction contract.

f. An investee company of which the guarantees were provided based on the Company’s proportionate share in the investee company.

Note 3: The limit on endorsements/guarantees is calculated as follows:

a. The limit on endorsements or guarantees provided for each borrower is NT\$5,019,660 (paid-in capital) × 50% = NT\$2,509,830.

b. The aggregate endorsement/guarantee limit is NT\$5,019,660 (paid-in capital) × 100% = NT\$5,019,660.

c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

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

a. The limit on endorsements or guarantees provided for each borrower is NT\$405,976 (paid-in capital) × 100% = NT\$405,976.

b. The aggregate endorsement/guarantee limit is NT\$405,976 (paid-in capital) × 150% = NT\$608,964.

c. Endorsements/guarantees provided for subsidiaries are not subject to the above restrictions.

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

TABLE 3

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Gloria Material Technology Corp.	Ordinary shares Taiwan Styrene Monomer Corporation	Chairman of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	219	\$ 3,033	-	\$ 3,033	
Gloria Material Technology Corp.	CJW International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	251	3,217	-	3,217	
Gloria Material Technology Corp.	OFCO Industrial Corporation	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	103	2,837	-	2,837	
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	568	-	568	
Gloria Material Technology Corp.	D-Link Corporation	Chairman of the Company is the company's director	Financial assets at fair value through profit or loss - current	3,524	64,129	1	64,129	
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	31	1,578	-	1,578	
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	24,667	-	24,667	
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	1,766	46,966	3	46,966	
Golden Win Steel Industrial Corp.	Chun Yu Works & Co., Ltd.	Parent company of the Company is the company's director	Financial assets at fair value through other comprehensive income - non-current	505	12,470	-	12,470	
Golden Win Steel Industrial 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	1,067	19,423	-	19,423	
Golden Win Steel Industrial Corp.	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,360	11,451	-	11,451	
Golden Win Steel Industrial Corp.	Taidoc Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	240	44,400	-	44,400	
Golden Win Steel Industrial Corp.	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	138	7,355	-	7,355	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Golden Win Steel Industrial Corp.	Yuanta US 20+ Year BBB Corporate Bond ETF	-	Financial assets at fair value through profit or loss - current	355	\$ 12,237	-	\$ 12,237	
Golden Win Steel Industrial Corp.	Evergreen Marine Corporation	-	Financial assets at fair value through other comprehensive income - non-current	16	2,536	-	2,536	
Ho Yang Investment Corp.	Gloria Material Technology Corp.	The Company	Financial assets at fair value through other comprehensive income - non-current	9,517	489,176	2	489,176	
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	70,178	1	70,178	
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	6,865	-	6,865	

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities that fall within the scope in accordance with IFRS 9 “Financial Instruments.”

Note 2: If the securities issuer is not a related party, the column is left blank.

Note 3: For securities measured at fair value, the carrying amount after fair value adjustments and deduction of accumulated impairment is indicated. For securities not measured at fair value, the carrying amount indicated is the original acquisition cost or amortized cost less accumulated impairment loss.

Note 4: For information on investments in subsidiaries, please see Tables 7 and 8.

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

(Concluded)

TABLE 4

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Trade Receivables (Payables)			Note
			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	\$ 137,021	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	\$ 22,368	1	-
Golden Win Steel Industrial Corp.	Gloria Material Technology Corp.	Parent company	Purchase	137,021	54	Net 30 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	22,368	59	-
Gloria Material Technology Corp.	All Win Enterprises Ltd.	Subsidiary	Sale	177,499	6	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade receivables	-	-	-
All Win Enterprises Ltd.	Gloria Material Technology Corp.	Parent company	Purchase	177,499	88	Net 60 days from the end of the month of when invoice is issued, T/T	No significant difference	No significant difference	Trade payables	-	-	-
Gloria Material Technology Corp	S-Tech Corp.	Associate	Purchase	111,209	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	35,958	2	-

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.

