Stock Symbol: 1563

SuperAlloy Industrial Co., Ltd.
巧新科技工業股份有限公司

2023

ANNUAL REPORT

Published on May 09, 2024

For information about the Annual Report, visit: http://www.superalloy.tw
Securities Exchange Public Information Inquiry Website: http://mops.tse.com.tw

I. Spokesperson and acting spokesperson's names, titles, contact phone numbers, and email addresses

Spokesperson
Name: Felicia Hsiao
Title: Special Assistant to the Chairman
Tel: 05-5512288
Email: felicia.hsiao@superalloy.tw

Acting Spokesperson
Name: Kelly Wang
Title: Finance Manager
Tel: 05-5512288
Email: kelly.wang@superalloy.tw

II. Address and Telephone of Head Office/Branch Office/Factory

Address of Head Office: No.80, Sec. 3, Yun-Ko Road, Dou Liu, Yun-Lin County 640, TAIWAN
Head Office Tel: 05-5512288
Branch Office: None
Address of Factory: No. 80, Sec. 3, Yun-Ko Road, Dou Liu, Yun-Lin County 640, Taiwan (R.O.C.)
No. 82, Sec. 3, Yun-Ko Road, Dou Liu, Yun-Lin County 640, Taiwan (R.O.C.)
No. 39, Sec. 3, Yun-Ko Road, Dou Liu, Yun-Lin County 640, Taiwan (R.O.C.)
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No. 6, Kejia 3rd Rd., Dou Liu, Yun-Lin County 640, Taiwan (R.O.C.)
No. 323, Daxi Rd., Pingtung City, Taiwan (R.O.C.)
No. 325, Daxi Rd., Pingtung City, Taiwan (R.O.C.)
Factory Tel: 05-5512288

III. Name, address, website, and phone number of the stock transfer agency

Name: Mega Securities Co., Ltd. Registrar and Transfer Agency Department
Address: 1F., No. 95, Sec. 2, Zhongxiao E. Rd., Taipei City, Taiwan (R.O.C.)
Website: http://www.megasec.com.tw
Tel: 02-3393-0898

IV. Name, firm name, address, website, and phone number of the Certified Public Accountant for the latest annual financial report

Certified Public Accountant: Accountants Mei-Lan Liu and Su-Hua Hung
Name of Firm: PwC Taiwan
Address: 12F., No. 402, Shizheng Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)
Website: http://www.pwcglobal.com
Tel: 04-27049168

V. Name of Trading Site for Securities Listed Overseas and How to Search for the Said Overseas Securities: None

VI. Company Website: http://www.superalloy.tw

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A. Letter to Shareholders

Dear Shareholders:

In 2023, major global car manufacturers saw a gradual return to normal vehicle production as the pandemic eased, supply chain constraints were alleviated, and shortages of components and chips improved. Global new car sales reached 86.6 million units, up 6.1% year-on-year, with electric vehicle sales surpassing 20 million units for the first time, accounting for over 20% of the overall market share. SuperAlloy Company benefited from stable shipments to customers of various car manufacturers worldwide, and driven by the growth in new car sales to major customers in Japan and the UK, the annual revenue reached a historic high.

With major global car manufacturers ramping up efforts towards carbon neutrality and demanding suppliers to enhance energy efficiency, boost material recycling, and incorporate green materials to reduce carbon emissions in the supply chain strategy trends, the company's 100% low-carbon recycled aluminum continues to receive approval from automotive customers and is progressing towards certification, adoption, and utilization. The utilization rate of the Pingtung plant has been steadily increasing, along with the stabilization of international transportation costs, leading to an uplift in the company's overall profitability.

SuperAlloy, following the ESG trend, not only completed the greenhouse gas inventory early in 2023 and obtained ISO 14064-1 and ASI Aluminum Stewardship Initiative certifications, but also placed greater emphasis on information security management. In 2023, it also obtained ISO 27001 certification and TISAX SCOPE registration simultaneously, aiming to achieve internal and external protection to safeguard the interests of the company and shareholders.

I. Operating Performance of 2023:

(I) Business Plan Implementation Results:

In 2023, the consolidated revenue amounted to NT$ 7,779,316 thousand, with earnings per share after tax of NT$ 2.88.

(II) Consolidated business performance:

Unit: NT$ Thousands

Item	2023	Percentage	2022	Percentage	Differences	Percentage
Operating revenue	7,779,316	100	6,401,739	100	1,377,577	22
Operating costs	6,044,901	78	5,189,053	81	855,848	16
Gross profit	1,734,415	22	1,212,686	19	521,729	43
Operating expenses	979,556	12	1,093,732	17	(114,176)	(10)
Operating income	754,859	10	118,954	2	635,905	535
Non-operating revenue and (expenses)	7,051	-	581,427	9	(574,376)	(99)
Net income before tax	761,910	10	700,381	11	61,529	9
Income tax expense	153,474	2	117,706	2	35,768	30
Net income after tax	608,436	8	582,675	9	25,761	4
Earnings per share (New Taiwan dollars)	2.88		2.90		(0.02)	

(III) Status of Research and Development:

1. Recent research and development expenditures as a percentage of consolidated net operating revenue in the last two years are as follows:

Unit: NT$ Thousands

Year	2023	2022
Net operating revenue	7,779,316	6,401,739
Research and development expenses	153,056	142,203
Research and development ratio	2%	2%

2. Recent annual R&D results and future research directions:

(1) Recent annual R&D results:

1. The 6082 aluminum grade of recycled aluminum has been certified by Porsche and is now in mass production.
2. A three-station sandblasting equipment has been developed and implemented to reduce grinding time, and is now in production use.
3. Development and installation of an automated loading and unloading system for coating MASKING, now in production use.

(2) Future R&D items:

1. Development of multi-piece wheel products to offer customers a variety of multi-piece combination options (two-piece, three-piece, etc.) based on their preferences.
2. Development of magnesium alloy plate blanks and surface treatment.
3. Development of components for 3C products.
4. Develop small-scale aluminum ingot smelting and explore opportunities for expansion into other applications.
5. Implementing artificial intelligence technology in quality control and quality testing processes.
6. Develop full automation of single-station processes by integrating robotic arms, visual systems, and sensors.

II. Overview of 2024 Business Plan:

1. Product:

- Continuously supplying high-strength, lightweight forged wheels, rims, and related accessories needed by the mobile industry through a dual-core shaping process.
- Continuously provide low-carbon recycled aluminum, define purity standards, conduct degradation tests as the basis for determining aluminum soup degradation, and ensure the stability of recycled aluminum through process control in smelting.
- Utilize the experience and various test capabilities already constructed in collaboration with the company’s laboratory and automotive customers during the product development verification stage, expanding the scope of testing services to customers outside the company.

2. Production process:

- Optimize processes to reduce steps and manufacturing time, decrease carbon emissions per unit, and promote sustainable operations in collaboration with customers.
- Introducing an AI learning workshop to facilitate the ongoing optimization of process technology through model development.

3. Regarding the materials:

- By using a dual-core molding process, we can increase the yield rate and reduce costs.
- Enhance the quality and yield of smelting production by improving and optimizing the lubrication effect of forging oil through mold design.
- Recycling and reusing aluminum dross.

4. Regarding authentication:

On 2024/2/23, we achieved the TISAX AL3 certification issued by Germany, demonstrating our commitment to meeting the highest standards of customer information security requirements.

III. Future Development Strategy:

(1) Short-term Development Plans:

A. Lean manufacturing: Improve production capacity utilization and labor efficiency.

B. Innovation Research and Development:
 - Improve process technology, develop a diverse range of surface treatment, increase product options, and meet customer demands.
 - Increase the utilization of self-produced raw materials, reduce costs, and boost product competitiveness.

C. Expand the scale of operations: Increase the use of recycled aluminum, actively collaborate with chassis and system manufacturers.

(2) Medium to Long-Term Development Plan:

A. Innovation Research and Development:
 - Develop larger wheel net shape forming processes in response to customer wheel design trends.
 - Develop wheels that cater to the requirements of budget-friendly electric vehicles.
 - Development of aluminum alloy applications and workpiece types for assembling suspension system components and related parts beyond the mobile industry.

B. Expand the scale of operations: Supplying aluminum parts for semiconductor equipment using existing manufacturing equipment and process layout.

C. Heading towards the dark factory: Enhance automation and intelligence-related technology adoption to improve efficiency and yield through the use of AI technology, reducing the need for manual labor.

IV. Impacts from External Competition, Regulatory Environment, and Overall Operational Setting:

The automotive industry in which the company operates is closely intertwined with global economic and business trends. Its market environment is influenced by uncontrollable factors. The automotive industry’s supply chain system is vast and is susceptible to delays in delivery and production cuts due to shortages of individual components. As a player in the automotive industry chain, the company is significantly impacted by the market environment, making it more challenging to accurately predict customer pick-up volumes. The company closely monitors industry trends and market fluctuations by collecting information, and continuously adjusts internal production planning flexibly to meet customer needs and fulfill supply chain requirements effectively. Continuously develop new global customers and new product applications based on the company’s core technology to avoid being affected by changes in political and economic factors in various regions globally or by industry business cycles.

The company has been investing in establishing a factory in Pingtung since 2017. The smelting plant commenced mass production in 2020, recycling aluminum scraps into recycled aluminum rods. With carbon emissions as low as 5% compared to primary aluminum rods, this process significantly cuts down on the carbon footprint of the products. By fine-tuning the alloy ratio and employing advanced smelting techniques, it meets customer demands for product quality while also mitigating the impact of future carbon pricing. To support the carbon neutrality goals of major car manufacturers, the company will keep promoting the use of lightweight, high-strength products made from recycled aluminum materials to the mobile industry and other industries in need, contributing to the global effort to achieve net zero carbon emissions.

Chairman: Tsung-Jung Huang   Manager: Tsung-Jung Huang   Accounting Supervisor: Yu-Ping Lin

B. Company Profile

I. Date of Establishment:

June 24, 1994

II. Company History:

Year	Milestones
1944	• SuperAlloy Industrial Company was established in Xiluo Town, Yunlin County on June 24. The company specializes in manufacturing golf club heads and bicycle parts.
1998	• Successfully developed a forged aluminum alloy 16G aerospace aircraft seat.
2000	• Completion of Yunlin Plant 1, relocation to Yunlin Science and Technology Industrial Park, officially renamed as SuperAlloy Technology Industrial Co., Ltd. • Approved by the regulatory authority to operate as a publicly traded company.
2001	• Forged wheels are certified through functional testing by General Motors (GM) in the United States.
2002	• Certified by Ford Motor Company in the United States.
2003	• Certified by ISO14001.
2004	• Certified through TS16949 evaluation. • Certified by ISO9001. • Building B of the Yunlin Plant 2 was completed in the third quarter and production commenced.
2005	• Building A of the Yunlin Plant 2 was completed in the third quarter and production commenced.
2006	• Became a supplier of forged wheels for Chrysler in the United States. • The Foundation was approved and registered as an emerging stock by the Securities and Futures Institute.
2007	• Received FORD Q1 certification. • Received certification for Japan JWL car testing.
2008	• Officially became a supplier of forged aluminum wheels for Jaguar and Tesla electric vehicles. • Received the Toyota TMS Gold Award.
2009	• Received OHSAS18001 safety and health certification. • Received certification for truck testing in Japan according to JWL-T standards.
2010	• Received AS9100 aerospace certification and became a partner of Aerospace Industrial Development Corporation. • Acquired the projects for forging wheels for Honda, Land Rover, Daimler, and Mercedes-AMG. • Received the Employment Contribution Award from the Executive Yuan for outstanding contributions to job creation.
2011	• Received the 19th Taiwan Excellence Award for Truck Wheel TE0002. • Received the German KBA/TUV automotive test certification for truck wheels. • Received the Chrysler Quality Award. • Received the Toyota Quality Alliance Platinum Award.
2012	• Received the Naqcap aerospace certification (laboratory material testing). • Received the Toyota Platinum Award. • Received the Chrysler RSO Award for excellence. • Received certification from the Brazilian government Inmetro under NO.000792 and NO.001257. • Acquired a patent for a new carbon fiber design.
2013	• Selected as the top 20 outstanding and solid companies on the list of candidates organized by the Ministry of Economic Affairs. • Received Honeywell’s secondary aerospace certification through laboratory material testing. • Received certification from the Brazilian government Inmetro under NO.003616. • Received Honeywell’s second aerospace certification for forging. • Acquired land and factory buildings in the Bamboo Weaving Industrial Zone. • Received Naqcap aerospace re-certification for laboratory material testing.

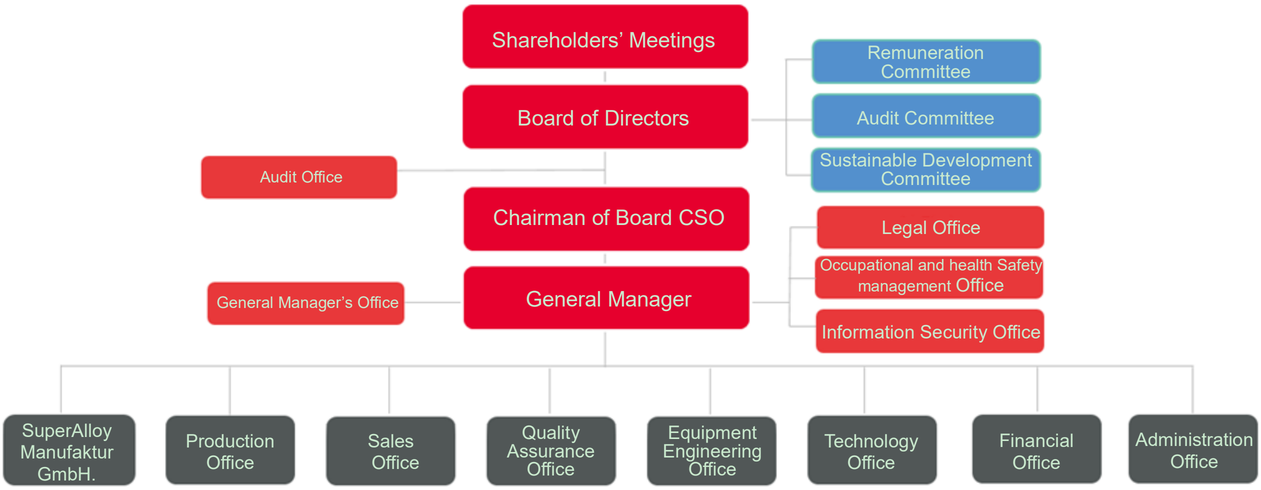
Year	Milestones
	• Received Naqcap aerospace non-destructive testing certification. • Establishment of the Fude SuperAlloy Social Welfare Charity Foundation in Yunlin County.
2014	• Received the Naqcap aerospace re-certification for heat treatment. • Acquired the patent for the invention of “One-piece hollow wheel rim and its manufacturing method” in Taiwan. • Received the Naqcap aerospace re-certification for non-destructive inspection. • Established SuperAlloy Manufaktur GmbH (hereinafter referred to as SAMF) as a joint venture with SuperAlloy International GmbH (hereinafter referred to as SAINT), acquiring 19% of its shares.
2015	• Increased investment in SAMF to 74% shareholding ratio. • Obtained the US design patent for “Aircraft Seat”. • Received the Toyota Platinum Award. • Received the Chrysler RSO Award for excellence. • Obtained patents for the design and patent of “motorcycle front wheel rim” in Taiwan.
2016	• Acquisition of land measuring 98,660.44 square meters in the Daqing section of Pingtung City for the purpose of constructing a new factory.
2017	• Obtained the patent for “the manufacturing method of wheels in Taiwan and the wheel structure with reinforcement design”. • Obtained a patent for “Automobile Decorative Parts and Their Manufacturing Processes” in Taiwan. • Obtained the patent for “the method of producing hollow structural components using laser deposited printed aluminum-based composite materials” in Taiwan. • The German paint factory has initiated testing of the machine and has started shipping.
2018	• Acquired 26% equity of SAMF from SAINT, raising the ownership stake in SAMF to 100%. • Obtained a patent in Taiwan for the exterior design of “car wheel rims”.
2019	• The German painting factory obtained the IATF16949 certificate. • The construction of Pingtung Factory was completed, and the necessary licenses and operational permits were obtained.
2020	• Pingtung Factory obtained the IATF16949 certificate. • Production commenced at the Pingtung plant.
2021	• Obtained the patent for the “Aluminum Alloy Wheel Rim Forming Method and Its Mold for Mobile Vehicles” invention in Taiwan. • Obtained the patent for “Wheel with low directional mixed fiber reinforcement and its manufacturing method” invented in Taiwan.
2022	• Became a member of the “Aluminum Stewardship Initiative (ASI)” on June 17th. • Establish the committee for sustainable development. • Obtained the patent for the “Constant temperature device for large workpiece forging dies” invention in Taiwan. • Obtained the patent in Taiwan for “the method and system of coloring wheel rim surfaces”.
2023	• Certified by ISO27001. • Obtained certification for greenhouse gas inventory according to ISO14064-1. • Obtained certification from ASI for “Aluminum Stewardship Initiative”. • Awarded the highest honor of the national-level brand “Outstanding Enterprise Award”. • SuperAlloy 100% recycled aluminum won The National Brand Yushan Award for “Best Product Category” first prize.
2024	• Listed through IPO.

C. Corporate Governance Report

I. Organization System:

(I) Organization Chart

Our company's organizational design is primarily based on functional considerations



(II) Business of Major Departments

Department	Main responsibilities
General Manager's Office	• Analyzing business data, reviewing, and making improvements. • Establishing and maintaining a strategic intelligence system for the entire company. • Assist in developing the company's vision, mission, and corporate culture. • Maintenance and implementation of corporate image and public affairs relations. • Agreement on management plan, operating status, and management strategy. • Review and approval of significant company decisions. • Assist the general manager in coordinating the planning and implementation of systems or projects across different departments.
Audit Office	• Assess and evaluate the adequacy of internal controls. • Conduct audits and fraud prevention, track and improve risk assessment and planning for derivative risks arising from violation cases, and clearly implement risk control measures.
Legal Office	• Contract review management. • Handling of non-litigation and litigation cases.
Occupational and health Safety management Office	• Plan, promote, and oversee occupational safety and health management. • Planning and supervision of safety and health education training and occupational accident prevention. • Environmental protection equipment and waste prevention and management.
Information Security Office	• Implementation of the annual audit and certification plan. • Develop and promote regulations related to information security management. • Monitor information security anomalies, provide feedback, and suggest improvements for implementation. • Drafting and implementing management review procedures. • Conduct information security audits internally and externally.
Production Office	• Implement the company's production scheduling plan. • Planning and managing factory production and capacity. • Managing the recycling and smelting of recycled aluminum materials is advantageous for environmental protection while also balancing cost control and the development of new alloy materials.

Department	Main responsibilities
Sales Office	• Sales of products, customer acquisition, customer relationship management, and sales operations management. • Management of customer orders and tracking of customer payment collections. • Analysis of product costs, quotation, and market research.
Quality Assurance Office	• Quality control in production, quality control in shipping, and handling customer complaints. • Drafting and implementing inspection and product standards. • Planning and execution of quality control education and training.
Equipment Engineering Office	• Automation of the production line. • Maintenance of factory facilities. • Installation and maintenance of machinery.
Technology Office	• Monitor and follow the technological advancements in international and domestic forging products, and suggest new directions for research and development of new technologies, products, and materials. • Develop skilled professionals with core technical competencies. • Patent applications for new technologies and products. • Maintain close contact with domestic and overseas technical groups, schools, and government departments to enhance technical capabilities.
Financial Office	• Operational, execution, and supervisory matters related to finance, accounting, tax, and cost. • Management of the budget. • Formulation and implementation of financial management regulations. • Implementation of board affairs and corporate governance.
Administration Office	• Responsible for handling general administrative tasks for the entire company. • Management of product inventory and logistics. • Human Resources Management. • Procurement and Supplier Management.

II. Information on Directors, Supervisors, General Managers, Vice General Managers, Assistant Managers, and Heads of Departments and Branches:

(I) Information on Directors:

March 31, 2024; Unit: Share; %

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Start of Office)	Term of Office	Date First Elected	Shareholding (shares) on the Date of Election		Current Shareholding		Current Shareholding by Spouse and Underage Children		Shareholding in the Name of Others		Major Work/Education Experience	Current Positions at the Company and Other Companies	Other Heads, Directors or Supervisors as Spouse or Relatives of Second Degree or Closer			Remarks
							Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio			Title	Name	Relati-onship	
Chairman	Republic of China	Tsung-Jung Huang	Male 72	2023.11.13	3 years	2017.10.19	3,408,800	1.59	3,408,800	1.59	249,000	0.12	-	-	Chief Financial Officer at Save & Safe Corporation Deputy General Manager of Sanhosun Sporting Goods Co., Ltd. Department of International Business, Feng Chia University	Chairman of Jeng-Yi Business Management Consultant Co., Ltd. Huang Paichi Co., Ltd.	Vice President	Ben, Huang	Father and son	Note
Director	Republic of China	Long-Cheng Wei	Male 65	2023.11.13	3 years	2023.11.13	1,562,400	0.73	1,562,400	0.73	-	-	-	-	Chairman of SuperAlloy Industrial Co., Ltd. Department of Chemical Engineering, National United College of Industry and Business	Chairman of PVI Chemical Co., Ltd. Chairman of Jia-Yi Investment Co., Ltd. Juristic Person Representative Director of IV Technologies Co., Ltd. Juristic Person Representative Director of Praise Victor Industrial Co. Ltd. Director of Jeou Luh Enterprise Co., Ltd.	None	None	None	-
Director	Republic of China	Mao-Lin Shih	Male 73	2023.11.13	3 years	2017.10.19	-	-	-	-	15,400	0.01	-	-	Minister, Ministry of Justice, Republic of China Chief Prosecutor, Taiwan Taipei District Prosecutors Office Chief Prosecutor, Taiwan Taoyuan District Prosecutors Office Chief Prosecutor, Taiwan Taichung District Prosecutors Office Chief Prosecutor, Taiwan Kaohsiung District Prosecutors Office College of Law, National Taiwan University	Independent Director of Century Wind Power Co. Ltd. Director at CTBC Financial Holding Co., Ltd. Director of Taiwan Life Insurance Co., Ltd. Chairman of the Yunlin County Fudeqiao Social Welfare and Charity Foundation Chairman of the Mt. Dadu Industrial Innovation Foundation Visiting Professor at National Chung Hsing University Honorary Chair Professor in the Department of Financial & Economic Law at Asia University	None	None	None	-
Director	Republic of China	Ke-Chang Liu	Male 71	2023.11.13	3 years	2010.11.14	1,000,000	0.47	1,000,000	0.47	-	-	-	-	Assistant Manager at Hua Nan Commercial Bank Ltd. Department of International Business, Feng Chia University	-	None	None	None	-
Director	Republic of China	Jeng-Yi Business Management Consultant Co., Ltd.	-	2023.11.13	3 years	2017.10.19	5,684,800	2.65	5,684,800	2.65	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Shun-Chung Wang	Male 74	2023.11.13	3 years	2017.10.19	-	-	-	-	-	-	-	-	Deputy Manager of Taiwan Business Bank Co., Ltd. Passed the civil service special examination National Chia-Yi Senior Commercial Vocational School - Business Department	-	None	None	None	-
Director	Republic of China	Yung-Ming Investment Co., Ltd.	-	2023.11.13	3 years	2017.10.19	2,294,557	1.07	2,294,557	1.07	-	-	-	-	-	-	None	None	None	-
	Republic of China	Representative: Chiu-Yueh Chang	Fe-male 54	2023.11.13	3 years	2023.11.13	-	-	-	-	-	-	-	-	Chief Accountant at Sanhosun Sporting Goods Co., Ltd. Department of Business Administration, National Taipei University of Business	Chief Accountant at Sanhosun Sporting Goods Co., Ltd.	None	None	None	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Start of Office)	Term of Office	Date First Elected	Shareholding (shares) on the Date of Election		Current Shareholding		Current Shareholding by Spouse and Underage Children		Shareholding in the Name of Others		Major Work/Education Experience	Current Positions at the Company and Other Companies	Other Heads, Directors or Supervisors as Spouse or Relatives of Second Degree or Closer			Remarks
							Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio			Title	Name	Relati-onship	
Independent Director	Republic of China	Ding-Wang Zheng	Male 81	2023.11.13	3 years	2017.10.19	-	-	-	-	-	-	-	-	President of a National Chengchi University Director of the Central Bank of the Republic of China (Taiwan) Chairman of the Chinese Intangible Assets Appraisal Research and Development Association Chairman of the Taiwan Accounting Association Independent Director at TECO Electric & Machinery Co., Ltd. Executive and Independent Director of Asia Pacific Telecom Co., Ltd. Doctorate in Accounting from the University of Missouri, USA	Independent Director of Hanns Touch Holdings Company Independent Director of Acepodia Inc. Chairperson of Accounting Research and Development Foundation Adjunct Chair Professor in the Department of Accounting at National Chengchi University	None	None	None	-
Independent Director	Republic of China	Wan-Yu Liu	Fe-male 44	2023.11.13	3 years	2023.11.13	-	-	-	-	-	-	-	-	Professor at the College of Agriculture and Natural Resources, National Chung Hsing University Director of Taiwan Bio-energy Technology Development Association Secretary General of the Rural Economics Society of Taiwan Member of Examination Yuan's Examination Committee Associate Professor at the Department of Tourism Information at the Aletheia University Assistant Professor at the College of Tourism, Leisure, and Sports at Aletheia University Ph.D. in Agricultural Economics (Production Management and Environmental Economics Group), Department of Agriculture Economics, National Taiwan University	Independent Director at Chung Hwa Pulp Corporation Independent Director of Lion Travel Service Co., Ltd Distinguished Professor for Life at the College of Agriculture and Natural Resources, National Chung Hsing University Review Committee Member of the Environmental Protection Administration, Executive Yuan Director at Rural Economics Society of Taiwan Director of the Taiwan Association of Environmental and Resource Economics Director of the National Defense Industrial Development Foundation Secondary Review Committee Member of the National Science and Technology Council, Executive Yuan	None	None	None	-
Independent Director	Republic of China	Ming-Hsiu Cheng	Male 58	2023.11.13	3 years	2023.11.13	-	-	-	-	-	-	-	-	Professor at the School of Law, Soochow University Doctorate in Law from the University of Münster in Germany	Independent Director at Celxpert Energy Corporation Distinguished Professor in the School of Law, Soochow University	None	None	None	-
Independent Director	Republic of China	Wen-Chung Chen	Male 68	2023.11.13	3 years	2023.11.13	-	-	-	-	-	-	-	-	Deputy General Manager at China Bills Finance Corporation Department of Finance and Taxation, College of Law and Business, National Chung Hsing University	-	None	None	None	-

Note: The Chairman and General Manager are the same individual, with Mr. Tsung-Jung Huang having over 25 years of service in the company. His extensive experience in the core business makes him the ideal candidate for this role, essential and reasonable for enhancing decision-making execution and operational efficiency. To bolster the board's independence, the company has established 4 independent directors as a regulatory measure, with only one board member concurrently serving as an employee or manager.

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(II) Major Shareholders of Corporate Shareholders:

Name of corporate shareholder	Major Shareholders of Corporate Shareholders
Yung-Ming Investment Co., Ltd.	Yung-Chuan Hsu (20%), Yung-Chang Hsu (20%), Yung-Chi Hsu (10%), Yung-Tsung Hsu (10%), Yung-Cheng Hsu (10%), Li-Yue Wu (10%), Hui-Ching Liu (10%), Hui-Ling Li (10%)
Jeng-Yi Business Management Consultant Co., Ltd.	Tsung-Jung Huang (33.45%), Kuan-Chang Huang (16.67%), Mei-Hua Huang Lin (15.36%), Hsing-Wei Huang (11.43%), Kuan-Pin Huang (5.65%), Pei-Chun Hsieh (3.87%), Chen-Yen Huang (3.57%), Ke-Chen Huang (3.57%), Yi-Zhen Chen (2.62%), Pei-Zhen Chen (2.62%)

(III) Major Shareholders of those whose major shareholder is a corporation: None.

(IV) Disclosure of information on professional qualifications of directors and independence of independent directors:

Criteria / Name		Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman	Tsung-Jung Huang	Areas of expertise: Professional background in corporate administration with financial experience Education: Department of International Business, Feng Chia University Previous experience: Deputy General Manager of SuperAlloy Industrial Co., Ltd.; Deputy General Manager of Sanhosun Sporting Goods Co., Ltd.; Financial Controller of Save & Safe Corporation	Not applicable	0
Director	Long-Cheng Wei	Areas of expertise: Professional in business management with financial expertise Education: Department of Chemical Engineering, National United College of Industry and Business Previous experience: Founder of SuperAlloy Industrial Co., Ltd.	Not applicable	0
Director	Mao-Lin Shìh	Areas of expertise: Legal Services Professional Education: College of Law, National Taiwan University Other major responsibilities: Chair Professor of the Department of Financial & Economic Law at Asia University/Independent Director of Century Wind Power Co., Ltd. Previous experience: Minister of Justice, Judges, Prosecutors, and Court chiefs	Not applicable	1
Director	Ke-Chang Liu	Areas of expertise: Professional background in corporate administration with financial experience Education: Department of International Business, Feng Chia University Previous experience: Hua Nan Bank Branch Manager	Not applicable	0
Corporate Director Representative	Shun-Chung Wang	Areas of expertise: Professional background in corporate administration with financial experience Education: National Chia-Yi Senior Commercial Vocational School - Business Department Previous experience: Deputy Manager at Taiwan Business Bank Co., Ltd.	Not applicable	0
Corporate Director Representative	Chiu-Yueh Chang	Areas of expertise: Professional background in corporate administration with financial experience Education: Department of Business Administration, National Taipei University of Business Previous experience: Chief Accountant at Sanhosun Sporting Goods Co., Ltd.	Not applicable	0
Independent Director	Ding-Wang Zheng	Areas of expertise: Finance and accounting expertise Education: Ph.D. in Accounting from the University of Missouri in the United States Other major responsibilities: Independent Director of Hanns Touch Holdings Company; Independent Director of Acepodia Inc. Previous experience: President of a National Chengchi University	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2
Independent Director	Wan-Yu Liu	Areas of expertise: Production management and environmental economics, corporate sustainability and environmental protection Education: Ph.D. in Agricultural Economics (Production Management and Environmental Economics Group), Department of Agriculture Economics, National Taiwan University Other major responsibilities: Professor at the College of Agriculture and Natural Resources, National Chung Hsing University; Independent Director at Chung Hwa Pulp Corporation; Independent Director of Lion Travel Service Co., Ltd	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2
Independent Director	Ming-Hsiu Cheng	Areas of expertise: Legal expertise Education: Doctorate in Law from the University of Münster in Germany Other major responsibilities: Professor at the School of Law, Soochow University; Independent Director at Celxpert Energy Corporation	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Independent Director	Wen-Chung Chen	Areas of expertise: Finance and Banking Education: Department of Finance and Taxation, College of Law and Business, National Chung Hsing University Previous experience: Deputy General Manager at China Bills Finance Corporation	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
The directors (including independent directors) of the company are not involved in any events stated in Article 30 of the Company Act.				

(V) Diversity and Independence of the Board of Directors:

(1) Policies regarding the diversification of Board of Directors:

Our company has established a policy for the election of directors to promote diversity, and the specific implementation is as follows:

Core of Diversification / Name	Basic Composition							Professional knowledge and skills					Knowledge, skills, and competencies							
	Nationality	Gender	Concurrent position at the Company	Age (years) 41-50	51-60	61-70	Over 70	Laws	Accounting	Industry	Finance	Marketing	Operational Judgment	Accounting and Financial Analysis	Management Administration	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision-making
Tsung-Jung Huang	Republic of China	Male	✓				✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Long-Cheng Wei	Republic of China	Male				✓				✓		✓	✓		✓	✓	✓	✓	✓	✓
Mao-Lin Shih	Republic of China	Male					✓	✓								✓		✓	✓	✓
Ke-Chang Liu	Republic of China	Male					✓				✓			✓				✓	✓	✓
Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang	Republic of China	Male					✓				✓			✓				✓	✓	✓
Yung-Ming Investment Co., Ltd. Representative: Chiu-Yueh Chang	Republic of China	Female			✓				✓		✓			✓				✓	✓	✓
Ding-Wang Zheng	Republic of China	Male					✓		✓		✓			✓	✓	✓		✓	✓	✓
Wan-Yu Liu	Republic of China	Female		✓						✓								✓	✓	✓
Ming-Hsiu Cheng	Republic of China	Male			✓			✓								✓		✓	✓	✓
Wen-Chung Chen	Republic of China	Male				✓					✓			✓				✓	✓	✓

(2) Independence of Board of Directors:

The current board of directors of the company comprises a total of 10 members, including 4 independent directors and 6 non-independent directors. Independent directors represent 40% of the entire board. To enhance the board's independence and operational efficiency, the company has established the "Scope of Duties of Independent Directors", which the independent directors adhere to in carrying out their responsibilities. Throughout their tenure, the independent directors have maintained impartiality and have not engaged in conflicts of interest or compromised the company's interests or fair judgment. All 4 independent directors are capable of independently and effectively overseeing the board's operations. All directors of the Company do not have spouses or relatives within the second degree of kinship with each other. When matters discussed in the board of directors meeting involve conflicts of interest for directors, the directors abstain from discussing and voting on those matters to ensure the board of directors can independently and objectively carry out their duties.

(3) Management objectives and achievement status of the Board of Directors:

Our current board of directors is composed of 10 members, and the specific management objectives and achievements in implementing a diverse board composition policy are as follows:

Management Objective	Achievement status
Independent director seats exceed one-third of the total number of director seats	Goal reached
Directors who also hold managerial positions in the company should not occupy more than one-third of the board seats	Goal reached
The terms of service of Independent Director do not exceed three	Goal reached
Across diverse professional knowledge and skills	Goal reached
Female directors account for more than one board seat	Goal reached

(VI) Information about the General Managers, Vice Presidents, Assistant Managers, and Departmental and Branch Officers:

March 31, 2024

Title (Note 1)	Name	Gender	Nationality	Date inaugurated	Shareholding		Shareholding by Spouse and Underage Children		Shareholding in the Name of Others		Major Work/ Education Experience (Note 2)	Current Positions at Other Companies	Managers as Spouse or Relatives of Second Degree or Closer			Remarks (Note 3)
					Number of Shares	Share-holding Ratio%	Number of Shares	Share-holding Ratio%	Number of Shares	Share-holding Ratio%			Title	Name	Relati-onship	
General Manager (Note 3)	Tsung-Jung Huang	Male	Republic of China	2019.02.01	3,408,800	1.59	249,000	0.12	-	-	Chairman of SuperAlloy Industrial Co., Ltd./Department of International Business and Trade, Feng Chia University	Chairman of Jeng-Yi Business Management Consultant Co., Ltd.	Vice Pres-ident	Ben, Huang	Father and son	Currently holding the position of general manager until a suitable replacement is found by the board. More than half of the directors of the Company do not concurrently serve as employees or managers.
Vice President	Ben, Huang	Male	Republic of China	2019.08.10	675,825	0.32	304,170	0.14	-	-	EMBA, National Yunlin University of Science and Technology	None	Gen-eral Man-ager	Tsung-Jung Huang	Father and son	
Assistant Manager	Yu-Chih Kao	Male	Republic of China	2015.06.01	167,898	0.08	3,709	-	-	-	Deputy Section Chief at Baochang Corporation/Master of Materials Science and Green Energy Engineering, National Formosa University	None				
Assistant Manager	Shih-Heng Kuo	Male	Republic of China	2021.02.01	130,000	0.06	-	-	-	-	Ph.D. in Fluid Dynamics from the Institute of Applied Mechanics, National Taiwan University	None				
Assistant Manager	Hsin-Hao Tseng	Male	Republic of China	2023.09.01	27,500	0.01	-	-	-	-	Master in Industrial Engineering and Management, National Yunlin University of Science and Technology Store Manager, JOHNSON HEALTH TECH CO., LTD.	None				
Financial Officer & Corporate Governance Officer	Kelly Wang	Female	Republic of China	2018.10.12	110,500	0.05	-	-	-	-	Department of Finance, National Formosa University	None				
Accounting Officer	Yu-Ping Lin	Female	Republic of China	2018.10.12	410,241	0.19	89,691	0.04	-	-	Institute of Accounting, Yunlin University of Science and Technology	None				

Note 1: The disclosed information should include the general managers, vice general managers, assistant managers, heads of departments and branches, and anyone else whose position is equivalent to the general managers, vice general managers, or assistant managers, regardless of title.
Note 2: If there are working experiences relevant to the current position, such as working at a certified public accountant firm or an affiliate during the preceding period, the job title and responsibilities shall be disclosed.
Note 3: If the general manager or the equivalent (top manager) and the chairman of the Board of Directors are the same person, spouses or first-degree relatives, related information regarding the reasons, reasonableness, necessity and measures to be taken (e.g. increasing the number of independent directors, and more than half of the members of the Company's directors do not concurrently serve as employees or managers) shall be disclosed.

III. Remuneration Paid to Directors, Supervisors, General Managers and Vice General Managers in the Most Recent Year:

1. Remuneration Paid to Directors, Supervisors, General Managers and Vice General Managers in the Most Recent Year (2023)

(1) Remuneration to Directors (including Independent Directors)

December 31, 2023; Unit: NT$ Thousands

Title	Name	Remuneration to directors								Sum of A + B + C + D and ratio to net income after tax		Remuneration as an Employee								Sum of A + B + C + D + E + F + G and ratio to net income after tax		Remuneration from Reinvested Companies Other Than Subsidiaries, or the Parent Company
		Compensation (A)		Retirement Allowance (B)		Director profit-sharing compensation (C)		Business Execution Expense (D)				Salary, Bonus, and Special Allowance (E)		Retirement Allowance (F)		Employee Compensation (G)						
																The Company		All Companies in the Financial Statements				
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	Cash	Stock	Cash	Stock	The Company	All Companies in the Financial Statements	
Director	Tsung-Jung Huang Long-Cheng Wei (Note 1) Mao-Lin Shih (Note 1) Ke-Chang Liu (Note 1) Yung-Ming Investment Co., Ltd. Representative: Chih-Hsiang Chang and Chiu-Yueh Chang (Note 2) Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang Huei-Chuang Investment Co., Ltd. Representative: Chein-Chung Chu (Note 3) Hao-Wang Investment Co., Ltd. Representative: Yi-Cheng Chen (Note 3) Guang Li Car Co., Ltd. Representative: Sheng-Lin Chen (Note 3)	-	-	-	-	7,172	7,172	804	804	1.31	1.31	4,068	4,068	108	108	1,397	971	1,397	971	2.39	2.39	-
Independent Director	Ding-Wang Zheng Mao-Lin Shih (Note 3) Ke-Chang Liu (Note 3) Wan-Yu Liu (Note 1) Ming-Hsiu Cheng (Note 1) Wen-Chung Chen (Note 1)	3,760	3,760	-	-	-	-	1,230	1,230	0.82	0.82	-	-	-	-	-	-	-	-	0.82	0.82	-

1. Please explain the policy, system, criteria and structure for the payment of remuneration to independent directors, and the correlation to the amount of remuneration paid based on the responsibilities undertaken, risks, time commitment, etc.:
(1) Director and functional committee members' remuneration payment method follows the provisions of Article 29 of the Company's Articles of Association for paying director remuneration. If the company is profitable, it should set aside up to three percent for director remuneration. Directors involved in the day-to-day management of the company are eligible to receive salaries as per the company's salary and year-end bonus management regulations.
(2) Remuneration to Independent Directors: Independent directors of the company provide a fixed monthly amount of NT$60,000 per person. For those who do not complete a full month due to special circumstances, the payment is calculated based on the proportion of days served in that month (calendar days). Directors of the company (including independent directors) attending board meetings are entitled to claim a car and horse allowance of NT$ 12,000. Our company's functional committee members are entitled to claim a transportation allowance of NT$ 20,000 for attending meetings. This measure shall come into effect upon resolution by the board of directors, and the same applies when amended.
2. In addition to those disclosed in the table above, the remuneration received by the Company's directors in the past year for providing services to all companies included in the financial statements (such as working as consultants who are not employees): None.

Note 1: The company underwent a comprehensive director election on November 13, 2023, and the newly elected directors assumed office on the same day.

Note 2: Yung-Ming Investment Co., Ltd. underwent a re-election of all directors on November 13, 2023, with Chiu-Yueh Chang appointed as the representative.

Note 3: The company will undergo a re-election of all directors on November 13, 2023, with former ones resigning on the election day.

Remuneration Range Table

Ranges of remuneration paid to each director of the Company	Name of Director			
	Total of the first four items of remuneration (A + B + C + D)		Total of the first seven items of remuneration (A + B + C + D + E + F + G)	
	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements
Less than NT$ 1,000,000	-	-	-	-
NTD 1,000,000 (incl.) ~ NTD 2,000,000 (excl.)	Tsung-Jung Huang Long-Cheng Wei Mao-Lin Shìh Ke-Chang Liu Yung-Ming Investment Co., Ltd. Representative: Chih-Hsiang Chang; Chiu-Yueh Chang Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang Huei-Chuang Investment Co., Ltd. Representative: Chein-Chung Chu Hao-Wang Investment Co., Ltd. Representative: Yi-Cheng Chen Guang Li Car Co., Ltd. Representative: Sheng-Lin Chen Ding-Wang Zheng Wan-Yu Liu Ming-Hsiu Cheng Wen-Chung Chen	Tsung-Jung Huang Long-Cheng Wei Mao-Lin Shìh Ke-Chang Liu Yung-Ming Investment Co., Ltd. Representative: Chih-Hsiang Chang; Chiu-Yueh Chang Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang Huei-Chuang Investment Co., Ltd. Representative: Chein-Chung Chu Hao-Wang Investment Co., Ltd. Representative: Yi-Cheng Chen Guang Li Car Co., Ltd. Representative: Sheng-Lin Chen Ding-Wang Zheng Wan-Yu Liu Ming-Hsiu Cheng Wen-Chung Chen	Long-Cheng Wei Mao-Lin Shìh Ke-Chang Liu Yung-Ming Investment Co., Ltd. Representative: Chih-Hsiang Chang; Chiu-Yueh Chang Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang Huei-Chuang Investment Co., Ltd. Representative: Chein-Chung Chu Hao-Wang Investment Co., Ltd. Representative: Yi-Cheng Chen Guang Li Car Co., Ltd. Representative: Sheng-Lin Chen Ding-Wang Zheng Wan-Yu Liu Ming-Hsiu Cheng Wen-Chung Chen	Long-Cheng Wei Mao-Lin Shìh Ke-Chang Liu Yung-Ming Investment Co., Ltd. Representative: Chih-Hsiang Chang; Chiu-Yueh Chang Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang Huei-Chuang Investment Co., Ltd. Representative: Chein-Chung Chu Hao-Wang Investment Co., Ltd. Representative: Yi-Cheng Chen Guang Li Car Co., Ltd. Representative: Sheng-Lin Chen Ding-Wang Zheng Wan-Yu Liu Ming-Hsiu Cheng Wen-Chung Chen
NTD 2,000,000 (incl.) ~ NTD 3,500,000 (excl.)	-	-	-	-
NTD 3,500,000 (incl.) ~ NTD 5,000,000 (excl.)	-	-	-	-
NTD 5,000,000 (incl.) ~ NTD 10,000,000 (excl.)	-	-	Tsung-Jung Huang	Tsung-Jung Huang
Total	13	13	13	13

(2) Remuneration to Supervisor: Not applicable.

(3) Remuneration to General Managers and Vice General Managers

December 31, 2023; Unit: NT$ Thousands; %

Title	Name	Salary (A)		Retirement Allowance (B)		Bonus and Special Allowance (C)		Employee Compensation (D)				Sum of A + B + C + D and ratio to net income after tax (%)		Remuneration from Reinvested Companies Other Than Subsidiaries, or the Parent Company
		The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company	All Companies in the Financial Statements	The Company		All Companies in the Financial Statements		The Company	All Companies in the Financial Statements	
								Cash	Stock	Cash	Stock			
General Manager	Tsung-Jung Huang	5,272	6,080	216	216	920	920	2,794	1,295	2,794	1,295	1.73	1.86	-
Vice President	Ben, Huang													

Remuneration Range Table

Ranges of remuneration paid to each of the Company's general manager(s) and vice president(s)	Names of General Manager(s) and Vice President(s)	
	The Company	All Companies in the Financial Statements
Less than NT$ 1,000,000	-	-
NTD 1,000,000 (incl.) ~ NTD 2,000,000 (excl.)	-	-
NTD 2,000,000 (incl.) ~ NTD 3,500,000 (excl.)	Ben, Huang	Ben, Huang
NTD 3,500,000 (incl.) ~ NTD 5,000,000 (excl.)	-	-
NTD 5,000,000 (incl.) ~ NTD 10,000,000 (excl.)	Tsung-Jung Huang	Tsung-Jung Huang
NTD 10,000,000 (incl.) ~ NTD 15,000,000 (excl.)	-	-
NTD 15,000,000 (incl.) ~ NTD 30,000,000 (excl.)	-	-
NTD 30,000,000 (incl.) ~ NTD 50,000,000 (excl.)	-	-
NTD 50,000,000 (incl.) ~ NTD 100,000,000 (excl.)	-	-
NT$ 100,000,000 or above	-	-
Total	2 people	2 people

(4) Names of Managers Entitled to Remuneration to Employees and Distribution Status:

December 31, 2023; Unit: NT$ Thousands; %

	Title	Name	Stock dividend	Cash dividend	Total	Ratio of Sum to Net Income After Tax
Manager	General Manager	Tsung-Jung Huang	-	8,500	8,500	1.40
	Vice President	Ben, Huang				
	Deputy Manager of the Production Department	Yu-Chih Kao				
	Assistant Managers at General Manager's Office	Shih-Heng Kuo				
	Assistant Manager at Business Department	Hsin-Hao Tseng				
	Financial Officer & Corporate Governance Officer	Kelly Wang				
	Accounting Officer	Yu-Ping Lin				
	Manager at Audit Office	Chi-Jen Tu				

2. The analysis of the proportion of total remuneration paid to the Company's Directors, Supervisors, General Manager and Vice President by the Company and all the companies listed in the consolidated statements in the most recent two years to the Net Income After Tax in individual financial statements, and describe the policies, standards and packages for payment of remuneration, as well as the procedures followed for determining remuneration, and their linkages to business performance and future risk:

(1)The analysis of the ratio of the total remuneration paid to the Company's directors, supervisors, general managers and vice general managers by the Company and all companies included in the consolidated financial statements in the most recent two years to the profit after tax

Unit: NT$ Thousands; %

Item / Title	Ratio of Total Remuneration to Net Income After Tax			
	2022		2023	
	The Company	All Companies in the Consolidated Financial Report	The Company	All Companies in the Consolidated Financial Report
Directors (excluding Independent Director)	3.13%	3.13%	3.44%	3.44%
Independent Director	0.93%	0.93%	0.82%	0.82%
General Manager and Vice General Manager	2.13%	2.25%	1.73%	1.86%

(2)Policy formulation, benefit standards and combinations, procedures for benefit determination, and the correlation between operational performance and future risks

Our company's articles of association and the "Directors, Independent Directors, Functional Committee Members, and Managers' Remuneration and Compensation Regulations" have clearly defined the standards for director remuneration, as well as the allocation standards for director remuneration and employee compensation in the articles of association. Distribution can only be made after approval by the Compensation Committee and Audit Committee, and resolution by the Board of Directors, and will be reported at the shareholders' meeting. The board of directors of our company discussed and approved the "Board Performance Evaluation Measures" on December 27, 2017, planning to conduct individual director annual performance assessments starting from the year 2024. The evaluation results will be linked to individual director annual remuneration, establishing performance goals to enhance the efficiency of the board of directors' operations.