TABLE 5

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 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	\$ 118,121	2.41	\$ -	-	\$ -	\$ -

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

TABLE 6

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 118,121	No significant difference	-
		Alloy Tool Steel Inc.	a	Sales revenue	78,853	No significant difference	2
		Golden Win Steel Industrial Corp.	a	Trade receivables	22,368	No significant difference	-
		Golden Win Steel Industrial Corp.	a	Sales revenue	137,021	No significant difference	4
		All Win Enterprises Ltd.	a	Sales revenue	177,499	No significant difference	5
1	Golden Win Steel Industrial Corp.	Vietnam Goldway Special Material Co., Ltd.	c	Trade receivables	26,244	No significant difference	-
		Vietnam Goldway Special Material Co., Ltd.	c	Sales revenue	10,512	No significant difference	-
		Gloria Material Technology Corp.	b	Sales revenue	19,061	No significant difference	1
		Gloria Material Technology Corp.	b	Trade receivables	10,660	No significant difference	-
2	Zhejiang Jiaxing Shiang Yang Metal Material	Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	66,059	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	58,675	No significant difference	2
3	All Win Enterprises Ltd.	Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Sales revenue	64,438	No significant difference	2
		Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	c	Trade receivables	15,983	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Trade receivables	32,879	No significant difference	-
		Tianjin Goldway Special Material Co., Ltd.	c	Sales revenue	18,638	No significant difference	1
		Guangzhou Goldway Special Material Co., Ltd.	c	Trade receivables	10,166	No significant difference	-
		Guangzhou Goldway Special Material Co., Ltd.	c	Sales revenue	10,166	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Trade receivables	19,931	No significant difference	-
		Zhejiang Jiaxing Goldway Special Material Co., Ltd.	c	Sales revenue	19,931	No significant difference	1
		Xian Goldway Special Material Co., Ltd.	c	Trade receivables	42,058	No significant difference	-
		Xian Goldway Special Material Co., Ltd.	c	Sales revenue	42,058	No significant difference	1

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

- a. Fill in 0 for the Company.
- b. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

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

- a. Company to Subsidiary.
- b. Subsidiary to Company.
- c. Subsidiary to Subsidiary.

(Continued)

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)

TABLE 7

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee (Note 2)	Share of Profit (Loss) (Note 2)	Note
				March 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	Carrying Amount			
Gloria Material Technology Corp.	Faith Easy Enterprises Ltd.	Samoa	General investment and trading	\$ 192,558	\$ 192,558	6,000,000	96	\$ 691,378	\$ 19,791	\$ 19,009	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	481,504	47,300	21,818	Subsidiary
	Alloy Tool Steel, Inc.	USA	Sale of alloy steel	100,487	100,487	4,300,000	100	185,756	8,146	8,146	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	173,539	115,585	14,005,660	47	11,526	(95)	(44)	Subsidiary
	All Win Enterprises Ltd.	Seychelles	General investment	535,164	535,164	18,000,000	100	648,182	23,145	23,145	Subsidiary
	Rong Yang Investment Corp.	Republic of China	General investment	50,000	50,000	5,000,000	100	45,253	10	10	Subsidiary
	Gloria Material Technology Japan	Japan	Sale of alloy steel	2,232	2,232	180	100	1,097	(235)	(235)	Subsidiary
Golden Win Steel Industrial Corp.	Rainbow Shines Limited	Samoa	General investment and trading	89,065	89,065	3,122,222	97	80,870	(1,391)	NA	Subsidiary
	Ho Yang Investment Corp.	Republic of China	General investment	99,208	99,208	8,447,170	28	98,390	(95)	NA	Subsidiary
All Win Enterprises Ltd.	G-Yao Enterprises Ltd.	Mauritius	General investment	US\$ 18,000	US\$ 18,000	18,000,000	100	568,637	2,430	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	89,746	(610)	NA	Subsidiary
Gloria Material Technology Corp.	S-Tech Corp.	Republic of China	Production and sales of titanium alloys	246,153	261,402	20,129,037	13	282,357	50,445	6,846	Associate
	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	-	32,692	-	-	-	-	-	Associate
Golden Win Steel Industrial Corp.	Forcera Materials Co., Ltd.	Republic of China	Material wholesale	-	29,243	-	-	-	-	NA	Associate