The remuneration of our company's general manager and deputy general manager is determined according to the method described above, taking into account their contribution to operations and responsibilities, while also considering industry salary levels, company performance, and individual performance to provide reasonable compensation, subject to regular evaluation by the Compensation Committee.

The remuneration of our company's directors, general managers, and deputy general managers is determined by considering the company's future business development and operational risks. Simultaneously, it involves a comprehensive assessment of their positive correlation with operational performance to achieve a balance between sustainable operation and risk management, which is closely linked to their corporate management responsibilities and overall performance.

IV. Governance and Operation:

(I) Operation of the Board of Directors

During the most recent fiscal year (2023) and up to the printing date of the annual report for the application year, the 14th Board of Directors convened 5 times. Additionally, following the re-election of all directors at the extraordinary shareholders' meeting on November 13, 2023, the 15th Board of Directors convened a total of 4 times, resulting in a total of 9 [A] board meetings. The attendance of directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Chairman	Tsung-Jung Huang	9	0	100.00	Re-elected after re-election of all directors on November 13, 2023.
Director	Yung-Ming Investment Co., Ltd. Representative: Chih-Hsiang Chang; Chiu-Yueh Chang	5	0	55.56	Chiu-Yueh Chang was re-elected after the re-election of all directors on November 13, 2023, and became the new representative.
Director	Jeng-Yi Business Management Consultant Co., Ltd. Representative: Shun-Chung Wang	9	0	100.00	Re-elected after re-election of all directors on November 13, 2023.
Director	Guang Li Car Co., Ltd. Representative: De-Shing Chen; Sheng-Lin Chen	5	0	100.00	He was dismissed after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 5 meetings.
Director	Huei-Chuang Investment Co., Ltd. Representative: Chein-Chung Chu	4	0	80.00	He was dismissed after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 5 meetings.
Director	Hao-Wang Investment Co., Ltd. Representative: Yi-Cheng Chen; Yung-Hsiang Lu	5	0	100.00	He was dismissed after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 5 meetings.
Director	Long-Cheng Wei	4	0	100.00	Took office after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 4 meetings.
Director	Mao-Lin Shih	4	0	100.00	Took office after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 4 meetings.
Director	Ke-Chang Liu	4	0	100.00	Took office after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 4 meetings.
Independent Director	Ding-Wang Zheng	9	0	100.00	Re-elected after re-election of all directors on November 13, 2023.
Independent Director	Mao-Lin Shih	5	0	100.00	Dismissed after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 5 meetings.
Independent Director	Ke-Chang Liu	5	0	100.00	Dismissed after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 5 meetings.
Independent Director	Wan-Yu Liu	4	0	100.00	Took office after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 4 meetings.
Independent Director	Ming-Hsiu Cheng	2	0	50.00	Took office after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 4 meetings.
Independent Director	Wen-Chung Chen	4	0	100.00	Took office after the re-election of all directors on November 13, 2023. Throughout his/her term, the board of directors convened a total of 4 meetings.

Other matters to be included:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) Any matter under Article 14-3 of the Securities and Exchange Act: The company has an audit committee in place, therefore Article 14-3 provisions do not apply. For details on the matters listed in Article 14-5 of the Securities and Exchange Act, please refer to the audit committee's operational status.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any Board resolution: None.

II. Regarding the execution situation of conflict of interest proposals avoided by directors, their names, proposal content, reasons for avoiding interests, and participation in voting should be stated:

1. The 16th Meeting of the 14th Board of Directors discussed the allocation of employee remuneration and management bonuses in 2022 at our company

(1) In this case, Chairman Tsung-Jung Huang and the attending personnel, including the accounting manager Yu-Ping Lin and the finance manager Kelly Wang, are part of the company's management team. According to the regulations of the board meeting, individuals involved should abstain from voting due to conflicts of interest, and Chairman Huang designated independent director Mao-Lin Shih to act as the chairman to preside over the voting in this case.

(2) The chairman must abstain from voting due to a conflict of interest, and the other directors shall approve the matter after consulting with the acting chairman of the board and receiving no objections.

2. The16th Meeting of the 14th Board of Directors discussed the transfer of treasury stocks for the second time in 2023, including the number of shares available for subscription by the manager

(1) In this case, Chairman Tsung-Jung Huang and the attending personnel, including the accounting manager Yu-Ping Lin and the finance manager Kelly Wang, are part of

the company's management team. According to the regulations of the board meeting, individuals involved should abstain from voting due to conflicts of interest, and Chairman Huang designated independent director Mao-Lin Shih to act as the chairman to preside over the voting in this case.

(2) The chairman must abstain from voting due to a conflict of interest, and the other directors shall approve the matter after consulting with the acting chairman of the board and receiving no objections.

3. The16th Meeting of the 14th Board of Directors discusses the amendment of the remuneration payment method for directors (including independent directors) and functional committee members. According to the regulations of the board of directors' meetings, the parties involved should abstain from voting due to conflicts of interest, hence the voting is divided into two stages. In the first stage, independent directors are requested to recuse themselves. After consultation with the chairman and other directors, the resolution was passed without objection. In the second stage, independent directors other than the independent directors should abstain. Chairman Huang appointed Independent Director Mao-Lin Shih as the acting chairman to preside over the voting of this case. The acting chairman of the board of directors consulted the remaining independent directors, who had no objections, and the case was approved.

4. The1st Meeting of the 15th Board of Directors discussed appointing members to the sixth remuneration committee of the company

(1) Independent directors Ding-Wang Zheng and Wen-Chung Chen attended this case. As per the board meeting regulations, the individuals involved should abstain from voting.

(2) Independent directors Ding-Wang Zheng and Wen-Chung Chen abstained from voting due to conflicts of interest. The remaining directors approved the proposal after the chairman consulted with them and received no objections.

5. During 2nd Meeting of the 15th Board of Directors, the discussion centered around setting the "Compensation and Remuneration Regulations for Directors, Independent Directors, Functional Committees, and Managers". It also addressed the discontinuation of the previous compensation and remuneration regulations for former directors (including independent directors) and functional committee members. In accordance with the board of directors' meeting regulations, individuals involved are required to abstain from voting due to conflicts of interest, resulting in a two-stage voting process. In the initial stage, non-independent directors should abstain, and Ming-Hsiu Cheng, an independent director, should act as the chairman to oversee the voting of this case. The acting chairman of the board of directors shall seek no objection from the other independent directors and approve the case. In the second stage, independent directors are requested to recuse themselves. After the chairman consulted with the remaining directors, the resolution was passed without objection.

6. The 2nd Meeting of the 15th Board of Directors deliberated on the performance evaluation criteria for directors and independent directors in 2024: In accordance with the board of directors' meeting regulations, individuals involved are required to abstain from voting due to conflicts of interest, resulting in a two-stage voting process. In the initial stage, non-independent directors should abstain, and Ming-Hsiu Cheng, an independent director, should act as the chairman to oversee the voting of this case. The acting chairman of the board of directors shall seek no objection from the other independent directors and approve the case. In the second stage, independent directors are requested to recuse themselves. After the chairman consulted with the remaining directors, the resolution was passed without objection.

7. The 2nd Meeting of the 15th Board of Directors discussed the performance evaluation criteria for the company's managers in 2024 The case was approved by the board of directors after the chairman abstained due to a conflict of interest, with the consent of the other independent directors consulted by the acting chairman.

8. The 2nd Meeting of the 15th Board of Directors deliberated on the annual performance bonuses for directors and managers in 2023:

(1) The case was attended by Chairman Tsung-Jung Huang and the attending reporting personnel, accounting manager Yu-Ping Lin, and finance manager Kelly Wang, who are part of the company's management team. According to the regulations of the board of directors' meeting, the parties involved should abstain from voting due to conflicts of interest and the voting of this case should be chaired by independent director Ming-Hsiu Cheng.

(2) The chairman must abstain from voting due to a conflict of interest, and the other directors shall approve the matter after consulting with the acting chairman of the board and receiving no objections.

9. The 3rd Meeting of the 15th Board of Directors discussed the promotion of the acting general manager of the company The chairman of this case recused himself due to being a related party and appointed independent director Wen-Chung Chen as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved.

10. During 3rd Meeting of the 15th Board of Directors, the board discussed the "Transfer of Treasury Stock Manager Quota Case", which was approved during the board meeting on April 21, 2021. The chairman and the attending reporter, accounting manager Yu-Ping Lin, and finance manager Kelly Wang abstained from the case due to their conflict of interest, and independent director Wen-Chung Chen was appointed as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved.

11. During 3rd Meeting of the 15th Board of Directors, the board discussed the "Transfer of Treasury Stock Manager Quota Case", which was approved during the board meeting on April 17, 2023. The chairman and the attending reporter, accounting manager Yu-Ping Lin, and finance manager Kelly Wang abstained from the case due to their conflict of interest, and independent director Wen-Chung Chen was appointed as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved.

12. The 3rd Meeting of the 15th Board of Directors deliberated on the resolutions "Lifting the restrictions on competition for new directors" passed at the first extraordinary shareholders' meeting on November 14, 2020, and on November 13, 2023. The chairman, director Wei, director Shih, independent director Zheng, and independent director Liu recused themselves due to their conflict of interest in this matter, appointing independent director Wen-Chung Chen as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved.

13. During 3rd Meeting of the 15th Board of Directors, the discussion revolved around the distribution of employee and director remuneration for the year 2023, as well as the allocation proposal for the management team. Chairman and attending reporter Yu-Ping Lin, Manager of Accounting, and Manager of Finance Kelly Wang abstained from the case due to being related parties, and Director Mao-Lin Shih was appointed as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved.

14. During the 3rd Meeting of the 15th Board of Directors, the Board of Directors deliberated on the transfer of the company's first treasury stock in 2024 by the manager. Chairman and attending reporter, Accounting Manager Yu-Ping Lin, and Finance Manager Kelly Wang abstained from the discussion due to their conflict of interest in this case, and Director Mao-Lin Shih was appointed as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved.

15. The 3rd Meeting of the 15th Board of Directors deliberated on the employee stock subscription method for the initial public offering and the internal personnel subscription list. The chairman and the attending reporter, accounting manager Yu-Ping Lin, and finance manager Kelly Wang abstained due to conflicts of interest, and director Mao-Lin Shih was appointed as the acting chairman. The Chairman consulted all directors present at the meeting, and upon receiving no objections, the motion was approved

16. The 4th Meeting of the 15th Board of Directors discussed the appointment of members to the company's Sustainable Development Committee:

(1) Independent directors Ding-Wang Zheng and Wan-Yu Liu attended this case. As per the board meeting regulations, the individuals involved should abstain from voting.

(2) Independent directors Ding-Wang Zheng and Wan-Yu Liu must abstain from voting due to a conflict of interest. The acting chairman of the board shall consult with other directors, and subsequently approve the matter without objections.

III. For a TWSE or TPEx-listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table II (2) Implementation of Evaluations of the Board of Directors: Not applicable.

IV. Evaluation of the goals for strengthening the functions of the board in the current and recent years (such as setting up an audit committee, and improving information transparency) and their implementation: An audit committee has been established and is operating in compliance with the regulations of the competent authority.

(I) The company established a remuneration committee approved by the board of directors on December 28, 2011. In accordance with Article 14-2 of the Securities Exchange Act, the 13th board of directors and supervisors election was held at the 2017 shareholders' meeting, appointing three independent directors to enhance the board's functions, improve corporate governance effectiveness, and replace the original supervisor system with an audit committee established on October 19, 2017 to strengthen the company's internal control mechanism.

(II) In line with the global trend in corporate governance development, the Company revised its "Board Meeting Rules" on June 26, 2023, and March 7, 2024, as well as its "Audit Committee Organization Regulations" on December 27, 2017, and March 7, 2024, with the goal of continually improving its corporate governance standards.

(III) In order to implement the concept of sustainable business operation, promote corporate governance, strengthen the board of directors' management of integrity operation and practice corporate social responsibility, the 9th Meeting of the 14th Board of Directors on June 27, 2022 passed the "Organizational Regulations of the Sustainable Development Committee" and established the Sustainable Development Committee under the board of directors.

(IV) In order to improve information transparency, the company promptly announces important decisions on the Market Observation Post System after each board meeting. Additionally, the company updates relevant organizational regulations on its website to protect shareholder rights and enhance investors' understanding and recognition of the company.

(V) Purchase of insurance for directors and officers' liability: Our company has been buying directors' and officers' liability insurance annually since 2021, with the most recent board submission date being December 8, 2023.

(VI) In order to improve our company's stable operation and sustainable development, we have established a robust risk management mechanism to ensure the reasonable achievement of our company's strategic objectives. On March 7, 2024, the "Risk Management Measures" were formulated to further elevate the company's governance standards.

(II) Operation of the Audit Committee

As of the latest fiscal year (fiscal year 2023) and the deadline for the annual report for the application year, the 2nd Audit Committee met 4 times. Following the re-election of all directors at the extraordinary shareholders' meeting on November 13, 2023, the 3rd Audit Committee met a total of 3 times, resulting in a total of 7 (A) Audit Committee meetings. The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance in Person Rate (%) (B/A) (Note)	Remarks
Chairperson	Ding-Wang Zheng	7	0	100.00	Re-election
Member	Mao-Lin Shih	4	0	100.00	Dismissed after re-election of all directors on November 13, 2023
Member	Ke-Chang Liu	4	0	100.00	Dismissed after re-election of all directors on November 13, 2023
Member	Wan-Yu Liu	3	0	100.00	Newly elected after re-election of all directors on November 13, 2023
Member	Ming-Hsiu Cheng	2	0	66.67	Newly elected after re-election of all directors on November 13, 2023
Member	Wen-Chung Chen	3	0	100.00	Newly elected after re-election of all directors on November 13, 2023

Other matters to be included:

I. If any of the following circumstances occur in the operation of the Audit Committee, the date and period of the Audit Committee meeting, the content of the proposal, independent directors' objections, reservations and major suggestions, the resolutions of the Audit Committee, and the Company's handling of the opinions of the Audit Committee shall be stated.

(I) Any matter under Article 14-5 of the Securities and Exchange Act:

<table>
<tr><th>Audit Committee Meeting Date</th><th>Audit Committee Meeting Session No.</th><th>Proposal Content Summary</th><th>Independent Directors and Audit Committee Comments</th><th>Company's reactions towards the Audit Committee's Comments</th></tr>
<tr><td>2023.04.17</td><td>2nd
10th</td><td>1. The Company's 2022 Business Report, Individual Financial Report and Consolidated Financial Statements
2. The Company's earnings distribution for 2022
3. The Company's Statement of Internal Control System for 2022.
4. Evaluation of the independence and performance of the CPAs in 2022
5. Delegation and compensation of CPAs for the Company in 2023
6. Accountants, their firms, and related entities are proposed to offer non-audit services to the Company and its subsidiaries after obtaining prior approval</td><td rowspan="4">Independent directors unanimously approved, and the board of directors proceeded with the resolution.</td><td rowspan="4">The resolution was approved by the board of directors after submission.</td></tr>
<tr><td>2023.06.26</td><td>2nd
11th</td><td>1. Matters relating to compliance with additional laws, regulations, and bylaws
2. Revision of sales and collection cycle, procurement and payment cycle, production cycle, real estate, plant and equipment cycle, payroll cycle, financing cycle, internal audit operation procedures and self-inspection operation criteria for internal control system
3. Revision of Authority Table</td></tr>
<tr><td>2023.08.07</td><td>2nd
12th</td><td>1. The Company's consolidated financial statements for the first half of 2023.
2. Improve the progress report on self-prepared financial statement compilation
3. Amendment to the Procedure for the Acquisition or Disposal of Assets
4. Revision of sales and collection cycle, financing cycle, research and development cycle, and internal significant information processing and prevention of insider trading management procedures
5. Application for the initial public offering of stocks by this company has been approved</td></tr>
<tr><td>2023.10.16</td><td>2nd
13th</td><td>1. Revision of the accounting system
2. Revision of the Management of Financial Statement Preparation Procedure
3. Revision of the Sale and receipt cycle
4. Revision of the Production Cycle Authority Table.
5. Developing a Code of Ethics for Business Integrity
6. Developing the Code of Ethical Conduct</td></tr>
</table>

		7. Revision of Operating Procedures and Code of Conduct for Ethical Corporate Management 8. Developing procedures for reporting new internal personnel (dis)engagement data 9. Developing the Standard Operating Procedures for Handling Requests from Directors 10. Developing regulations governing shareholder rights exercise and participation in decision-making by legal entities with control capabilities 11. Developing financial operation norms between related companies 12. Developing procedures for handling whistleblowing reports		
2023.12.08	3rd 1st	1. Financial statements for the third quarter of 2023 2. Approval of investment case worth 100 million dollars 3. Approval of capital expenditures for 2024 4. Approval of 2024 Audit Plan 5. Approval of "Statement of Internal Control System" from October 1, 2022 to September 30, 2023 6. Approval of Sale and receipt cycle 7. Approval of the amendment to Corporate Governance Best-Practice Principles 8. Renaming and Revision in Compliance with Corporate Social Responsibility Guidelines and Laws 9. Approval of the amendment to Management of Personal Information Protection 10. Coordinate and sign the "Over-Allotment Agreement" with the lead underwriter by authorizing the chairman before the initial public offering 11. Lend business funds to subsidiaries for repayment of short-term financing		
2024.03.07	3rd 2nd	1. Approval of cash capital increase to issue new shares for public underwriting before the company's stock listing 2. Approval of the Company's 2023 Business Report, Individual Financial Report and Consolidated Financial Statements 3. Approval of the Company's 2023 Earnings Distribution 4. Approval of the Company's Statement of Internal Control System for 2023. 5. Approval of Evaluation of the independence and performance of the CPAs in 2023 6. Approval of delegation and compensation of CPAs for the Company in 2024 7. Accountants, their firms, and related entities are approved to offer non-audit services to the Company and its subsidiaries after obtaining prior approval 8. Approval of re-enactment of the general principles of internal control system 9. Approval of revising the Operational Procedures for Loaning of Company Funds 10. Approval of revising the regulations on the use of seals 11. Approval of revising the rules for board meetings 12. Approval of revising Audit Committee Organization Regulations 13. Approval of enacting "Risk Management Guidelines"		
2024.05.07	3rd 3rd	1. Approval of Consolidated Financial Statements for the first quarter of 2024 2. Approval of revising the Company's 2023 Earnings Distribution Proposal		

(II) In addition to those mentioned in the foregoing, other resolutions not adopted by the Audit Committee but approved by two-thirds and more of all directors: None.

II. Regarding the execution situation of conflict of interest proposals avoided by independent directors, their names, proposal content, reasons for avoiding interests, and participation in voting should be stated: The company has established the "Audit Committee Organization Regulations", which specifically define the clauses for independent director members of the committee to recuse themselves from conflict of interest matters, and ensures compliance with relevant regulations.

III. Communication among the independent directors, internal audit supervisors and accountants (which should include significant matters, methods and results of communication regarding the Company's financial and business condition):

(I) The company regularly convenes the Audit Committee and, as needed, invites accountants or audit managers to attend separately; in addition to Audit Committee meetings, independent directors also communicate with accountants, audit managers, or relevant managers on relevant issues.

(II) Internal audit supervisors regularly present audit summary reports to the Audit Committee in accordance with the annual audit plan, and the Audit Committee also periodically evaluates the company's internal control system, internal audit personnel, and their work.

(III) The Audit Committee holds regular discussions with the company's auditors every year to review the results of the quarterly financial statements and other legal requirements, and to independently assess the auditors' appointment and the audit and non-audit services they offer.

(IV) Main communication issues in 2023 up to the date the Annual Report was printed:

1. Excerpts of communication between independent directors and accountants:

Conference Date	Nature of Meeting	Key points of communication	Communication details and independent directors' comments	The Company's handling of independent directors' comments
2023.04.17	Audit Committee	Audit report on the consolidated and individual financial statements for the fiscal year 2022	Upon review by the audit committee, all independent directors have no objections	Not applicable
2023.08.07	Audit Committee	Review report on the Company's consolidated financial statements for the 2nd quarter of 2023	Upon review by the audit committee, all independent directors have no objections	Not applicable
2023.12.08	Audit Committee	Review report on the Company's consolidated financial statements for the 3rd quarter of 2023	Upon review by the audit committee, all independent directors have no objections	Not applicable
2024.03.07	Audit Committee	Audit report on the consolidated and individual financial statements for the fiscal year 2023	Upon review by the audit committee, all independent directors have no objections	Not applicable
2024.05.07	Audit Committee	Review report on the Company's consolidated financial statements for the 1st quarter of 2024	Upon review by the audit committee, all independent directors have no objections	Not applicable

2. Excerpts of communication between independent directors and Audit Supervisor:

Conference Date	Nature of Meeting	Key points of communication	Communication details and independent directors' comments	The Company's handling of independent directors' comments
2023.04.17	Audit Committee	1. "Statement of Internal Control System" for 2022	Upon review by the audit committee, all independent directors have no objections	Not applicable
2023.06.26	Audit Committee	1. Matters relating to compliance with additional laws, regulations, and bylaws 2. Sales and collection cycle, procurement and payment cycle, production cycle, real estate, plant and equipment cycle, payroll cycle, financing cycle, internal audit procedures, and self-inspection criteria for internal control system revision 3. Revision of Authority Table	Upon review by the audit committee, all independent directors have no objections	Not applicable
2023.08.07	Audit Committee	1. Revision of the "Procedure for the Acquisition or Disposal of Assets" 2. Revision of Sales and Collection Cycle, Financing Cycle, Research and Development Cycle, and Internal Control Procedures for Significant Information Processing and Prevention of Insider Trading	Upon review by the audit committee, all independent directors have no objections	Not applicable
2023.10.16	Audit Committee	1. Revision of the accounting system 2. Revision of the Management of Financial Statement Preparation Procedure 3. Revision of Sale and receipt cycle 4. Revision of Production Cycle Authority Table 5. Developing a Code of Ethics for Business Integrity 6. Developing the Code of Ethical Conduct 7. Revision of Operating Procedures and Code of Conduct for Ethical Corporate Management	Upon review by the audit committee, all independent directors have no objections	Not applicable

		8. Developing procedures for reporting new internal personnel (dis)engagement data 9. Developing the Standard Operating Procedures for Handling Requests from Directors 10. Developing regulations governing shareholder rights exercise and participation in decision-making by legal entities with control capabilities 11. Developing financial operation norms between related companies 12. Developing procedures for handling whistleblowing reports			
2023.12.08	Audit Committee	1. Approval of 2024 Audit Plan 2. Approval of "Statement of Internal Control System" from October 1, 2022 to September 30, 2023 3. Approval of Sale and receipt cycle 4. Approval of the amendment to Corporate Governance Best-Practice Principles 5. Renaming and Revision in Compliance with Corporate Social Responsibility Guidelines and Laws 6. Approval of the amendment to Management of Personal Information Protection	Upon review by the audit committee, all independent directors have no objections	Not applicable	
2024.03.07	Audit Committee	1. Audit plan execution status and deficiency tracking report for 2023 2. The Company's Statement of Internal Control System for 2023. 3. Re-enactment of the general principles of internal control system 4. Revision of the Operational Procedures for Loaning of Company Funds 5. Revision of the regulations on the use of seals 6. Revision of the rules for board meetings 7. Revision of Audit Committee Organization Regulations 8. Enacting Risk Management Guidelines	Upon review by the audit committee, all independent directors have no objections	Not applicable	
2024.05.07	Audit Committee	1. Audit plan execution status and deficiency tracking report for the first quarter of 2024	Upon review by the audit committee, all independent directors have no objections	Not applicable	

(III) Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Operation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
I. Does the company follow the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” to develop and disclose its corporate governance best practice principles?	✓		The Company has developed Corporate Governance Best Practice Principles, and disclosed at the Company’s website.	No difference
II. The Company’s shareholding structure and shareholders’ equity (I) Does the company have internal operating procedures to deal with shareholders’ suggestions, doubts, disputes and litigation? If yes, have these procedures been implemented accordingly?	✓		This company convenes shareholders’ meetings in compliance with the Company Law and relevant regulations, establishes comprehensive rules of procedure, and ensures the effective execution of matters that require resolution by the shareholders’ meeting according to the rules of procedure. In addition, the company has established the “Internal Procedures for Handling Significant Information and Preventing Insider Trading”, and has set up spokespersons, acting spokespersons, and stock affairs units with dedicated personnel to handle shareholder suggestions, doubts, disputes, etc., to ensure shareholder rights. When legal issues arise, seek assistance from legal colleagues or legal advisors for resolution.	No difference
(II) Does the company possess a list of major shareholders who actually control the company and the persons who have ultimate control over major shareholders?	✓		This company reports any changes in shareholding by internal personnel (directors, managers, and shareholders holding more than 10%) to the competent authority’s designated website “Market Observation Post System” on a monthly basis as required by law, while also maintaining positive relationships with investors.	No difference
(III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		This company has established “Subsidiary Supervision Measures” and “Related Party Transaction Management Measures” to create, execute, and maintain firewalls and risk management mechanisms with related entities.	No difference
(IV) Does the company have internal norms that prohibit company insiders from trading securities using information not disclosed to the market?	✓		The company has established the “Internal Major Information Processing and Prevention of Insider Trading Procedures”, prohibiting internal personnel from trading securities based on undisclosed information in the market. This serves as the basis for the company’s major information processing and disclosure mechanism, with periodic reviews conducted to comply with current laws and practical management needs.	No difference
III. Composition and duties of the Board of Directors (I) Has the Board of Directors established and implemented a diversification policy and specific management objectives?	✓		The company, in accordance with the “Corporate Governance Guidelines” issued by the regulatory authorities, should consider diversification in the composition of the board members, formulate appropriate diversification policies based on its own operations, operating model, and development needs, taking into account basic criteria and values, as well as professional knowledge and skills (such as legal, financial accounting, business management, professional knowledge, marketing, or leadership decision-making), and should generally possess the knowledge, skills, and qualities necessary to perform their duties. Taking into account the overall composition of the board of directors, the specific objective is to have directors from different genders, ages, professional backgrounds, with at least one having a financial accounting background, and at least one with relevant management experience or legal expertise. Currently, the company’s board of directors consists of 10 directors (including 4 independent directors and 6 non-independent directors), with one director also serving as a manager. Their expertise covers various fields such as business management, financial accounting, and more. Among the current directors, 5 have financial accounting expertise, 2 have relevant industry experience, 2 have legal expertise, and 1 specializes in sustainable development. This includes 2 female directors, effectively realizing the diversity goal of the board of directors. This diversity will greatly benefit the company’s future in terms of human	No difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation</th><th rowspan="2">Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>resources succession, equipment renewal, advanced product research and development, high-value industry chain construction, intelligent production and sales, and commitment to a circular economy.</td><td></td></tr>
<tr><td>(II) Besides the Remuneration Committee and the Audit Committee which are established as required by law, does the company voluntarily establish any other types of functional committees?</td><td>✓</td><td></td><td>Considering the size of our board of directors and the number of independent directors, in addition to the compensation committee and audit committee established in accordance with legal requirements, various business operations also have internal control mechanisms and hold special, operational, and decision-making meetings to evaluate important issues through such meetings to assist the board of directors in carrying out its supervisory responsibilities. The company has established a remuneration committee as well as sustainable development, cross-departmental welfare, and environmental health and safety committees to support employees and society.</td><td>No difference</td></tr>
<tr><td>(III) Does the company have a board of directors' performance evaluation system and a method thereof, and conduct performance evaluation annually and regularly, and submit the results of performance evaluation to the board of directors for reference of individual director's salary and compensation and nomination for re-election?</td><td>✓</td><td></td><td>The company formulated the board performance evaluation method and its assessment approach on December 27, 2017. While not conducted annually, the Compensation Committee regularly reviews the performance evaluations of directors and managers, along with compensation policies, systems, standards, and structures, and presents recommendations to the board for consideration.</td><td>No difference</td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of its certified public accountants?</td><td>✓</td><td></td><td>The company's audit committee conducts an annual assessment of the independence of the signing accountant and requests the accountant to provide a statement of independence.</td><td>No difference</td></tr>
<tr><td>IV. Does the TWSE/TPEx listed company have the adequate number of qualified corporate governance personnel and appoint the corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting directors and supervisors in complying with laws and regulations, handling matters related to board meetings and shareholders' meetings in accordance with the law, preparing minutes of board meetings and shareholders' meetings)?</td><td>✓</td><td></td><td>The company's corporate governance director, appointed by the board of directors on April 17, 2023, has over 3 years of experience in financial and administrative management in publicly traded companies, meeting the regulatory requirements. The corporate governance director is responsible for corporate governance matters and has dedicated personnel to handle board and shareholder meeting-related information and records. Business execution status for the fiscal year 2023:
1.Continuing education of directors:<table><tr><th>Date of Continuing Education</th><th>Event Organizer</th><th>Name of Course</th><th>Hours of Continuing Education</th></tr><tr><td>2023/11/13</td><td>Taiwan Corporate Governance Association</td><td>Corporate governance and securities laws</td><td>3</td></tr></table>2. Evaluating the purchase of "Directors and Officers Liability Insurance" for board members and reporting the coverage to the board of directors.
3. Hold meetings from time to time with accountants, independent directors, and audit supervisors to ensure the implementation of internal audit and control systems. Detailed meeting records are available in the company's annual report.
4. Matters related to the meetings of the board of directors and functional committees in accordance with laws and regulations: Notice all directors and committee members to attend and provide sufficient meeting materials seven days before the board and committee meetings, enabling directors to understand the relevant agenda items; if a director has a conflict of interest with the meeting agenda related to themselves or their represented legal entity, the interested party will be given prior notice to abstain from the interest; distribute meeting records to all directors within 20 days after the meeting.</td><td>No difference</td></tr>
</table>

Evaluation Item	Operation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
			5. Responsible for disclosing important decisions or announcements after the board of directors and shareholders' meeting to ensure the legality and accuracy of information, thereby safeguarding information equality for investors. 6. From time to time provide directors with information on new laws and regulations related to executive operations, corporate governance, or business operations. 7. Conduct shareholder meetings in accordance with legal requirements: Annually, prepare and submit meeting notices, agenda books, and meeting minutes before the deadline for registering the shareholders' meeting date as required by law.	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers) and set up a stakeholder section on the company's website to properly respond to important CSR issues of concern to stakeholders?	✓		This company has a spokesperson system in place and communicates the latest information and important corporate social responsibility issues through various channels such as the stakeholder section on the company's website and customer satisfaction surveys.	No difference
VI. Does the company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	✓		The Company entrusted Mega Securities Co., Ltd. Registrar and Transfer Agency Department as the shareholder services agent of the Company to handle matters related to the shareholders' meeting.	No difference
VII. Information Disclosure (I) Does the company have a website to disclose finance and corporate governance information?	✓		1. Disclosure of financial information: Our company's Chinese and English websites (http://www.superalloy.tw) each feature an investor relations section, providing regularly updated financial information for investors to consult. 2. Disclosure of Business Information: Our company website features product introductions and a section dedicated to technology research and development. It offers real-time updates on various business information and constantly uploads the latest business activity updates for public reference. 3. Disclosure of corporate governance information: The important corporate governance documents of our company (including the organization and operation of internal audit, articles of association, procedures for acquiring or disposing of assets, procedures for engaging in derivative trading, procedures for endorsing or providing guarantees for others, procedures for lending funds to others, regulations of the salary and compensation committee, measures to prevent insider trading, accounting, corporate social responsibility guidelines, code of conduct, and sustainability reports) are all disclosed on the Market Observation Post System.	No difference
(II) Does the company employ other means of information disclosure (e.g., establishing an English website, appointing a person to collect and disclose company information, implementing a spokesperson system, placing the investor presentation process on the company's website)?	✓		1. Designate a dedicated person to be responsible for the collection and disclosure of company information: Our company has designated personnel responsible for collecting and disclosing information, and regularly informs the public of the latest and accurate information through press releases or important messages. 2. Implement the system of spokespersons: The company's spokesperson is Felicia Hsiao, the Chairman's assistant, and Kelly Wang, the manager, is the acting spokesperson. 3. Financial and operational information relevant to the company is published in the Investor Relations section and also submitted to the Market Observation Post System as required by the stock exchange regulations.	No difference

Evaluation Item	Operation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
(III) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓		1.OTC stock companies, unless otherwise specified by the Financial Supervisory Commission, shall announce and report the annual financial statements audited and certified by certified public accountants, approved by the board of directors, and acknowledged by the supervisor within four months after the end of each fiscal year. They are not subject to the requirement of announcing and reporting within three months after the end of each fiscal year as stipulated in Article 36, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act, and are exempt from the requirement of announcing and reporting the first and third quarter financial statements as stipulated in Article 36, Paragraph 1, Subparagraph 3 of the Securities and Exchange Act. 2.The company has published its monthly operational status as required on the Market Observation Post System.	No difference
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		1.Responsibilities towards customers: Our company has successively obtained IATF16949 and AS9100 certificates. Following the acquisition of the IATF16949 certificate by our German subsidiary, our Pingtung factory also obtained the IATF16949 certificate in March 2020. With "producing and timely providing products that satisfy customers" as our company's quality policy, we strive to offer customers safe, high-quality products, provide complete and accurate product information, conduct regular customer satisfaction surveys after product sales, and meet customer needs. 2.Responsibilities towards shareholder: This company regularly discloses its financial status on its public website. Any significant information is promptly revealed on the Market Observation Post System to ensure that shareholders have access to accurate financial data and important updates from the company. 3.Responsibilities towards employees: (1) Establish the Workers' Welfare Committee to organize various activities and offer assistance for marriage, funerals, childbirth, and travel. (2) In order to enhance employee productivity and ensure that both labor and management share the fruits of operation, the company has implemented production bonuses, target bonuses, performance bonus assessments, and distribution methods, as stipulated in the company's articles of association, to distribute employee remuneration in profitable years. (3) After joining the company, employees not only enjoy relevant labor and health insurance benefits and retirement benefits in accordance with the law, but are also provided with free group insurance, accident insurance, and medical insurance for all employees and their families, offering more security. (4) Develop education and training programs that include new employee orientation, on-the-job training, and management training. Implement regular practical job training based on competency needs to achieve a "hands-on learning approach". Encourage employees to engage in external training or further education to improve their job skills and knowledge. Furthermore, through monthly meetings, department meetings, etc., promote the management philosophy, share experiences, establish team consensus, and cultivate reserve executives. (5) In order to safeguard the safety of employees at work, we offer and uphold a secure and hygienic work environment that complies with practical and regulatory standards. We are certified with ISO45001 and ISO14001. Additionally, we conduct regular safety and health seminars for employees, including fire safety training, community-coordinated fire drills, practical emergency evacuation route exercises, and more, to reduce any risks that could potentially harm employees.	No difference

Evaluation Item	Operation			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons
	Yes	No	Description	
			4. Investor relations: This company has appointed a dedicated spokesperson to ensure timely and appropriate communication of information that may impact investors. 5. Supplier relations: Always maintain good communication channels with suppliers to enable timely issue resolution and achieve mutual benefits. 6. Stakeholder relationships: Directors have refrained from voting on matters involving conflicts of interest. 7. Continuing education of directors: Our company's directors have industry expertise and practical management experience. The company also periodically offers directors courses on corporate governance and securities regulations. 8. Implementation of Risk Management Policies and Risk Measurement Standards: The finance department assesses and analyzes the impact of financial risks, interest rates, exchange rate fluctuations, and currency inflation on the company's financial performance, as well as outlines future response strategies. In response to the global economic environment, the department evaluates the company's overall risk exposure and existing transactions, emphasizing risk mitigation for positions such as exchange rates and interest rates with a conservative and prudent approach. The hedging strategy is guided by the net position of natural hedges. Hedging instruments include forward foreign exchange contracts, options, and derivative products, which are managed in accordance with company procedures and disclosed regularly, prioritizing prudence. Natural hedging minimizes the impact of interest rate and exchange rate fluctuations on financial performance. Ongoing monitoring of the global economic environment aims to minimize the effects of interest rate and exchange rate fluctuations on the company's financial results. Our company takes a meticulous approach to managing risks in environmental sustainability, corporate governance, and social responsibility. We develop response measures in various areas and publish sustainability reports on our company website. 9. Liability Insurance for the Company's Directors and Supervisors: Directors and managers have purchased liability insurance and report to the board annually after signing a new insurance contract.	
IX. Please describe the improvements that have been made and propose priorities and measures to strengthen those that have not yet been improved with respect to the results of the corporate governance evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year: Not applicable.				

(IV) Composition, duties and operation of the Remuneration Committee

1. Information on Members of the Remuneration Committee:

All members of our company's Remuneration Committee are independent directors. The table below provides information on their professional qualifications, experience, independence status, and the number of other public companies' Remuneration Committee members they also serve.

Name \ Criteria		Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director	Ding-Wang Zheng	Areas of expertise: Finance and accounting expertise Education: Ph.D. in Accounting from the University of Missouri in the United States Other major responsibilities: Independent Director of Hanns Touch Holdings Company; Independent Director of Acepodia Inc. Previous experience: President of a National Chengchi University	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2
Independent Director	Wan-Yu Liu	Areas of expertise: Production management and environmental economics, corporate sustainability and environmental protection Education: Ph.D. in Agricultural Economics (Production Management and Environmental Economics Group), Department of Agriculture Economics, National Taiwan University Other major responsibilities: Professor at the College of Agriculture and Natural Resources, National Chung Hsing University; Independent Director at Chung Hwa Pulp Corporation; Independent Director of Lion Travel Service Co., Ltd	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2
Independent Director	Ming-Hsiu Cheng	Areas of expertise: Legal expertise Education: Doctorate in Law from the University of Münster in Germany Other major responsibilities: Professor at the School of Law, Soochow University; Independent Director at Celxpert Energy Corporation	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Independent Director	Wen-Chung Chen	Areas of expertise: Finance and Banking Education: Department of Finance and Taxation, College of Law and Business, National Chung Hsing University Previous experience: Deputy General Manager at China Bills Finance Corporation	Compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
The directors (including independent directors) of the company are not involved in any events stated in Article 30 of the Company Act.				

2. Duties of the Compensation and Remuneration Committee:

(1) Reviewing the regulations of the salary and compensation committee on a periodic basis and provide advices on its revision.

(2) To develop and periodically reflect upon the performance evaluations of directors and managers, the annual and long-term performance target, along with compensation policies, systems, standards, and structures, and disclose the performance evaluation criteria in the annual report.

(3) Regularly assess the achievement of performance goals for the directors and managers of the company. Based on the evaluation results obtained from the performance evaluation criteria, establish the content and amount of their individual salary compensation. Directors and managers are required to disclose the results of individual performance evaluations in the annual report, along with details and

amounts of individual salary compensation, the relationship and reasonableness of the compensation with the performance evaluation results, and present this information in the shareholders' meeting report.

3. Information on the Operation of the Remuneration Committee:

(1) The Company's Remuneration Committee comprises 3 members.

(2) Term of office of current members: From November 13, 2023, to November 13, 2026, during the most recent fiscal year (fiscal year 2023) and up to the deadline for the annual report printing for the application year, the 5th Remuneration Committee convened twice. Additionally, following the re-election of all directors at the extraordinary shareholders' meeting on November 13, 2023, the 6th Remuneration Committee convened a total of three times, with a total of five (A) Remuneration Committee meetings held. The attendance status of the remuneration committee members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance in Person rate (%) (B/A) (Note)	Remarks
Convener	Mao-Lin Shìh	2	0	100.00	Dismissed after re-election of all directors on November 13, 2023
Member	Ding-Wang Zheng	5	0	100.00	Re-elected after re-election of all directors on November 13, 2023
Member	Ke-Chang Liu	2	0	100.00	Dismissed after re-election of all directors on November 13, 2023
Convener	Ming-Hsiu Cheng	3	0	100.00	Newly elected after re-election of all directors on November 13, 2023
Member	Wen-Chung Chen	3	0	100.00	Newly elected after re-election of all directors on November 13, 2023

Other matters to be included:

I. In case the Board of Directors does not adopt or modify the suggestion of the Remuneration Committee, a description shall be provided for the date and session of the board meeting, the content of the proposal, the resolutions of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee: None.

II. On matters resolved by the Remuneration Committee, if a member has an objection or reservation which are documented or declared in writing, the date and session of the Remuneration Committee meeting, the content of the proposal, the opinions of all members and the Company's handling of such members' opinions shall be detailed: None.

(V) Promotion of sustainable development, differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons

Item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
I. Does the company have a governance framework in place to promote sustainable development and a dedicated (concurrent) unit for fulfilling sustainable development, with the board of directors authorizing senior management to handle such efforts, and having relevant progress supervised by the board of directors?	✓		1. Our company has officially established a Sustainability Development Committee in 2022. 2. In order to ensure the effective implementation of key business decisions related to corporate social responsibility and sustainable development, we are committed to enhancing the company's management system. We actively focus on three main areas: environmental conservation (E), social responsibility (S), and corporate governance (G). This enables the board of directors to fulfill its responsibilities effectively and protect the rights and interests of the company, employees, shareholders, and stakeholders. To effectively drive these initiatives, the committee has established four groups: the Corporate Governance Group, the Environmental Sustainability Group, the Social Care Group, and the Supply Chain Management Group. Each group is led by the head of the relevant department as the convener, who is responsible for overseeing the operation of each group, participating in group meetings, assisting members in implementing various plans, and from time to time reporting to the board for further action.	No material difference
II. Does the company perform risk assessments on environmental, social and corporate governance issues related to the company's operation based on the materiality principle and develop relevant risk management policies or strategies?	✓		The Company selects the major issue via stakeholder questionnaire, to perform risk assessments on environmental, social and corporate governance issues related to the company's operation, and develop relevant risk management policies, strategies and performance evaluation, and disclose at the official website of the Company (Sustainable Development Report in 2022).	No material difference
III. Environmental Issues (I) Does the company have an appropriate environmental management system developed based on its industry characteristics?	✓		The company has acquired ISO 14001 environmental management system certification and ISO 45001 occupational safety management. It conducts annual inspections as per environmental and occupational safety management regulations to ensure the effectiveness of implementation.	No material difference
(II) Is the company committed to improving energy efficiency and using renewable materials that have a low impact on the environment?	✓		1. The company acquired the ISO50001 energy management system to enhance energy efficiency, reduce greenhouse gas emissions, and cut down on corporate energy expenses. 2. Implementing a resource management procedure to actively promote recycling of various waste or resources, effectively reducing resource wastage. 3. Our company operates a smelting plant where we recycle and reuse aluminum scrap produced during the manufacturing process.	No material difference
(III) Does the company evaluate the potential risks and opportunities in climate change with regard to the business now and in the future, and take appropriate action to address them?	✓		Our company holds regular ESG meetings to review potential internal risks and implement relevant response measures. There have been successful outcomes in energy conservation and carbon reduction efforts: (1) Save 1% energy in 2022 compared to 2021. (2) (2) Our company passed the third-party inspection for the first time in March 2023 through the ISO14064-1 greenhouse gas management standard, which scientifically calculates greenhouse gas emissions and contributes to future carbon reduction efforts. The relevant data is available on the company's official website in the 2022 Sustainable Development Report.	No material difference

Item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		1.The company has achieved compliance with the ISO14064-1 greenhouse gas management standard. They conduct surveys to monitor and analyze greenhouse gas emissions, water usage, electricity consumption, and monthly waste weight statistics. This helps in effective control and review of reduction and waste reduction policies. 2.The company acquired the ISO50001 energy management system to enhance energy efficiency, reduce greenhouse gas emissions, and cut down on corporate energy expenses. 3.Our company has established office environmental management procedures and energy resource usage management procedures. Monthly evaluations and reviews are conducted to monitor energy resource usage and recycling, aiming to achieve effective control and energy conservation. 4.This company has established waste management regulations. Waste management and disposal are conducted in compliance with legal requirements, ensuring that all generated waste is properly controlled and managed.	No material difference
IV. Social Issues (I) Does the company establish its management policies and procedures in accordance with relevant regulations and the International Bill of Human Rights?	✓		The company adheres to relevant labor laws and international human rights conventions to safeguard the legitimate rights and interests of employees. Simultaneously, it establishes appropriate management regulations and procedures for both labor and management to abide by together, and discloses them on the company’s website. The related regulations are also concurrently revealed in the 2022 Sustainable Development Report.	No material difference
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		1.Our company has an Employee Welfare Committee that offers a range of welfare assistance, educational incentives, and cultural and recreational activities for employees. 2.The company has vacation management regulations that not only comply with the Labor Standards Act but also offer employees travel subsidy allowances. 3.The company offers a salary system that exceeds the industry average to create a workplace environment where employees can work with peace of mind and enjoy life to the fullest. It also implements a performance evaluation system effectively, ensuring clear execution of performance evaluations, and establishes clear guidelines for “Rewards and Penalties Operation Management Measures” to achieve a transparent system of rewards and penalties.	No material difference
(III) Does the company provide a safe and healthy work environment for its employees and conduct regular safety and health training for its employees?	✓		1.Our company has established a health management system and passed the ISO45001 occupational safety management. A specialist is responsible for maintaining the safety and health of employees and the work environment. In addition to new employees undergoing physical examinations and health education training upon joining the company, safety and health education training is conducted annually for existing employees. Free health check-ups for employees and their dependents, as well as regular physician services, are provided. 2.Conduct regular internal human rights impact assessments and develop risk control measures based on employee risk exposure.	No material difference
(IV) Does the company have an effective professional competency development training program for employees?	✓		Our company has established human resources management procedures and employee on-the-job training management procedures, which are tailored to new and existing employees to develop training plans. In addition to participating in external training, we also train internal trainers and conduct regular internal education and training.	No material difference