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

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

- a. The columns of Investee Company, Location, Main Businesses and Products, Original Investment Amount and Number of Shares are filled out in order of the reinvestment situation of the public company and the reinvestment situation of each investee company that is directly or indirectly controlled. In the remarks column, the relationship between each investee and the public company (subsidiary/second-tier subsidiary) is disclosed.
- b. The profit or loss of the investee company is disclosed in the column of Net Income (Loss) of the Investee.
- c. The Company is only required to list the amount of profit or loss of each of subsidiary that the Company has directly invested in and each investee that is accounted for using the equity method. The rest of the information is exempt from disclosure.

Note 3: For information on investments in mainland China, please see Table 8.

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

TABLE 8

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023	Note
					Outward	Inward							
Guangzhou Goldway Special Material Co., Ltd.	Production and sale of alloy steel	Registered capital US\$3,000 thousand (paid-in capital of CNY24,856 thousand)	2	US\$ 2,837 HK\$ 700	\$ -	\$ -	US\$ 2,837 HK 700	\$ 3,466	96	Note 2-2 \$ 3,522	\$ 187,885	\$ -	-
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)	2	- (Note 4)	-	-	- (Note 4)	8,794	96	Note 2-2 8,449	267,910	-	-
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)	2	US\$ 3,300	-	-	US\$ 3,300	362	96	Note 2-2 73	156,518	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)	2	- (Note 5)	-	-	- (Note 5)	6,711	96	Note 2-2 6,652	110,792	-	-
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Production and sale of alloy steel	Registered capital US\$50,000 thousand (paid-in capital of CNY115,067 thousand)	2	US\$ 18,000	-	-	US\$ 18,000	2,426	100	Note 2-2 2,426	569,143	24,773	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US\$ 24,137 HK\$ 700	\$ 928,725 (US\$ 30,500)	\$ 7,893,806 (Note 3)

(Continued)

Note 1: Methods of investment are classified as below:

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

Note 2: Investment gain or loss was recognized as a percentage of the shares held:

- a. Companies that are still in the preparatory stage and therefore have no investment gain or loss should be disclosed.
- b. Investment gain or loss recognized based on the following should be disclosed:
 - 1) Financial statements which were audited by an international accounting firm with a cooperative relationship with an accounting firm in the ROC.
 - 2) Financial statements which were audited by the parent company's accounting firm.
 - 3) Other financial statements which were not audited by the accounting firm.

Note 3: The upper limit on investments was 60% of the consolidated net asset value of the Group: $\$13,156,343 \times 60\% = \$7,893,806$.

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

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

(Concluded)

TABLE 9

GLORIA MATERIAL TECHNOLOGY CORP. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 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	\$ 9,394	-	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	\$ -	-	\$ 656	1
Zhejiang Jiaxing Goldway Special Material Co., Ltd.	Sale	18,678	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	110	1
Tianjin Goldway Special Material Co., Ltd.	Sale	20,431	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	754	-	2,778	1
Xian Goldway Special Material Co., Ltd.	Sale	39,277	1	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	5,876	1
Zhejiang Jiaxing Shiang Yang Metal Material Technology Co., Ltd.	Sale	50,895	2	Normal	Net 90 days from the end of the month of issuance of the invoice, payment by telegraphic transfer	No significant difference	-	-	16,429	1

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

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

TABLE 10**GLORIA MATERIAL TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kings Asset Management Corp.	32,068,000	6.38

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.