Item	Implementation status			Differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling, and are relevant consumer protection or customer rights protection and complaint procedure policies implemented?	✓		1.All our company's exported products are accompanied by Dun & Bradstreet enterprise certification codes, ensuring accountability for product marketing and labeling. 2.Our company has a customer service department that is always ready to address any issues customers may have with our products. 3.Implement TISAX to strengthen the protection of customer products. 4.Establish a reporting system and provide stakeholders with a channel for reporting and complaints on the company's official website.	No material difference
(VI) Does the company have a supplier management policy that requires suppliers to follow relevant norms on issues, such as environmental protection, occupational safety and health, or labor human rights? If so, describe its implementation status.	✓		Our company conducts supplier management by forming assessment teams for on-site inspections, conducting regular evaluations, including environmental health and safety assessments. An annual environmental health and safety management questionnaire is conducted, with semi-annual environmental health and safety investigation evaluations for D-rated suppliers. E-rated suppliers are suspended from trading, and suppliers are required to sign a supplier code of conduct that complies with environmental protection, labor rights, and other issues, which is published on the company's website. In 2022, the signing rate of the supplier code of conduct for key suppliers reached 100%.	No material difference
V. Does the company refer to the international standards or guidelines for the preparation of reports to prepare sustainability reports and other reports that disclose non-financial information? Does the aforementioned reports acquire the assurance or guarantee of the third-party certification unit?	✓		The company follows the Global Reporting Initiative's GRI Sustainability Reporting Guidelines "Core Option" for drafting the 2022 sustainability report, taking into account the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD), and publishes it on the company's website.	No material difference
VI. Describe the differences between actual practice and the sustainable development principles, if the company has formulated such principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies": This company has a sustainability committee in place with regulations governing its operations. It identifies and manages significant themes through stakeholder engagement, resulting in no material difference.				
VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: 1. In addition to establishing the Sustainable Development Committee, our company upholds the spirit of fulfilling social responsibilities and giving back to society with the principle of "helping others when in need". Apart from actively improving employee welfare and caring for each employee's family, we spare no effort in donating to various emergency disasters worldwide. We have also established the Yunlin County Fudeqiao Social Welfare Charity Foundation, funded by directors and shareholders, which donated 670,000 NT dollars in 2022 to Taiwan World Vision for after-school care and scholarships for disadvantaged children. Additionally, donations were made to the Victim Protection Association Yunlin Branch for scholarships amounting to about 216,000 NT dollars, the National Taiwan University Jingfu Foundation for Yunlin regional health care support network with a dedicated fund of 400,000 NT dollars, and approximately 356,000 NT dollars for various purposes such as supporting music class events in Yunlin junior high schools, funding the basketball team of Doudong Elementary School, providing books to Yunlin County Government, assisting employees in emergencies, and sponsoring summer camps organized by the Fire Department. Furthermore, donations of 200,000 NT dollars were made to Yunlin Family Support Center for organizing a winter charity event, and 100,000 NT dollars were contributed to the Douliu Fire Brigade for the purchase of 2 patrol vehicles. In 2023, our company sponsored the Paper Windmill Theater Group with 1.18 million NT dollars for public performances, and donated 725,000 NT dollars to Taiwan World Vision for after-school care and scholarships for disadvantaged children, 500,000 NT dollars to Ci-Tong Township, Yunlin County, about 222,000 NT dollars to the Taiwan Yunlin Branch of the Victim Protection Association, donation of books to Yunlin County Government, employee emergency assistance, fire station summer camp activities and other units about 1.842 million NT dollars. 2. In September 2023, our company achieved the Aluminium Stewardship Initiative (ASI) certification, showcasing a more stringent commitment to environmental, social, and corporate governance. This is especially reflected in responsible procurement policies, anti-corruption efforts, human rights due diligence, and operations in conflict-affected and high-risk areas.				

(VI) Ethical Corporate Management - Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation Item	Operation (Note)			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and approaches (I) Does the company have an ethical corporate management policy adopted by the board of directors, and state in its regulations and external documents the ethical corporate management policy and practices, as well as the commitment of the board of directors and management towards enforcement of such policy?	✓		Our company conducts business activities based on the principles of fairness, honesty, trustworthiness, and transparency. To uphold our integrity management policy and proactively prevent dishonest behaviors, we have developed the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", operational procedures for Ethical Corporate Management Principles, and a code of conduct for integrity. We have also disclosed specific regulations and guidelines on matters to be observed when conducting business on the company's website.	No material difference
(II) Does the company have a mechanism to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company formulate the programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2, of the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*?	✓		1.Our company has a code of conduct for integrity, corporate integrity operating procedures, and guidelines for integrity behavior that outline preventive measures against the following dishonest behaviors: (1)Prohibition of bribery or acceptance of bribes, and providing or receiving improper benefits (2)Prohibition of illegal political donations (3)Prohibition of improper charitable donations or sponsorship (4)Prohibition of offering or acceptance of unreasonable presents or hospitality, or other improper benefits (5)Prohibition of intellectual property rights infringement 2.Our company has established effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. 3.Our company clearly defines provisions and behavioral guidelines on conflicts of interest, confidentiality of customer information, business gifts, fair trade, competition, etc., in the "Ethical Corporate Management Principles" and "Code of Ethical Conduct", and provides employees with a channel for complaints to address opinions of unfair and unreasonable treatment.	No material difference
(III) Does the company provide the clear operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above and perform regular reviews and amendments?	✓			No material difference
II. Implementation of ethical corporate management (I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		Based on regulations of "ethical corporate management policy", prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. Established a list of qualified suppliers to avoid transactions with those who have a record of dishonesty, and include clauses on honest behavior in the signed contracts.	No material difference
(II) Does the company have a dedicated unit directly under the Board of Directors to promote corporate integrity, which will report regularly (at least once a	✓		The company designates the General Manager's Office as the dedicated unit, under the Board of Directors, to handle the revision, execution, interpretation, consultation services, notification content registration and filing, and other related operations and supervise their implementation,	No material difference

Evaluation Item	Operation (Note)			Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Description	
year) to the Board of Directors on the ethical management policies and programs against unethical conduct and oversee their implementation?			reporting to the Board of Directors from time to time.	
(III) Does the company have policies to prevent conflicts of interest, provide proper appeal channel, and implement them?	✓		To prevent conflicts of interest, the company has established the 'Ethical Corporate Management Principles,' 'Code of Ethical Conduct,' and 'Whistleblowing System,' with a dedicated reporting section on the company's official website managed by the audit department.	No material difference
(IV) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		The company has set up accounting and internal control systems to ensure the effectiveness of financial reporting processes and internal controls. The internal audit unit regularly assesses risks, develops audit plans, conducts relevant audits based on these plans, carries out special audits when necessary, and reports audit results periodically to the audit committee and the board of directors. This is done to help the management understand how the company's internal controls are being implemented and to achieve management goals.	No material difference
(V) Does the company hold regular internal and external education and training on ethical corporate management?	✓		Our company promotes integrity management by using internal network, email, and mobilizing monthly meetings to raise awareness on integrity-related issues. We also provide integrity promotion courses for new employees when they join the company.	No material difference
III. Operation of the Company's Whistle blowing System (I) Does the company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff for the accused party?	✓		1.Our company has established a whistleblowing system and procedure. Individuals involved in various business activities, upon discovering any facts that violate integrity and honesty, can report through the following channels: (1) Internal: Establishment of a reporting hotline and an employee complaint handling system (2) External: Establishment of a hotline and email for reporting unethical behavior on the company website (http://www.superalloy.tw), with the audit department responsible for handling it (3) Upon submission of the report, an investigation process will be initiated. A committee comprising legal, labor, occupational safety, and HR representatives will be established to conduct the investigation. 2.Develop procedures for lodging complaints, define the responsible units for case acceptance, and outline the process for handling incidents in accordance with the "Regulations on Reporting, Processing, and Investigating Incidents". Ensure compliance with personal data confidentiality laws and strictly prohibit retaliatory actions against colleagues.	No material difference
(II) Does the company have standard operating procedures for the investigation of reported matters, as well as follow-up measures and relevant confidentiality mechanisms after the completion of the investigation?	✓			No material difference
(III) Does the company take measures to protect whistleblowers from being subjected to improper treatment as a result of reporting?	✓		Procedures for filing complaints, defining the units responsible for case acceptance, and outlining the incident handling process are established through the "Regulations on Reporting, Handling, and Investigation of Incidents" and the Employee Complaint Handling System. The procedures include provisions for protecting complainants, ensuring personal data confidentiality, and strictly prohibiting retaliatory actions against colleagues.	No material difference
IV. Information Disclosure Enhancement Has the company disclosed the contents of its	✓		The company has published the Ethical Corporate Management Principles on its website and has developed the "Code of Ethical Conduct" with the aim of improving the behavioral literacy,	No material difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Operation (Note)</th><th rowspan="2">Differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?</td><td></td><td></td><td>professional ethics, and professional capabilities of the company and all employees. Our company believes that as an organization operating with integrity, the actions of each employee will impact the entire organization they serve and its reputation. Every employee has an obligation to, within legal limits, maximize the company's interests as much as possible; they also have a responsibility to prevent any decrease or loss of the company's interests.</td><td></td></tr>
<tr><td colspan="5">V. Describe the differences between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies": The company has established a ethical corporate management principles, Code of Ethical Conduct, operational procedures for ethical operations, and behavioral guidelines. Company personnel are required to adhere to relevant regulations when conducting business. The company's operational direction aligns closely with the established 'Code of Ethical Conduct' without significant differences.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies: None.
1.The Company complies with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the regulations related to public companies, or other laws and regulations related to business practices as the basis for implementing ethical corporate management.
2.The Company's "Rules and Procedures of Board of Directors Meetings" clearly stipulate a system for recusal of directors' interests. If a director or the legal entity he/she represents has an interest in a matter discussed at the board meeting, such director shall state comments and inquiries at that board meeting. If there is a risk of harming the interests of the Company, the said director shall not participate in discussion and voting, shall recuse themselves from discussions and voting, and shall not act as a proxy for other directors to exercise their voting rights.
3.The Company's "Operating Procedures for Handling of Material Information and Prevention of Insider Trading" clearly stipulate that directors, managers and employees shall conduct their business in good faith and on the basis of the duty of care and loyalty as good managers, and shall sign confidentiality agreements. Directors, officers and employees who learn of material internal information of the Company shall not disclose the said information they learn to others. They shall not inquire or collect any company's undisclosed material internal information that is irrelevant to their personal duties from those who learn of the material internal information, nor shall they disclose to others any company's undisclosed material internal information they learn otherwise than in the course of business.
4.Our company has always operated with integrity, following relevant laws and internal control systems to ensure ethical business practices. We strictly prohibit dishonesty or violations of laws and have established a neutral unit for necessary consultation and approval.
5.Our company has obtained directors' and officers' liability insurance for directors, managers, and key employees to mitigate the risks arising from their roles and safeguard the interests of investors.</td></tr>
</table>

(VII) If the Company has established corporate governance principles and other relevant guidelines, references to such principles should be disclosed:

The company has published relevant regulations on its website (http://www.superalloy.tw) for consultation.

(VIII) Other significant information sufficient to enhance the understanding of corporate governance and operation may be disclosed together with:

The company has published corporate governance information on its website (http://www.superalloy.tw) to make relevant regulations available for reference.

(IX) The following matters on the implementation status of the internal control system should be disclosed:

1. Statement of Internal Control (Please refer to page 42 for details).
2. If a CPA is engaged to audit the internal control system, disclose his/her audit report: None.

(X) For penalties in the most recent year and up to the publication date of this annual report that are imposed on the Company and internal personnel by law, or imposed by the Company on internal personnel for violating the provisions of the internal control system, the content of the penalties, major deficiencies, and improvement status: None.

SuperAlloy Industrial Co., Ltd.
Statement of Internal Control System

Date: March 07, 2024

We hereby make the following statement about our internal control system for the year 2023 based on the assessments we've performed:

I. We acknowledge that it is the responsibility of our Board of Directors and managers to establish, implement and maintain an internal control system, and we have established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of operation (including profitability, performance and security of assets), reliability, promptness and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the environment and circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and upon identification of the defects, we will take immediate corrective action.

III. We determine whether the design and implementation of our internal control system is effective in accordance with the criteria for judging the effectiveness of the internal control system as stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"). The criteria for the internal control system adopted under the Governing Regulations are the five underlying elements of internal control system divided based on the process of management control, namely: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. monitoring. Each of the elements further contains several items. Please refer to the Governing Regulations for details.

IV. We have adopted the aforementioned criteria for evaluating the effectiveness of the design and implementation of the internal control system.

V. Based on the results of the aforementioned evaluation, we believe that the design and implementation of our internal control system as of December 31, 2023 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, promptness and transparency of reports, and compliance with relevant regulatory requirements, is effective, and that it can reasonably assure the achievement of the aforementioned objectives.

VI. This statement will constitute an integral part of our annual report, and will be made public. In case of any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement, the Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Declaration has been passed by the Board of Directors in their meeting held on March 07, 2024, with zero of the 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Declaration.

SuperAlloy Industrial Co., Ltd.

Chairman: Tsung-Jung Huang

General Manager: Tsung-Jung Huang

(XI) Significant resolutions made during shareholders' meetings and board meetings in the most recent year and up to the publication date of this annual report:

1. Major resolution at shareholders' meetings and board of directors meetings:

Conference Date	Session	Major resolution
2023/02/20	14th 13th Board of Directors	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Progress report on treasury stock execution in 2022. 5. Approval of Amendment to Rules of Procedure for the Board of Directors Meetings. 6. Approval of the date of the 2023 shareholders' meeting, agenda, and the period for accepting shareholder proposals.
2023/04/17	14th 14th Board of Directors	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Approval of the Company's 2022 Business Report, Individual Financial Report and Consolidated Financial Statements. 5. Approval of the Company's 2022 Earnings Distribution. 6. Approval of the Company's Statement of Internal Control System for 2022. 7. Approval of Evaluation of the independence and performance of the CPAs in 2022. 8. Approval of delegation and compensation of CPAs for the Company in 2023. 9. Accountants, their firms, and related entities are approved to offer non-assurance services to the Company and its subsidiaries after obtaining prior approval. 10. Approval of the distribution of 2022 remuneration to employees and that to directors. 11. Approval of the appointment of the corporate governance supervisor. 12. Approval of processing the employee welfare savings trust cases. 13. Approval of discussion regarding the treasury stock transfer to the agent.
2023.06.26	14th 15th Board of Directors	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Approval of determining the ex-dividend date for cash dividend distribution. 5. Approval of providing funding to subsidiaries. 6. Approval of Amendment to Rules of Procedure for the Board of Directors Meetings. 7. Approve that evaluation reports for derivative financial product transactions are authorized to be approved by the general manager. 8. Approve that internal audit reports are authorized to be approved by independent directors. 9. Approval of revising the regulations of the salary and compensation committee. 10. Approval of amendment to compliance with laws, regulations, and bylaws, and revision of sales and collection cycle, procurement and payment cycle, production cycle, real estate, plant and equipment cycle, payroll cycle, financing cycle, internal audit operation procedures and self-inspection operation criteria for internal control system. 11. Approval of revising Authority Table.
2023.08.07	14th 16th Board of Directors	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Approval of amending the methods for treasury stock transfer to employees. 5. Approval of canceling the company's buyback of 2,504,000 shares of treasury stock for the first time, 1,493,000 shares for the second time, and 63,000 shares for the fourth time. 6. Approval of convening a special shareholders' meeting. 7. Approval of the Company's consolidated financial statements for the first half of 2023 8. Approval of improving the progress report on self-prepared financial statement compilation 9. Approval of amendment to the Procedure for the Acquisition or Disposal of Assets 10. Approval of revision of sales and collection cycle, financing cycle, research and development cycle, and internal significant information processing and prevention of insider trading management procedures. 11. Approval of allocating employee compensation and management bonuses for the company's 2022 fiscal year. 12. Approval of number of shares available for subscription after the treasury stock transfer to agent for the second time in 2023. 13. Approval of Amendment to the Remuneration Payment Rules for Directors (including Independent Directors) and Functional Committee Members. 14. Approval of application for the initial public offering of stocks by the company. 15. Approving that, prior to the initial public offering of the company's stock, a cash increase will be conducted to issue new shares for public underwriting, with the intention of requesting all current shareholders to relinquish their rights to preferential subscription for new shares.
2023.10.16	14th 17th Board of Directors	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Report on improving the progress of self-preparing financial statements. 5. Report on compliance status. 6. Approval of review and examination of the nomination qualifications of directors (including independent directors) of the Company. 7. Approval of lifting the director and the representative of non-competition restrictions. 8. Approval of revising the accounting system 9. Approval of revising the Management of Financial Statement Preparation Procedure 10. Approval of revising the sale and collection cycle

Conference Date	Session	Major resolution
		11. Approval of revising the Production Cycle Authority Table. 12. Approval of developing ethical corporate management principles. 13. Approval of developing regulations of ethical conduct. 14. Approval of developing the Operating Procedures and Code of Conduct for Ethical Corporate Management. 15. Approval of developing procedures for reporting new internal personnel (dis)engagement data 16. Approval of developing the Standard Operating Procedures for Handling Requests from Directors 17. Approval of developing regulations governing shareholder rights exercise and participation in decision-making by legal entities with control capabilities 18. Approval of developing financial operation norms between affiliates 19. Approval of developing procedures for handling whistleblowing reports. 20. Approval of appointing independent director to conduct an audit and approve derivative financial product transaction records.
2023.11.13	15th 1st Board of Directors	1. Tsung-Jung Huang, the 15th elected director, was re-elected to continue serving as chairman. 2. Appoint Ding-Wang Zheng, Ming-Hsiu Cheng, and Wen-Chung Chen as independent directors to serve as members of the sixth Remuneration Committee.
2023.12.08	15th 2nd Meeting	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Report on Directors' Liability Insurance Application. 5. Report on improving the progress of self-preparing financial statements. 6. Report on the Implementation of the Sustainable Development Committee. 7. Financial forecasts for Q4 2023 and Q1 2024. 8. Approval of the budget for 2024. 9. Approval of authorizing Director Ke-Chang Liu to approve the internal audit report and sign off on the ledger for derivative financial transactions. 10. Approval of financial statements for the third quarter of 2023. 11. Approval of investment case worth 100 million dollars. 12. Approval of capital expenditures for 2024. 13. Approval of 2024 Audit Plan. 14. Approval of "Statement of Internal Control System" from October 1, 2022 to September 30, 2023. 15. Approval of revising the sale and collection cycle. 16. Approval of the amendment to Corporate Governance Best-Practice Principles. 17. Approval of renaming and revision in compliance with corporate social responsibility guidelines and laws. 18. Approval of the amendment to Management of Personal Information Protection. 19. Approval of authorizing the chairman, before the initial public offering, to coordinate with the lead underwriter and enter into the "Over-Allotment Agreement". 20. Approval of lending business funds to subsidiaries for repayment of short-term financing. 21. Approval of revising the regulations of the salary and compensation committee. 22. Approval of developing the Compensation and Remuneration Regulations for directors, independent directors, functional committee member, and managers. 23. Approval of the performance evaluation criteria for 2024 by the directors and independent directors of the company. 24. Approval of the performance evaluation criteria for the company's managers in 2024. 25. Approval of year-end bonus for the company's executive directors and managers in 2023
2024.03.07	15th 3rd Meeting	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Approval of revising the revenue budget for Q1 2024. 5. Approval of promoting the company's acting general manager to be permanent. 6. Approval of cash capital increase to issue new shares for public underwriting before the company's stock listing. 7. Approval of the Company's 2023 Business Report, Individual Financial Report and Consolidated Financial Statements. 8. Approval of the Company's 2023 Earnings Distribution. 9. Approval of the Company's Statement of Internal Control System for 2023. 10. Approval of Evaluation of the independence and performance of the CPAs in 2023. 11. Approval of delegation and compensation of CPAs for the Company in 2024. 12. Accountants, their firms, and related entities are approved to offer non-audit services to the Company and its subsidiaries after obtaining prior approval. 13. Approval of re-enactment of the general principles of internal control system. 14. Approval of revising the Operational Procedures for Loaning of Company Funds. 15. Approval of revising the regulations on the use of seals. 16. Approval of revising the rules for board meetings. 17. Approval of revising Audit Committee Organization Regulations. 18. Approval of enacting Risk Management Guidelines. 19. Approval of the distribution of 2023 remuneration to employees and that to directors, along with appropriation for the management. 20. Approval of treasury stock transfer to agent for the first time in 2024. 21. Approval of employee stock subscription method for the initial public offering and the internal personnel subscription list. 22. Approval of scheduling the date of the 2024 shareholders' meeting, agenda, and the period for accepting shareholder proposals. 23. Approval of amendment to the Organizational Regulations of the Sustainable Development Committee.

Conference Date	Session	Major resolution
2024.05.07	15th 4th	1. Important Financial Business Statements. 2. Report on the implementation status of internal audits. 3. Report on the evaluation of derivative products. 4. Approval of Financial Statements for the first quarter of 2024. 5. Approval of appointing Wan-Yu Liu and Ding-Wang Zheng as independent directors for the Sustainable Development Committee. 6. Approval of preparation report for the 2023 sustainability report by the company. 7. Approve that the SuperAlloy Industrial Co., Ltd. employee welfare savings association be dismissed. 8. Approval of initiating employee stock trust business. 9. Approval of amending the Profit Distribution Table.

2. Review of the implementation status of the 2023 annual shareholders' meeting resolutions:

Resolution matters	Implementation status review
To accept 2022 Business Report and Financial Statements	The case is recognized based on the voting results showing that the approval votes meet the statutory requirements
The Company's earnings distribution for 2022 is recognized	The case is recognized based on the voting results showing that the approval votes meet the statutory requirements The company's Articles of Incorporation stipulate the dividend distribution scheme, with dividends distributed in cash or stock as determined by the board of directors, subject to approval by the shareholders' meeting. The company plans to distribute a cash dividend of 2 dollars per share in 2022, pending approval by the shareholders' meeting and submission for regulatory approval. The board of directors will set the record date for additional share issuance, distribution date, and other related matters. In case changes in laws and regulations, adjustments by regulatory authorities, or changes in the company's capital lead to fluctuations in the number of outstanding shares and consequently affect the shareholder's rights issue rate, the Chairman is fully authorized to manage and make necessary adjustments.

(XII) The different opinions of directors or supervisors on important resolutions adopted by board meetings that are documented or declared in writing in the most recent year and up to the publication date of the annual report, and the main content thereof: None.

(XIII) Summary table of resignation or dismissal for chairman, general manager, accounting supervisor, finance supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year up to the publication date of this annual report: None.

Title	Name	Date of Arrival	Date of Dismissal	Reasons for resignation or dismissal
None	None	None	None	None

(XIV) Other disclosures: None.

V. Information on CPA Fee:

Unit: In Thousands of New Taiwan Dollars

CPA Firm	CPA Name	CPA's Duration of Audit	Audit Fee	Non-Audit Fee	Total	Remarks
PwC Taiwan	Mei-Lan Liu	2023.01.01~2023.12.31	5,130	489	5,619	Non-audit public expenses mainly consist of document photocopying, domestic and overseas business trips, and inventory expenses
	Su-Hua Hung					

(I) If there is a replacement of the accounting firm and the audit fees for the year in which the replacement occurred are less than those for the prior year, the amounts paid for audit fees before and after the replacement as well as the reason for the fee reduction should be disclosed: Not applicable.

(II) If there is a 10% or more reduction in the audit fees compared to those for the prior year, the amount and percentage of reduction as well as the reason for the audit fee reduction should be disclosed: Not applicable.

VI. Information on Change of CPA: When there is a change in accountants in the recent two years and subsequent periods, the following matters should be disclosed: Not applicable.

(I) Information regarding the former CPAs:

<table>
<tr><td>Date of replacement</td><td colspan="4">Approved by the Board of Directors on April 18, 2022</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">Our company's visa accountant was originally appointed by the accountants Yu-Chuan Wang and Su-Hua Hung from PwC. Due to PwC's internal rotation policy, starting from 2022, the appointed accountants of our company will be changed from Yu-Chuan Wang and Su-Hua Hung to Su-Hua Hung and Mei-Lan Liu.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Party
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accepted (discontinued) the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Disagreement with the Company?</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td>Specify details</td><td colspan="3">Not applicable</td></tr>
<tr><td>Other disclosures
(Any matters required to be disclosed under sub-items d to g of Article 10.6.A)</td><td colspan="4">None</td></tr>
</table>

(II) Information Regarding the Successor CPAs:

Name of accounting firm	PwC Taiwan
CPA Name	Accountants Su-Hua Hung and Mei-Lan Liu
Date of engagement	April 18, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not applicable

(III) Information regarding the former CPAs: Not applicable.

VII. For the Company's Chairman of the Board, General Managers, or any manager in charge of financial or accounting operations who has, in the most recent year, held a position at the accounting firm of its CPA or its related companies, the name, title, and duration of service in the firm that the CPAs belong to or its affiliate shall be disclosed: None.

VIII. Change in the Transfer and Pledge of Shares by Directors, Supervisors, Managers, and Shareholders Holding over 10% of Outstanding Shares in the Most Recent Year and up to the Publication of the Annual Report:

(I) Changes in equity of directors, supervisors, managers and major shareholders:

Title	Name	2022		2023		As of March 31 of the year 2024	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
Chairman and CEO	Tsung-Jung Huang	470,800	—	620,000	(800,000)	—	—
Director	Yung-Ming Investment Co., Ltd.	208,596	—	—	—	—	—
	Representative: Chih-Hsiang Chang (Note 1)	2,000	—	—	—	Not applicable	Not applicable
	Representative: Chiu-Yueh Chang (Note 1)	Not applicable	Not applicable	—	—	—	—
Director	Jeng-Yi Business Management Consultant Co., Ltd.	516,800	—	—	(470,000)	—	—
	Representative: Shun-Chung Wang	—	—	—	—	—	—
Director	Guang Li Car Co., Ltd. (Note 2)	417,300	—	—	(4,000)	Not applicable	Not applicable
	Representative: De-Shing Chen (Note 3)	36,033	(360,000)	Not applicable	Not applicable	Not applicable	Not applicable
	Representative: Sheng-Lin Chen (Note 3)	—	—	—	—	Not applicable	Not applicable
Director	Huei-Chuang Investment Co., Ltd. (Note 4)	179,500	—	(441,000)	—	Not applicable	Not applicable
	Representative: Chein-Chung Chu	—	—	—	—	Not applicable	Not applicable
Director	Hao-Wang Investment Co., Ltd. (Note 5)	184,600	—	—	—	Not applicable	Not applicable
	Representative: Yi-Cheng Chen (Note 6)	—	—	Not applicable	Not applicable	Not applicable	Not applicable
	Representative: Yung-Hsiang Lu (Note 6)	Not applicable	Not applicable	—	—	Not applicable	Not applicable
Director	Mao-Lin Shìh	—	—	—	—	—	—
Director	Ke-Chang Liu	90,000	(690,000)	10,000	—	—	—
Director	Long-Cheng Wei (Note 7)	Not applicable	Not applicable	—	—	—	—
Independent Director	Ding-Wang Zheng	—	—	—	—	—	—
Independent Director	Wan-Yu Liu (Note 7)	Not applicable	Not applicable	—	—	—	—
Independent Director	Ming-Hsiu Cheng (Note 7)	Not applicable	Not applicable	—	—	—	—
Independent Director	Wen-Chung Chen (Note 7)	Not applicable	Not applicable	—	—	—	—
Vice General Manager in person	Ben, Huang	43,256	—	200,000	—	—	—
Assistant Manager	Yu-Chih Kao (Note 8)	Not applicable	Not applicable	75,000	—	—	—
Assistant Manager	Shih-Heng Kuo (Note 8)	Not applicable	Not applicable	130,000	—	—	—

Title	Name	2022		2023		As of March 31 of the year 2024	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
Assistant Manager	Hsin-Hao Tseng (Note 9)	Not applicable	Not applicable	—	—	—	—
Head of Finance Department	Kelly Wang	5,500	—	50,000	—	—	—
Head of Accounting Department	Yu-Ping Lin	19,112	—	200,000	—	—	—

Note 1: Yung-Ming Investment Co., Ltd. appointed Chiu-Yueh Chang as the new representative on November 13, 2023, and declared her as an insider; the former representative Chih-Hsiang Chang ceased to be an insider on November 13, 2023, with the share calculation effective until November 12, 2023.

Note 2: Guang Li Car Co., Ltd. and its representative Sheng-Lin Chen resigned following the special shareholders' meeting on November 13, 2023. Insider was relieved on the same day. Share calculations are based on data up to November 12, 2023.

Note 3: The former representative of Guang Li Car Co., Ltd., De-Shing Chen, passed away and resigned on December 2, 2022. The insider was relieved on November 27, 2022, with the share calculation up to November 26, 2022. Guang Li Car Co., Ltd. reassigned Sheng-Lin Chen as the representative on December 26, 2022, and reported as an insider.

Note 4: Huei-Chuang Investment Co., Ltd. and its representative Chein-Chung Chu resigned after the special shareholders meeting on November 13, 2023, and the insider was relieved on November 13, 2023. The share calculation is up to November 12, 2023.

Note 5: Hao-Wang Investment Co., Ltd. and its representative Yung-Hsiang Lu resigned following the special shareholders meeting on November 13, 2023. Insider was relieved on the same day. Share calculations are based on data up to November 12, 2023.

Note 6: Hao-Wang Investment Co., Ltd. reassigned Yung-Hsiang Lu as the representative on April 1, 2023, and declared him as an insider; the former representative Yi-Cheng Chen ceased to be an insider on April 1, 2023, with the share calculation up to March 31, 2023.

Note 7: Elected as a director of the 15th board of directors in the special shareholders meeting on November 13, 2023, and disclosed as an insider.

Note 8: Apply for insider on May 3, 2023.

Note 9: Apply for insider on September 01, 2023.

(II) Those who are related parties in equity transfers: None

(III) Those who are related parties in the context of equity pledge: None

IX. Information on the Relationships Among the Ten Largest Shareholders, Who May Be Related Parties to Each Other or Be Spouses or Relatives within the Second Degree of Kinship:

March 29, 2024

Name	Principal Shareholding		Shareholding by Spouse and Underage Children		Aggregate Shareholding in the Name of Others		Title/Name of the Ten Largest Shareholders, Who May Be Related Parties to Each Other or Be Spouses or Relatives within the Second Degree of Kinship, and the Relationships		Remarks
	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Number of Shares	Share-holding Ratio	Title (or Name)	Relationship	
Jeng-Yi Business Management Consultant Co., Ltd.	5,684,800	2.65	-	-	-	-	Tsung-Jung Huang	The person in charge of the company	-
Yung-Cheng Hsu	5,051,992	2.36	-	-	-	-	Yung-Ming Investment Co., Ltd.	Director of the company	-
							Yung-Chi Hsu	Brothers	
Guang Li Car Co., Ltd.	4,590,300	2.14	-	-	-	-	-	-	-
Jih-Hsin Hsu	4,543,100	2.12	-	-	-	-	-	-	-
Hui-Ling Li	3,444,773	1.61	3,286,154	1.53	-	-	Yung-Chi Hsu	Spouse	-
Tsung-Jung Huang	3,408,800	1.59	-	-	-	-	Jeng-Yi Business Management Consultant Co., Ltd.	The person in charge of the company	-
Yung-Chi Hsu	3,286,154	1.53	3,444,773	1.61	-	-	Hui-Ling Li	Spouse	-
							Yung-Ming Investment Co., Ltd.	The person in charge of the company	
							Yung-Cheng Hsu	Brothers	
Yunlin County Fude SuperAlloy Social Welfare Charity Foundation	2,717,286	1.27	-	-	-	-	-	-	-
Yung-Ming Investment Co., Ltd.	2,294,557	1.07	-	-	-	-	Yung-Chi Hsu	The person in charge of the company	-
Management Consulting Co., Ltd.	2,038,300	0.95	-	-	-	-	-	-	-

V. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company

Comprehensive Shareholding

Unit: Shares; %

Reinvestment Business (Note)	Investments of the Company		Investments of Directors, Supervisors, Managers, and Enterprises Controlled Directly or Indirectly by the Company		Comprehensive Investment	
	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
SuperAlloy Manufaktur GmbH	-	100%	-	-	-	100%

Note: Long-term investments accounted for using equity method by the Company. Kunshan Subo Yalu Trading Co., Ltd. has completed liquidation in September 2020.

D. Capital Raising Overview

I. Capital and Shares:

(I) Source of share capital

1. Capitalization:

April 30, 2023; Unit: NT$

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of share capital	Share payment offset by property other than cash	Others
1994.06	1,000	28	28,000	28	28,000	Cash setup	-	-
1998.07	10	30,000	300,000	16,000	160,000	Cash Capital Increase 132,000 thousand (Note 1)	-	Commercial(087) Letter No. 087120916
1999.05	12	30,000	300,000	19,800	198,000	1. Cash Capital Increase 30,000 thousand (Note 1) 2. Surplus to Capital Increase 8,000 thousand (Note 1)	-	-
2000.08	12	90,000	900,000	52,770	527,700	1. Cash Capital Increase 300,000 thousand (Note 2) 2. Surplus to Capital Increase 29,700 thousand (Note 2)	-	-
2001.08	10	90,000	900,000	62,770	627,700	Cash Capital Increase 100,000 thousand (Note 3)	-	-
2002.07	10	90,000	900,000	80,000	800,000	Cash Capital Increase 172,300 thousand (Note 4)	-	-
2003.05	16	120,000	1,200,000	100,000	1,000,000	Cash Capital Increase 200,000 thousand (Note 5)	-	-
2004.06	16	120,000	1,200,000	108,000	1,080,000	Cash Capital Increase 80,000 thousand (Note 6)	-	-
2004.12	16	150,000	1,500,000	120,000	1,200,000	Cash Capital Increase 120,000 thousand (Note 7)	-	-
2005.01	16	150,000	1,500,000	142,500	1,425,000	Cash Capital Increase 225,000 thousand (Note 8)	-	-
2006.10	45	200,000	2,000,000	162,500	1,625,000	Cash Capital Increase 200,000 thousand (Note 9)	-	-
2007.10	0	250,000	2,500,000	14,050	1,765,500	Stock Grant - Surplus to Capital Increase (Note 10)	-	-
2008.04	13	250,000	2,500,000	83	1,766,330	Exercise employee stock options (Note 11)	-	-
2008.09	0	250,000	2,500,000	3,177.9	1,798,109	Stock Grant - Surplus to Capital Increase (Note 12)	-	-
2009.07	5	250,000	2,500,000	37,500	2,173,109	Cash Capital Increase 375,000 thousand (Note 13)	-	-
2010.04	11.5	250,000	2,500,000	1,083	2,183,939	Exercise employee stock options (Note 14)	-	-
2010.08	0	250,000	2,500,000	(35,533)	1,828,609	Reduce capital by 355,330 thousand (Note 15)	-	-

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of share capital	Share payment offset by property other than cash	Others
2012.04	13.1	250,000	2,500,000	188	1,830,489	Exercise employee stock options	-	MOEA DOC No. 10101159380 -
2012.07	12.6	250,000	2,500,000	137	1,831,859	Exercise employee stock options	-	Commercial (101) Letter No. 10101213130
2012.10	12.6	250,000	2,500,000	2,199.5	1,853,854	Exercise employee stock options	-	Commercial (102) Letter No. 10201009340
2013.01	12.6	250,000	2,500,000	714	1,860,994	Exercise employee stock options	-	MOEA DOC No. 10201047390
2013.01	19.3	250,000	2,500,000	2,071	1,881,704	Exercise employee stock options	-	MOEA DOC No. 10201047390
2013.03	12.6	250,000	2,500,000	186	1,883,564	Exercise employee stock options	-	MOEA DOC No. 10201085500 -
2013.03	19.3	250,000	2,500,000	8,619.5	1,969,759	Exercise employee stock options	-	MOEA DOC No. 1020185500
2013.08	11.1	250,000	2,500,000	44	1,970,199	Exercise employee stock options	-	MOEA DOC No. 10201175810 -
2013.08	17.8	250,000	2,500,000	435	1,974,549	Exercise employee stock options	-	MOEA DOC No. 10201175810
2013.10	11.1	250,000	2,500,000	41	1,974,959	Exercise employee stock options	-	MOEA DOC No. 10201238740 --
2013.10	17.8	250,000	2,500,000	223.5	1,977,194	Exercise employee stock options	-	MOEA DOC No. 10201238740 -
2014.01	11.1	250,000	2,500,000	12	1,977,314	Exercise employee stock options	-	MOEA DOC No. 10301036400 -
2014.01	17.8	250,000	2,500,000	678	1,984,094	Exercise employee stock options	-	MOEA DOC No. 10301036400 -
2014.04	17.8	250,000	2,500,000	162	1,985,714	Exercise employee stock options	-	MOEA DOC No. 10301086750
2015.02	16.2	250,000	2,500,000	266	1,988,374	Exercise employee stock options	-	MOEA DOC No. 1040152430 -
2020.06	-	400,000	4,000,000	-	1,988,374	-	-	MOEA DOC No. 10901195640 -

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of share capital	Share payment offset by property other than cash	Others
2022.08	10	400,000	4,000,000	218,315	2,183,151	Earnings of 103,232 thousand were transferred to capital increase, and capital surplus of 91,545 thousand was also transferred to increase the capital stock	None	MOEA DOC No. 11101162840
2023.09	10	400,000	4,000,000	214,255	2,142,551	Cancel treasury stock worth 40,600 thousand	None	MOEA DOC No. 11230160090

Note 1: Our company conducted a public offering in 2000, with cash capital increases and surplus capital increases in 1998 and 1999: Not applicable
Note 2: Approval Number: (89) Taiwan-Finance-Securities (I) No. 54864
Note 3: Approval Number: (90) Taiwan-Finance-Securities (I) No. 143426
Note 4: Approval Number: (91) Taiwan-Finance-Securities (I) No. 117445
Note 5: Approval Number: (92) Taiwan-Finance-Securities (I) No. 091100168505
Note 6: Approval Number: (93) Taiwan-Finance-Securities (I) No. 0930123291
Note 7: Approval Number: FSC Security I No. 0930149046
Note 8: Approval Number: FSC Security I No. 0930160043
Note 9: Approval Number: FSC Security I No. 0950139664
Note 10: Approval Number: FSC Security I No. 09600045298
Note 11: Approval Number: FSC Security I No. 0940157664
Note 12: Approval Number: FSC Security I No. 0970043207
Note 13: Approval Number: FSC Security I No. 0980013742
Note 14: Approval Number: FSC Security I No. 0940157664
Note 15: Approval Number: FSC Issuance No. 0990041687

2. Type of shares issued:

March 29, 2024; Unit: Share

Type of Shares	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	214,255,140	185,744,860	400,000,000	1. Emerging Stock 2. As of March 29, 2024, the company has repurchased a total of 1,373,000 shares.

3. Information about the shelf registration system: None

(II) Shareholder Structure

March 29, 2024; Unit: Person; Shares; %

Shareholder Structure	Government Agencies	Financial Institutions	Other Legal Entities	Foreign Institutions and Foreigners	Individuals	Treasury shares	Total
Number of shareholders	0	8	202	22	18,880	1	19,113
Number of Shares Held	0	845,730	24,749,945	1,310,636	185,975,829	1,373,000	214,255,140
Holding ratio%	0.00%	0.40%	11.63%	0.62%	87.36%	0.64%	100.00%

Note: This company does not have any PRC shareholders

(III) Share distribution

1. Common stock share distribution:

March 29, 2024; Unit: Share; %

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding
1 to 999	7,246	441,978	0.21%
1,000 to 5,000	7,923	16,473,359	7.69%
5,001 to 10,000	1,542	11,695,008	5.46%
10,001 to 15,000	614	7,606,397	3.55%
15,001 to 20,000	426	7,690,907	3.59%
20,001 to 30,000	411	10,238,344	4.78%
30,001 to 40,000	203	7,165,853	3.34%
40,001 to 50,000	143	6,563,432	3.06%
50,001 to 100,000	299	21,393,663	9.99%
100,001 to 200,000	170	22,924,443	10.70%
200,001 to 400,000	72	20,257,773	9.45%
400,001 to 600,000	21	10,022,381	4.68%
600,001 to 800,000	14	9,687,810	4.52%
800,001 to 1,000,000	5	4,499,705	2.10%
Over 1,000,001	24	57,594,087	26.88%
Total	19,113	214,255,140	100.00%

2. Preferred stock: None

(IV) List of Major Shareholders

(Ownership ratio reaches 5% or more or is among the top ten major shareholders)

March 29, 2024; Unit: Share; %

Shares / Name of Major Shareholder	Number of Shares Held	Shareholding
Jeng-Yi Business Management Consultant Co., Ltd.	5,684,800	2.65%
Yung-Cheng Hsu	5,051,992	2.36%
Guang Li Car Co., Ltd.	4,590,300	2.14%
Jih-Hsin Hsu	4,543,100	2.12%
Hui-Ling Li	3,444,773	1.61%
Tsung-Jung Huang	3,408,800	1.59%
Yung-Chi Hsu	3,286,154	1.53%
Yunlin County Fude SuperAlloy Social Welfare Charity Foundation	2,717,286	1.27%
Yung-Ming Investment Co., Ltd.	2,294,557	1.07%
Management Consulting Co., Ltd.	2,038,300	0.95%

(V) Market price, net worth, earnings, dividends per share, and related information for the last two years

Unit: In New Taiwan Dollars; Thousand Shares

<table>
<tr><td colspan="3">Item / Year</td><td>2022</td><td>2023</td></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>Unlisted</td><td>Unlisted</td></tr>
<tr><td colspan="2">Lowest</td><td>Unlisted</td><td>Unlisted</td></tr>
<tr><td colspan="2">Average</td><td>Unlisted</td><td>Unlisted</td></tr>
<tr><td rowspan="2">Book value per share</td><td colspan="2">Before distribution</td><td>34.93</td><td>36.34</td></tr>
<tr><td colspan="2">After distribution</td><td>32.93</td><td>34.32</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average share (thousand shares)</td><td>201,024</td><td>210,999</td></tr>
<tr><td colspan="2">Earnings per share before retrospective adjustments</td><td>2.90</td><td>2.88</td></tr>
<tr><td colspan="2">Earnings per share after retrospective adjustments</td><td>2.90</td><td>2.88</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>1.95832435</td><td>2.0129</td></tr>
<tr><td rowspan="2">Stock grants</td><td>Stock distributed from earnings</td><td>–</td><td>–</td></tr>
<tr><td>Stock distributed from capital surplus</td><td>–</td><td>–</td></tr>
<tr><td colspan="2">Accumulated unappropriated dividends (thousand)</td><td>–</td><td>–</td></tr>
<tr><td rowspan="3">Return on investment analysis</td><td colspan="2">Price-earnings (P/E) ratio</td><td>Unlisted</td><td>Unlisted</td></tr>
<tr><td colspan="2">Price-dividend (P/D) ratio</td><td>Unlisted</td><td>Unlisted</td></tr>
<tr><td colspan="2">Cash dividend yield rate</td><td>Unlisted</td><td>Unlisted</td></tr>
</table>

(VI) Company dividend policy and implementation

1. Dividend policy stipulated in the company’s Articles of Incorporation

After the Company’s annual financial statements show a profit, the Company must first allocate remuneration to employees and directors in accordance with Article 29 of the Company’s Articles of Incorporation. Subsequently, the Board of Directors will decide on the distribution, followed by the payment of taxes, offsetting of accumulated losses, and setting aside 10% as legal reserve. If the legal reserve reaches the Company’s paid-up capital, no further allocation is required. The remaining balance will be allocated or reversed according to legal requirements, along with the accumulated undistributed earnings. Priority will be given to distributing dividends to preferred shareholders for the current year. Any remaining balance will be subject to a profit distribution proposal prepared by the Board of Directors, which will be presented to the shareholders’ meeting for approval to distribute dividends to the shareholders. The Board of Directors is authorized to distribute dividends and bonuses in cash, subject to approval by two-thirds or more of the directors present, and a resolution by the majority of the directors present, and must report to the shareholders’ meeting as required by Article 240, Paragraph 5 of the Company Law.

The dividend policy of our company takes into account the company’s environment and growth stage, in response to the company’s future funding needs and long-term financial planning, etc. In addition to the distribution of profits in accordance with the preceding provisions, the total amount of shareholder dividends should be between ten percent and ninety percent of the accumulated distributable earnings, with cash dividends not less than twenty percent of the total shareholder dividends. However, the board of directors may adjust the ratio based on the overall operating conditions at that time and seek approval from the shareholders’ meeting.

2. Proposed distribution of shareholder dividends for the current year

In the fiscal year 2023, our company's distributable earnings amount to 3,665,691 thousand dollars, with a proposed cash dividend of 428,510 thousand dollars to be distributed to shareholders. The year-end undistributed earnings amount to 3,237,181 thousand dollars. The resolution was passed by the board of directors on March 7, 2024, and will be reported at the shareholders' annual meeting scheduled for May 27, 2024.

(VII) The effects of the proposed stock grants on the Company's business performance and earnings per share: Not applicable.

(VIII) Remuneration of Employees, Directors and Supervisors

1. The proportion or ranges with respect to remuneration to Employees, Directors and Supervisors as set forth in the Company's Articles of Incorporation

According to the Company's Articles of Incorporation, 3% ~ 15% of profit of the current year is distributable as employees' compensation, and no more than 3% of profit of the current year is distributable as remuneration to directors. However, if there are still accumulated losses, the amount for offsetting should be retained first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, distribute the abovementioned employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. The recipients of stocks or cash in the preceding section, including employees of subsidiary companies who meet specific criteria.

2. The basis for the estimation of the amounts of remuneration to employees and that to directors and supervisors accrued for the period and for the calculation of the number of shares to be distributed as employee profit-sharing, as well as the accounting treatment for the discrepancy, if any, between the appropriated and accrued amounts

The company determines the distribution percentage of employee and director remuneration by deducting the amount from the pre-tax net profit for each period, as stipulated in the company's Articles of Incorporation, and reports it as operating costs and expenses for the current year. When there is a variance between the actual allocation amount and the estimated number, the difference will be recognized as income or loss for the fiscal year based on accounting estimate adjustments.

3. The approval from the Board of Directors on the sharing of profit

(1) The amounts of the remuneration to employees and that to directors and supervisors in the form of cash or shares. If there is a discrepancy between the estimated and actual expenses for the year, the difference, reasons, and actions taken should be disclosed.

On March 07, 2024, our company's board of directors resolved to allocate the 2023 profit (the pre-tax net profit amount not yet allocated for employee compensation and director remuneration) of NT$ 798,229 thousand. This allocation includes 3.50% for employee compensation, amounting to NT$ 27,938 thousand, and 1.05% for director remuneration, amounting to NT$8,381 thousand, both to be paid in cash. There is no difference between the amount allocated in the previous item and the expense amount recognized in 2023.

(2) The amount of remuneration to employees in the form of shares, and the proportion of such amount to the aggregate amount of net income after tax and total employee remuneration for the period: Our company's employee compensation for the year 2023 was resolved by the board of directors on March 7, 2024 to be distributed entirely in cash.

4. Reporting on the distribution of remuneration and outcomes in the shareholders' meeting report

The company will present the distribution of employee and director remuneration for the year 2023 at the shareholders' meeting on May 27, 2024. Employee remuneration of 27,938 thousand dollars and director remuneration of 8,381 thousand dollars will be distributed entirely in cash.

5. Disclosure of any difference between actual remuneration distribution to employees, directors and supervisors (including the number of shares distributed, the amount and share price) and the recognized remuneration of employees, directors and supervisors, reasons thereof, and responses

Our company decided during the board meeting on April 17, 2023 to distribute employee remuneration of 25,682 thousand dollars and director remuneration of 7,705 thousand dollars, all in cash, for 2022.

The employee remuneration and director's fees mentioned above have been accounted for as expenses for the year 2022, with the recorded amount matching the distribution approved by the board of directors.

(IX) Buyback of the Company's shares by the Company:

In the most recent year and up to the date the Annual Report was printed

Number of buybacks of shares	First time in 2022	Second time in 2022
Time of Board Resolution	2022/08/08	2022/10/24
Buyback purpose	Transfer shares to employees	Transfer shares to employees
Price range for buyback (per share) scheduled	NT$ 42 ~ 88	NT$ 33 ~ 79
Type and number of buybacks (common stock)	5,000,000 shares	4,000,000 shares
Actual buyback period	2022/08/09~2022/10/08	2022/10/25~2022/12/23
Type and number of actual shares buyback (common stock)	2,840,000 shares	2,969,000 shares
Amount of actual shares buyback	NT$154,497,110	NT$136,657,626
Percentage of purchased quantity to planned purchase quantity (%)	56.80%	74.23%
The average buyback price per share	NT$54.40	NT$46.028
Number of shares canceled and transferred	2,840,000 shares transferred	1,596,000 shares transferred
Cumulative number of shares held in the Company	0	1,373,000 shares of common stock
Ratio of the cumulative number of shares held in the Company to the total number of issued shares% (Note)	0	0.64%

Note: Ratio of the cumulative number of shares held in the Company to the total number of issued shares (214,255,140 shares)

II. Corporate Bonds Processing Status: None.

III. Preferred Stock Processing Status: None.

IV. Global Depository Receipts (GDRs) Processing Status: None.

V. Employee Stock Option Warrants Processing Status: None.

VI. Restricted Stock Award Processing Status: None.

VII. Recently, the board of directors has approved the acquisition or transfer of shares of another company by issuing new shares up to the date of the latest annual report printing: None.

VIII. Implementation of Fund Utilization Plans: None.

E. Operation Overview

I. Scope of Operation:

(I) Business Scope:

1. SAI focuses on providing forging solutions such as the production and sale of aluminum alloy wheels and suspension system components. In addition to continuously developing new forging technologies, researching new material applications, enhancing design and engineering capabilities, improving the lightweight benefits of forging products, and continuously negotiating with other suitable industrial parts for forging services. Provide optimization suggestions during the customer design phase to address the complexity and diversity of surface treatment processes, meeting the requirements for product personalization and uniqueness.

2. Main Content: The content is as shown below

01. Designing, manufacturing, processing, and trading of aviation components.
02. Forging, designing, processing, buying, and selling of aluminum, copper, steel, titanium, alloys, and metal parts.
03. Design, manufacture, processing and trade of molds.
04. Manufacturing, processing, and trade of reinforcement couplers.
05. Import and export trade of aforesaid various products and raw materials.
06. Quote, bid, and distribute products from domestic and foreign manufacturers.
07. CD01030 Automobile and parts manufacturing industry.
08. CD01040 Motorcycle and parts manufacturing industry.
09. F114030 Wholesale industry for automotive and motorcycle parts.
10. F214030 Retail industry for the supply of automotive and motorcycle parts.
11. CH01010 Sports equipment manufacturing industry.
12. F109030 Wholesale industry of exercise equipment.
13. F209020 Exercise equipment wholesale and retail industry.
14. CA01040 Steel forging industry.
15. CA01050 Steel secondary processing industry.
16. CA01100 Aluminum processing industry.
17. CA02010 Metal building structure and component manufacturing industry.
18. F106010 Wholesale hardware industry.
19. F206010 Retail hardware industry.
20. CA03010 Metal heat treatment industry.
21. CA01130 Secondary processing industry for copper materials.
22. CA01030 Stationery manufacturing industry.
23. CE01030 Manufacturing of optical instruments.
24. CE01040 Watch manufacturing industry.
25. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

3. Proportion of business: Unit: In Thousands of New Taiwan Dollars; %

Year / Product	2022		2023	
	Sales amount	Ratio	Sales amount	Ratio
Forged aluminum rims	5,080,789	79.37	6,630,143	85.23
Aluminum material	740,812	11.57	644,881	8.29
Others (note)	580,138	9.06	504,292	6.48
Total	6,401,739	100.00	7,779,316	100.00

Note 1: Other main components include suspension parts, accessories, raw materials, and mold design and development revenue.

4. Current product offerings and upcoming product development plans:

(1) Current product (service) items:

A. Forged aluminum alloy wheels - forged wheels for various types of conventional power/hybrid power engines/electric motor-driven passenger vehicles (such as sedans, SUVs, sports cars), light trucks, and special vehicles.
B. Forged components for car suspension system.
C. Aluminum alloy casting rod.
D. Wheel accessories.

(2) Planned new products:

A. Development of multi-color surface treatment for forged wheels.
B. Development of components for electric bicycles.
C. Development of TUV standard card car wheels.
D. Others: Development of new aviation and semiconductor forging products.

(II) Forging Industry Overview:

1. Scope of application for forged products:

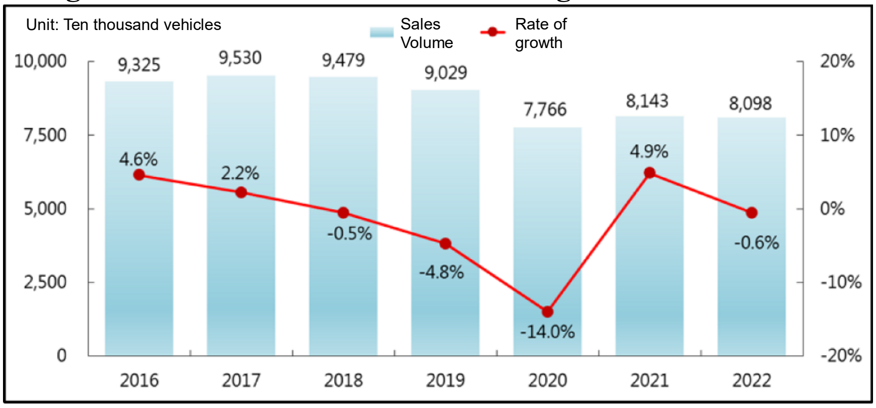
The forging industry is part of the intermediate metal processing sector within the manufacturing industry system. Forging is a manufacturing process that shapes metal using localized pressure. Shaping is carried out using a hammer (typically a power hammer) or a mold. It can be classified based on the temperature during the forming process: Cold forging, warm forging, or hot forging. For the latter two methods, the workpiece is heated before forging. The range of parts that can be forged varies in weight from less than one kilogram to several hundred tons. Forging has been practiced by blacksmiths for millennia, shaping metal materials into specific forms and dimensions through the pressure of impact or compression. Forging can alter the structure of metals, resulting in finer, more uniform, and fibrous materials, enhancing the mechanical properties of the metal. Since the Industrial Revolution, forged parts have been extensively utilized in mechanisms and machines that demand high-strength components, as well as in lightweight products or assemblies. Forged parts of this kind typically require additional processing, such as machining, to obtain the final product. Today, with the continuous advancement of forging technology, precision forging techniques are gradually replacing traditional cutting and casting processes. Our company primarily focuses on applying forging craftsmanship to aluminum wheels in the automotive industry. Therefore, our operational changes are closely linked to the prosperity of the automotive industry. The following explains the current situation and development of the automotive industry:

A. Automotive Industry

The automotive industry is a complex sector that demands high precision, technical expertise, and a high level of integration. As a result, the development cycle for its products and components is lengthy, typically spanning three to four years, and the manufacturing technology and processes involved are highly intricate. The main processes include forging, casting, stamping, assembling engines, transmission systems, and axles, assembling and painting chassis and body, and finally assembling, inspecting, and delivering the complete vehicle. Thanks to the government's long-term support for the domestic automotive components industry, Taiwan's automotive sector has developed a comprehensive supply chain system. Local automotive manufacturers boast advanced component manufacturing technology and delivery quality, making them key partners for major global automakers like Toyota Group, Volkswagen Group, Stellantis Group, and GM Group. Their growing significance in the global automotive industry supply chain is set to boost technological advancements in associated industries and increase market competitiveness.

The 2020 global automotive market saw a significant decline due to the COVID-19 pandemic, as outlined in the Global Automotive Market Review Report for the first half of 2022 and 2023 by the Automotive Research & Testing Center (ARTC). Although there was a slight recovery in 2021, the market had not fully returned to pre-pandemic levels. The first half of 2022 continued to be impacted by the pandemic and faced new challenges like the Russia-Ukraine war and inflation, causing shortages, cost increases, and production limitations for car manufacturers. This led to delays in new car deliveries. However, the second half of 2022 saw a gradual recovery, with easing component shortages and only a slight 0.6% decline in global car sales compared to 2021. In the first half of 2023, global car sales grew by 8.5% from the same period in 2022 as the global market moved past the COVID-19 crisis and countries implemented more open policies, gradually relieving supply chain pressures.

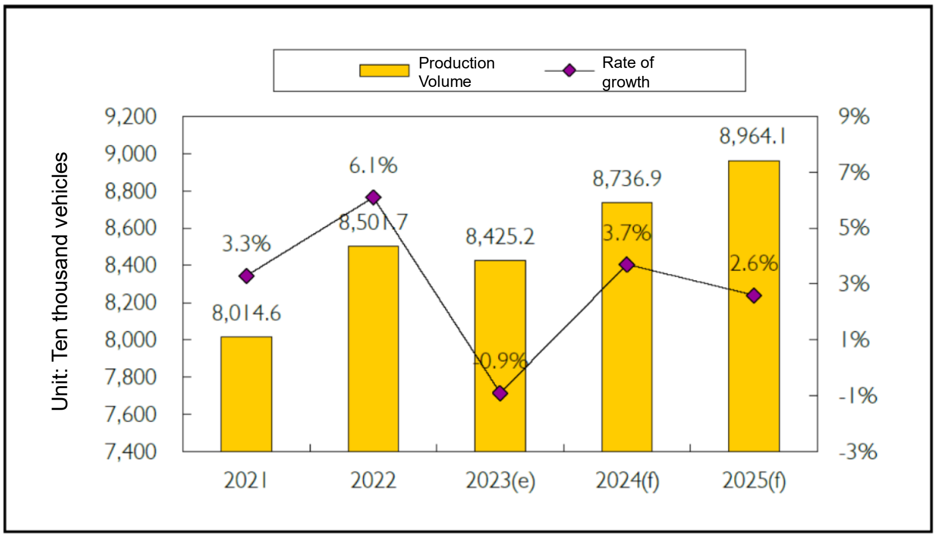
Changes in global car market sales volume and growth rate from 2016 to 2022



Source: According to the March 2023 statistics from LMC Automotive, the information is compiled by the Vehicle Center.

According to research data from the International Division of the Industrial Technology Research Institute, the global automotive production scale is expected to grow by 3.7% and 2.6% in 2024 and 2025, respectively, as the supply chain gradually returns to normal operation.

Global Car Production Scale from 2021 to 2025



Source: OICA, Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2023/05).

B. Automotive components sector

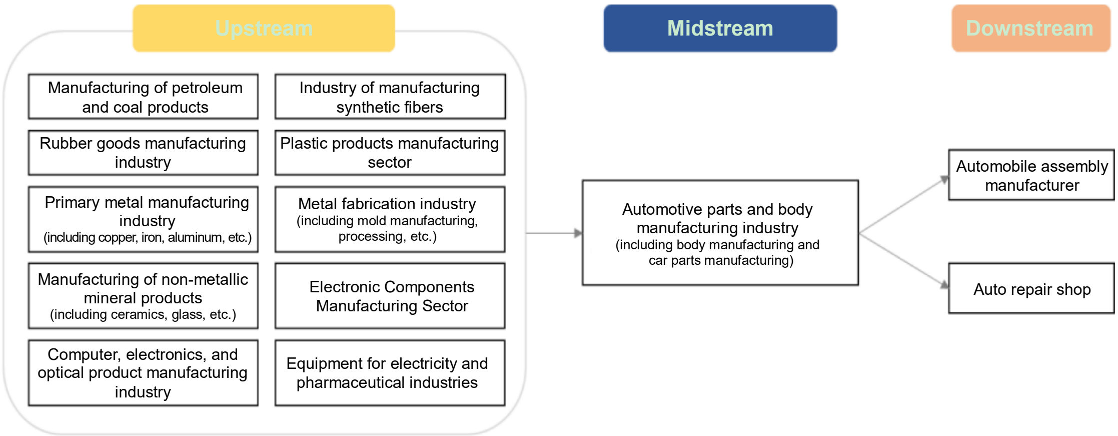
Automotive components are mainly used to provide the automotive manufacturing industry and repair shops with replacement parts. These components can be divided into metal components and non-metal parts, including supply for various industries such as petrochemicals, glass, steel, rubber, electrical, and electronics, covering a wide range of industries.

In 2020, Taiwan's automotive components industry had a total output value of NT$ 173.072 billion. By 2021, the impact of the COVID-19 pandemic had slightly eased due to widespread vaccination, leading to a gradual recovery of the global supply chain and an increase in market demand. This resulted in the total output value rising to NT$ 202.914 billion, a growth of 17.2% from the previous year. Among them, there are 7 manufacturers in the automotive wheel components industry, accounting for approximately 6% of Taiwan's total automotive components industry output value (about NT$ 12.78 billion). Moving into 2022, the total output value increased to NT$ 213.71 billion, marking a 5.7% growth from the previous year. In 2023, based on the evaluation of the Industrial Technology Research Institute's Industrial Economics and Knowledge Center on major export countries such as North America, the European Union, and Japan, the accumulation of used cars and the demand for aftermarket maintenance have triggered a slight growth in the export of automotive components. The total output value of Taiwan's automotive components industry is estimated to reach NT$ 216.71 billion, with a slight increase of 1.4% compared to the previous year.

(2) The relationship between upstream, midstream, and downstream industries

The forged aluminum wheels sold by our company are automotive components, making us one of the suppliers in the automotive industry chain. Given the extensive scope of the automotive industry, it covers a wide range from upstream system design and raw material supply to downstream vehicle assembly and after-sales maintenance. The industry chain formed by the collaboration between relevant satellite manufacturers and various industries is vast. Our company primarily focuses on providing automotive components, illustrating the interconnectivity of the industry's upstream, midstream, and downstream sectors as shown below:

Industry correlation diagram for the automotive parts and body manufacturing sector



Source: Taiwan Industry Economics Services

(3) Various trends and competitive situations in product development

According to the latest report from Skyquest Technology Group, the metal forging market is expected to experience significant growth in the upcoming years. This growth is primarily attributed to the continuous rise in demand across various sectors including automotive, defense and aerospace, shipbuilding, power industry, oil and gas, construction machinery, agriculture, and more. By 2030, the global metal forging market is forecasted to reach $145.44 billion, with a projected compound annual growth rate of 7.7% throughout the forecast period. Aluminum forging parts are extensively used in various applications where safety is crucial and lighter metals are required to achieve energy efficiency or speed. These parts find wide applications in automobiles, push-pull machines, aircraft, power generation, drilling equipment, and ships. The aluminum raw materials sector is projected to experience the highest compound annual growth rate during the forecast period.

A. Streamlining

In the automotive industry, low energy consumption remains an important goal. Lightweighting of vehicles can reduce energy consumption. Essentially, for every 10% reduction in weight, there can be a 6 to 8% decrease in fuel consumption, leading to a 5.5% increase in fuel efficiency. As vehicle weight decreases, inertia decreases, resulting in lower rotational inertia resistance on the driving wheels, reducing energy losses transmitted to the rear wheels and thereby enhancing acceleration performance. Decreasing the spring mass improves suspension response, enhances ride quality, and boosts braking performance. Reducing braking distance improves safety performance of the car. With strength higher than common cast wheels, true roundness, or minimal deformation effectively ensures safe vehicle operation. Therefore, the forging vendors must consider various factors in producing lighter products, such as selecting appropriate materials and utilizing process enhancements to strengthen metal materials and reduce thickness for weight reduction. Furthermore, the fast-paced expansion of electric vehicles, hybrid cars, and other new energy vehicles is driving a growing need for lightweight materials.

In the transportation sector, components such as axles, wheels, suspensions, side brackets, torsion bars, rollers, rings, and links are used. The demand for lightweight materials is steadily increasing in industries like automotive, aerospace, and defense. Metal forgings offer a high strength-to-weight ratio, making them an ideal option for manufacturing lightweight components. As industries work towards enhancing fuel efficiency, battery life, and emission reduction, the rising need for lightweight forged parts will be a significant market driver.

B. Technological Process Optimization

Car development is moving towards smaller engines with higher horsepower, and with the growing popularity of four-wheel drive SUVs, this indicates a rising demand for forged parts. Car manufacturers are increasingly embracing the concept of vehicle sharing platforms and supply chain integration management. They are shifting towards using system component suppliers to provide pre-assembled modules instead of procuring parts themselves. This transition relegates parts suppliers to second or even third-tier suppliers, exerting price pressure on forging plants. A vehicle sharing platform implies a rise in the number of orders, yet prices need to decrease. The forge should leverage technology to enhance management efficiency, boost engineering and process technical capabilities, improve production lines, increase capacity, and reduce costs. For the creation of appearances like wheels, utilize advanced software design and simulation, testing, refine design, optimize the formability of the finished product, enhance product quality, expand product portfolio, develop innovative forged products with updated appearances, and create differentiation.

(III) Technical and R&D Overview

(1) Business operations technical level:

A. Product design phase involves designing and modeling using NX, CATIA (CAD) software, and simulating product stress state using FEA analysis software ABAQUS to predict product reliability and durability.

B. Designing molds involves using software such as AutoCAD, Pro-E, NX, and CATIA to develop various mold components. These designs are then translated, via software CAD interface, into CAM program language for mold processing.

C. Forging Design Stage - Designing the best forging part without compromising the mechanical properties of the blank. This design is analyzed through FORGE simulation for material flow to determine the required tonnage of forging equipment and the surface forming condition after multiple forging processes, thereby enhancing efficiency by modifying forging design and process capabilities.

D. Continuous improvement of process design capabilities - designing processes tailored to different product material and characteristic requirements, and continuously adjusting various parameters during the actual trial production process to meet the product’s specific requirements.

E. Continuously improving the net shape forging wheel technology to enhance production capacity and offer customers a diverse range of products and technical services.

3. Research and development expenses invested annually in the recent years and the technology or products developed successfully:

Unit: NT$ Thousands

Item	2023	2022
Net revenue (a)	7,779,316	6,401,739
Research and development expenses (b)	153,056	142,203
Research and Development to Revenue Ratio (b/a%)	1.97%	2.22%

4. Successfully developed technologies or products:

Year	Result of R&D	Field of application
2018	Establishment of a specialized production line for forging aluminum alloy wheels	Net Shape Forging Wheels
	Complete the expansion of the chassis parts production line and implement high levels of automation	Chassis suspension part
2019	Optimization of high-strength aluminum alloy material	Melting aluminum casting rod/ingot
2020	Develop forged aluminum alloy wheels with a clean and precise finish	Net Shape Forging Wheels
	Develop and mass-produce critical steering knuckle components for chassis suspension	Chassis suspension components
	Airplane seats undergo rigorous 16G testing and have been awarded the US patent certificate code 6061893 for 16G airplane seat forging; and have obtained certification for aerospace forging process	Aircraft seat
	Certification of forged titanium alloy blades for aircraft engines	Aircraft propeller blades
2021	Lightweight design and analysis capability of the front fork damping system of Rolls-Royce chassis completed before suspension components	Chassis suspension components
	Successful completion of smelting and mass production of high-quality and stable 6061 recycled aluminum. The material quality of this aluminum has already been certified by some customers	Melting aluminum casting rod/ingot
	Testing the functionality of truck (Euro-spec) wheels	TUV truck
2022	Design and manufacture molds for smelting and casting independently	Melting aluminum casting rod/ingot
	Complete the independent design and fabrication of various fixtures	Metal fabrication process
	Develop an environmentally friendly alkaline paint stripping process	Paint stripping process
2023	Successful completion of smelting and mass production of high-quality and stable 6082 recycled aluminum. The material quality of this aluminum has already been certified by Porsche customers	Melting aluminum casting rod/ingot
	Wheel three-station sandblasting process setup	Polishing procedure
	Establishment of automated loading and unloading system for painting MASKING	Painting process
	Shortest polishing process combined with paint covering process	Polishing procedure

(IV) Long-term and Short-term Business Development Plans:

(1) Short-term Development Plans:

A. Developing a variety of touchpoints to enhance product choices and meet customer demands.

B. Develop new manufacturing processes to produce low-cost forged wheels that meet the requirements of budget electric vehicles.

C. Increase the utilization of self-produced raw materials, reduce costs, and boost product competitiveness.

(2) Long-Term Development Plan:

A. Develop a new process for cleaning and shaping wheels to enhance quality and lower costs.

B.Enhancing efficiency and yield, reducing manpower through production automation and intelligence.

C. Develop suspension system assembly components to enhance engineering design capabilities.

II. Market and Production/Distribution Overview:

(I) Market Analysis

(1) Sales (provision) regions of main products (services)

Unit: NT$ Thousands

Sales Region \ Year		2022 Revenue	2022 Ratio	2023 Revenue	2023 Ratio
Domestic sales		1,148,978	17.95%	1,636,519	21.04%
Export sales	Europe	3,589,633	56.12%	4,231,489	54.39%
	Americas	1,593,984	24.90%	1,886,861	24.26%
	Others	69,144	1.03%	24,447	0.31%
	Subtotal	5,252,761	82.05%	6,142,797	78.96%
Total		6,401,739	100.00%	7,779,316	100.00%

(2) Market share percentage

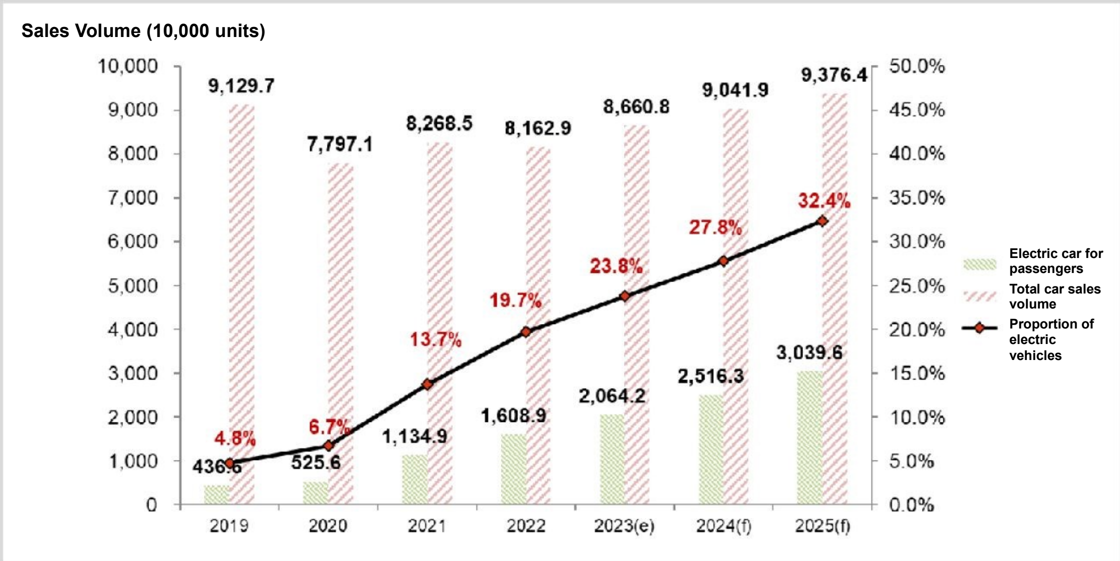
SAI’s customers include globally renowned car manufacturers such as Ferrari, Porsche, McLaren, Bentley, Aston Martin, Mercedes-Benz (including AMG), BMW (including Rolls-Royce, Mini), Jaguar & Land Rover, Lexus, Lotus, and electric truck manufacturer Workhorse. Based on the statistics from the Ministry of Economic Affairs, the total output value of Taiwan’s automotive components industry in 2022 was NT$ 213.71 billion. SAI’s net revenue for 2022 was NT$ 6,401,739 thousand, indicating that SAI’s products held a market share of around 2.99% in Taiwan’s automotive components industry in 2022.

(3) Market future supply and demand situation and growth prospects

In recent years, the production and sales of electric vehicles have been steadily increasing in various countries due to subsidies, tax incentives, carbon emission targets, and urban vehicle restrictions. It is anticipated that this growth trend will continue in the next few years. Given the rapid growth of new energy vehicles such as electric cars and hybrid cars, and the fact that the weight of conventional cars generally ranges from about 1.4 to 1.7 tons, according to statistics published by InsideEVs in August 2021, over one-third of electric cars weigh over 2 tons. In order to meet higher payload requirements, major car manufacturers are increasingly demanding lightweight wheels. Vehicle lightweighting can reduce energy consumption; essentially, for every 10% reduction in weight, fuel consumption can be reduced by approximately 6% to 8%, leading to a 5.5% increase in fuel efficiency. The pursuit of lightweight design will keep driving a strong demand in the electric vehicle industry for forged wheels with characteristics like lightweight and superior rigidity compared to cast wheels.

According to a report by the Industrial Technology Research Institute

International Strategy Center (ITRI ISTI), the global automotive and electric vehicle industry is witnessing a shift towards electric vehicles due to the implementation of net zero emission policies worldwide. The report forecasts that electric vehicles will account for 32.4% of global sales by 2025.



Source: Industry, Science and Technology International Strategy Center, Industrial Technology Research Institute (2023/10).

(4) Competitive niche

A. Long-term cooperation with internationally renowned companies, a trusted partner for customers.

B. The technical team is experienced and has strong customization capabilities.

C. Possessing the ability to integrate processes and professional testing and inspection capabilities.

D. Achieve outstanding quality and acquire numerous international certifications.

E. Having the capability to produce and recycle aluminum materials.

(5) Favorable and unfavorable factors and coping strategies for future development:

A. Favorable factors

(A) In a scenario where global climate change shows no signs of improvement and instead becomes more extreme, and air pollution worsens, the call for energy efficiency, carbon reduction, and environmental pollution control becomes more urgent. Vehicle exhaust emissions are a significant contributor to air pollution and climate change. Countries with a significant automobile industry are enforcing stricter regulations on vehicle fuel consumption and exhaust emissions. Vehicle lightweighting is considered one of the solutions. The market for new energy vehicles, particularly electric vehicles, is expanding, leading to a continuous increase in the demand for lightweight components.

(B) The company is investing in the construction of a smelting plant at the Pingtung factory to recycle aluminum alloy scraps like aluminum ingots, aluminum powder, and scrap generated during the 100% recycling process. The recycled aluminum materials produced meet international standards. By forging them into recycled aluminum rims, the company can reduce carbon emissions by approximately 95% compared to using primary aluminum materials. The performance, quality, and authenticity of the remanufactured aluminum wheels are on par with the original aluminum wheels, receiving recognition and approval from car manufacturers like Stellantis and BMW. Our company is actively promoting our self-produced recycled aluminum materials to customers. Given the environmental context of global automotive manufacturers responding to low-carbon emission policies, there is a growing interest in using certified recycled aluminum for manufacturing automotive components. We are in discussions or cooperation plans with several customers at various stages, aiming to enhance our competitive advantage, improve cost control, boost new alloy material development, and assist customers in fulfilling corporate social responsibility.

(C) The world has been ravaged by the COVID-19 pandemic for a long 3 years, causing turmoil. Countries are implementing monetary policies ranging from quantitative easing to rapid interest rate hikes in order to save the economy and reduce the inflationary pressures that may follow. In this financial wave, the redistribution of national assets is taking place, intensifying the phenomenon of income inequality and widening the wealth gap. The global luxury goods market is experiencing rapid growth due to the continuous expansion of the high-net-worth population, making it a key driver of the luxury car market. According to the IMARC Group market research report, the global luxury car market is expected to reach $449.5 billion in 2023 and is projected to reach $657.8 billion by 2032, with a compound annual growth rate (CAGR) of 4.1% from 2024 to 2032. As global demand for luxury cars continues to rise, there will be an increasing need for forged aluminum alloy wheels that offer both high performance and a premium driving experience.

B. Unfavorable factor

(A) Enhancing casting technology reduces the distinction between casting and forging products.

<u>Coping strategies</u>

Diversification of products and modularization. Wheels are developed using a new process to improve production efficiency and create high-quality wheel products at competitive prices; furthermore, suspension components are not only provided but also developed into assembly parts to enhance the product’s value-added.

(B) Market conditions are impacted by uncontrollable factors, leading to delayed deliveries in the supply chain and substantial fluctuations in demand.

<u>Coping strategies</u>

① By collecting information, we closely monitor industry trends and market fluctuations, and continuously adjust internal production planning with flexibility to meet customer needs effectively.

② Continuously expanding the customer base globally to diversify customers across Europe, the Americas, Asia, and Oceania, among other regions, in order to mitigate the impact of regional political and economic changes on the company’s overall business.

(C) It is challenging to develop production line and R&D personnel, leading to a high turnover rate.

<u>Coping strategies</u>

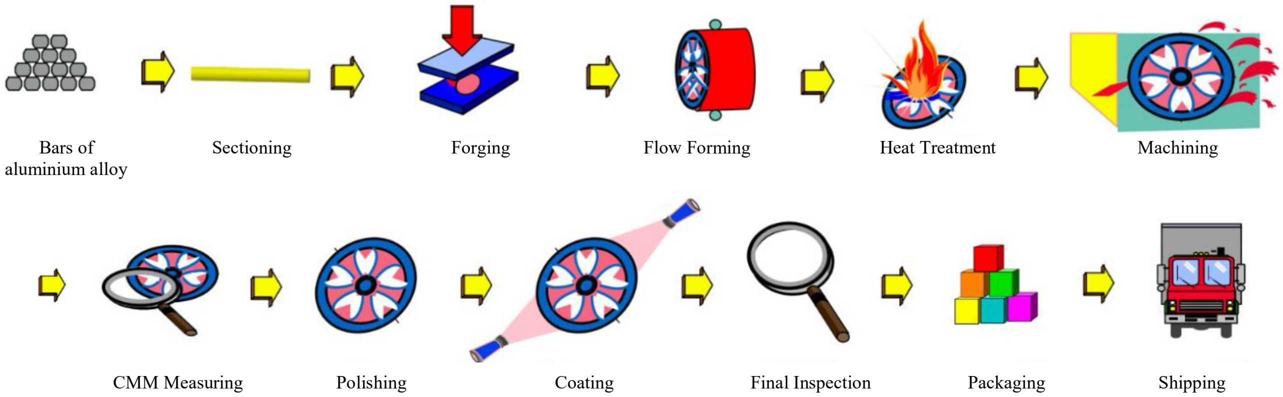
Production line personnel experience higher turnover rates due to the nature of their work, and there is a scarcity of talent specializing in forging products. The significance of talent for enterprise development should not be underestimated. Our company not only enhances various personnel management systems, but also prioritizes employee well-being and communication, fosters team synergy, and maintains ongoing collaboration with schools to nurture research and development talents.

(II) The important usage and production processes of the main products:

(1) Important uses of main products:

Forged aluminum alloy wheels: For use in a wide range of vehicles, including passenger cars, commercial vehicles, and various special vehicle types.

(2) Manufacturing process of main product wheels:



(III) Supply status of main raw materials

Product category	Materials	Supplier	Supply Status
Forged aluminum rims	Aluminum alloy	DUBAL and EGA (Singapore) (Note)	Stable quality and large supply with a consistent source.
Forged aluminum rims	Aluminum alloy	Our company - research and develop recycled aluminum materials	Stable quality and consistent source.

Note: Dubai Aluminium Co., Ltd (referred to as DUBAL) is one of the members of the Emirates Global Aluminium (EGA) group, a large international aluminum company in the United Arab Emirates, mainly engaged in aluminum production and smelting. In recent years, due to internal regional business integration considerations, since 2022 hawse have adjusted the trading partner to the exclusive distributor in Asia, EMIRATES GLOBAL ALUMINIUM (SINGAPORE) PTE. LTD (referred to as EGA (Singapore)), responsible for handling customer orders and shipment arrangements in the Asia-Pacific region for the EGA group.

(IV) Names of customers accounted for more than 10% of the total volume of imports (sales) in any of the last two years, as well as the amount and proportion of their purchases (sales), and the reasons for their changes in increase or decrease:

1. Information on main suppliers for the last two years:

Unit: NT$ Thousands

	2022				2023			
Item	Name	Amount	Percentage of net purchases for the entire year	Relationship with the Issuer	Name	Amount	Percentage of net purchases for the entire year	Relationship with the Issuer
1	EGA (Singapore)	2,742,471	72.45	None	EGA (Singapore)	2,100,190	67.11	None
	Others	1,042,633	27.55		Others	1,029,228	32.89	
	Net Purchase	3,785,104	100.00		Net Purchase	3,129,418	100.00	

Cause of change: In 2022, considering the growth of orders in 2023 fiscal year, there is a moderate increase in inventory stocking, and the continuous depreciation of the Taiwan Dollar against the US Dollar has led to an increase in purchase amount, intensifying the proportion. In 2023, the global economic slowdown due to the continuous interest rate hikes in the United States has resulted in reduced demand for aluminum products, causing international aluminum prices to be lower than in 2022, leading to a decrease in purchase amount.

2. Major sales customers for the last two years: Unit: NT$ Thousands

	2022				2023			
Item	Name	Amount	Percentage of net sales for the year	Relationship with the Issuer	Name	Amount	Percentage of net sales for the year	Relationship with the Issuer
1	JLR	792,886	12.39	None	JLR	1,290,290	16.59	None
2	Porsche	689,338	10.77	None	Toyota Taiwan	982,864	12.63	None
3	Benz U.S.	644,602	10.07	None	—	—	—	—
	Others	4,274,913	66.77		Others	5,506,162	70.78	
	Net sales	6,401,739	100.00		Net sales	7,779,316	100.00	

Description: Increase in deliveries from customer Jaguar Land Rover Limited due to changes.

(V) Recent production volume and values for the past two years:

Unit: Thousand PCS/NT$ Thousands

Year / Production Volume and Value / Main Product	2022			2023		
	Production capacity	Production Volume	Production Value	Production capacity	Production Volume	Production Value
Forged aluminum rims	900	639	3,716,844	900	752	4,531,273

Note 1: Other main components include suspension parts, accessories, raw materials, and mold design and development revenue.

(VI) Recent sales volume and values for the past two years:

Year / Sales Volume and Value / Main Product	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Forged aluminum rims	33	407,863	532	4,774,827	91	984,742	615	5,736,009
Others (note)	—	759,273	—	577,485	-	668,338	-	486,978
Less: Sales returns and allowances	—	(19,059)	—	(98,650)		(16,561)		(80,190)
Total	33	1,148,077	532	5,253,662	91	1,636,519	615	6,142,797

Note 1: Other main components include suspension parts, accessories, raw materials, and mold design and development revenue.

III. Number of employees, average years of service, average age, and educational distribution ratio of employees in the past two years and up to the annual report printing date

Unit: People

Year		2022	2023	As of February 29, 2024
Number of employees	Manager	6	7	7
	General staff	501	449	457
	Production line workers	1,073	1,108	1,079
	Total	1,580	1,564	1,543
Average age		37.24	37.87	38.11
Average years of service		6.62	7.04	7.21
Educational background distribution ratio	Doctoral degree	2	3	3
	Master degree	72	62	64
	University (College)	509	499	505
	Less than high school degree	997	1,000	971
	Total	1,580	1,564	1,543

IV. Information on Environmental Protection Expenditures

(I) Environmental protection policy

1. Promote awareness of environmental safety and health to employees and relevant stakeholders.
2. Comply with environmental health and safety regulations and relevant requirements.
3. Achieve occupational safety and health goals, promote energy efficiency and carbon reduction, embrace green environmental protection, and ensure physical and mental well-being.
4. Enhance environmental safety and health processes to minimize environmental harm and ensure the well-being of personnel.

(II) Losses incurred as a result of environmental pollution in the most recent year and up to the publication date of the annual report:

(Including compensation and environmental protection inspection results violating environmental regulations, the disposal date, disposal number, violated legal provisions, violated legal content, and disposal content should be specified), and disclose the estimated amount and response measures for current and future possible occurrences, if unable to reasonably estimate, the fact of inability to reasonably estimate should be explained

Date of Disposal	Disposal No.	Violation of legal provisions	Content violating regulations	Disposals
2023.03.20	Cloud Ring Health Letter No. 1120003126	Waste Disposal Act Article 36, Paragraph 1, and Business Waste Storage, Clearing, and Disposal Method and Facility Standards Article 6, Paragraph 1, Subparagraph 4 provision	The Central Region Environmental Inspection Brigade of the Environmental Protection Administration sent inspectors to our company's Zhuwei plant on January 12, 2023. During the inspection, they discovered 35 barrels of waste oil mixture stored at the rear of the plant. The storage location and facilities were not clearly labeled in Chinese with the name of the waste, which is a violation of Article 36, Paragraph 1 of the Waste Disposal Act and Article 6, Paragraph 1, Item 4 of the Standards for the Methods and Facilities for the Storage, Clearance, and Disposal of Industrial Waste by Businesses.	Pursuant to Article 52 of the Waste Disposal Act, a fine of NT$ 12,000 shall be imposed on the company. The company is required to complete the improvement by May 30, 2023, and also attend a 2-hour environmental training session.
2023.03.23	Pingfu Huan Shui Zi No. 11231219400	Article 7, Paragraph 1 of the Water Pollution Control Act	Our company (Pingtung Plant 1) is engaged in the basic metal industry. On February 10, 2023, the Pingtung County Government's Environmental Protection Bureau dispatched personnel for inspection and found that the sampled wastewater did not meet the discharge standards (chemical oxygen demand test value 358 mg/L, standard value 100 mg/L; suspended solids test value 52.2 mg/L, standard value 30 mg/L; hydrogen ion concentration index (pH) test value 3.4, standard 6.0~9.0), violating Article 7, Paragraph 1 of the Water Pollution Control Act. Therefore, it is sanctioned in accordance with Article 40, Paragraph 1 of the same law.	A fine of NT$ 234,000 was imposed in accordance with the law, along with a 2-hour environmental education requirement, and a notice of necessary improvements was enclosed.

<u>Response strategies:</u> Our company is committed to enhancing and implementing environmental management systems, improving pollution prevention equipment, reducing environmental impact and air pollution, to ensure compliance with regulations and promote sustainable environmental practices.

V. Labor-Management Relations:

(I) Employee welfare measures, continuing education, training, retirement system, and implementation status, as well as labor-management agreements and employee rights protection measures

Our company has an Employee Welfare Committee that regularly implements various welfare measures. Apart from providing employees with opportunities to participate in various training and seminars for further education to enhance their perspectives, we offer vacation schemes, insurance, employee health check-up programs, travel subsidies, wedding and funeral allowances, meal subsidies that exceed labor laws. We also occasionally organize afternoon tea and department dinners. This ensures that employees can work with peace of mind, maintain a work-life balance, and become crucial long-term partners in the company's development.

Our company not only offers insurance coverage as required by government regulations but also provides free group insurance for employees, ensuring they have peace of mind outside of work. In order to improve employee welfare, a new Employee Welfare Committee will be set up to organize various club activities and offer cash gifts for weddings, funerals, and other celebrations.

(1) Continuing education and training status:

Our company arranges annual education and training for new employees, as well as ongoing training for existing staff. We also post announcements of academic institution courses on the company bulletin board to help employees access relevant information easily.

(2) Retirement system and implementation status:

In order to ensure that employees can work with peace of mind during their employment and secure their post-retirement life, retirement procedures for employees are established based on the "Labor Standards Act" (referred to as the "old labor retirement system") and the "Labor Pension Act" (referred to as the "new labor retirement system"). Employees opting for the old labor retirement system will contribute to the labor retirement reserve fund monthly based on a specified percentage of their total salary. For employees choosing the new labor retirement system, the company will monthly contribute not less than 6% of their salary to the individual account of the labor retirement fund to guarantee the retirement benefits of employees.

(3) Situation of agreement between labor and management:

Our company highly values employees' feedback and engages in two-way and open communication with them. Before meetings, we gather colleagues' opinions through labor representatives, discuss various topics during meetings, maintain effective internal communication channels, and regularly hold labor-management meetings every three months. The meeting topics cover management systems, labor conditions, and ways to enhance work efficiency, among other related issues. Representatives from both labor and management are invited to participate in these meetings to foster a positive and harmonious relationship between the two parties.

(4) Various measures for employee rights and interests protection:

In order to safeguard employee rights, our company not only complies with relevant laws and regulations but also addresses employee needs by enhancing the company's software and hardware facilities. According to the company's Articles of Incorporation, distribute employee bonuses as stipulated and transfer treasury stocks to employees, enabling them to share the business results.

(5) Safety and Health Aspects:

A. Award for Outstanding Achievements: Received awards such as the Department of Health's Health Management Award, the Outstanding Management Unit and Personnel Achievement Award for Occupational Safety and Health, the Healthy Workplace and Betel Nut-Free Workplace Award, and the Health Promotion Mark for Certified Healthy Workplace.

B. The company aligns with international occupational safety and health trends by transitioning to the ISO45001 management system, ensuring effective workplace safety and health management, and mitigating potential risks.

C. Verification from both internal and external sources: The management systems based on ISO14001 (environmental) and ISO45001 (occupational health and safety) require regular internal audits by an internal audit unit. External verification audits are carried out annually, and certification audits are conducted every three years. The occupational safety and health management system verification was successfully completed in December 2021.

D. Internal and external training: In 2023, a total of 1,517 employees received 38,333 hours of education and training.

E. Results of occupational accident management: The company prioritizes safety and health in all stages of design, construction, production, and service, striving to enhance safety measures and reduce risks through the PDCA management cycle.

F. Promoting health management: Organize blood donation events, annual health check-ups, special health examinations, night runs, and other health promotion activities, and collaborate with the cafeteria company to provide employees with nutritional information on meals, enhancing employees' healthy lifestyle.

(II) Losses incurred as a result of labor disputes in the most recent year and up to the publication date of the annual report

(Including violations of the Labor Standards Act in the results of labor inspections, the date of the penalty, penalty number, violated legal provisions, violated legal content, and penalty content should be specified), and disclose the estimated amount and response measures for current and future possible occurrences, if unable to reasonably estimate, the fact of inability to reasonably estimate should be explained

(1) Labor dispute

In the past two years and up to the date of the annual report printing, the company has resolved a total of 3 labor disputes. The disputed amounts in each case are minimal compared to the company's revenue, and all have been settled with the employees concerned or concluded through litigation, without any significant impact on the company.

Date	Content	Disposal No.	Impact on the company's finance and business
2023.08.18	The Yunlin County Government's letter dated August 18, 2023, with reference number Fu Labor Capital No. 1123423338, addressed a labor-capital dispute involving an employee named Qiu seeking mediation for compensation related to a work-related injury. Despite mediation attempts, the parties' differing interpretations of the requested terms prevented reaching an agreement. It is recommended to explore other avenues for resolution as mediation was inconclusive. The employee has not pursued any further claims or legal actions against the company, and an evaluation suggests no significant financial impact on the company's operations.	None	No major impact

(2) Breach of Occupational Safety and Health Act

Date	Content	Disposal No.	Impact on the company's finance and business
2022.06.02	On June 2, 2022, the Ministry of Labor issued a letter (No. 1110203030) to our Pingtung factory regarding the occupational accident of worker Mr. Zhou on May 19, 2022. The accident occurred when Mr. Zhou was adjusting a feeding machine without stopping the machine and feeding operations, in violation of Article 57, Paragraph 1 of the Occupational Safety and Health	Ministry of Labor No. 1110203030	No major impact

Date	Content	Disposal No.	Impact on the company's finance and business
	Facilities Regulations. Additionally, workers were not provided with appropriate passage facilities such as handrails, footboards, or ladders when crossing two locations within the rotating area, in violation of Article 35 of the same regulations. Furthermore, the transmission shaft and transmission belt of the heating furnace conveyor belt were not equipped with protective covers or enclosures, in violation of Article 43, Paragraph 1 of the same regulations. Additionally, workers Mr. Yang and Mr. Zhang were found to be operating counterbalanced forklifts with capacities of 2.5 tons and 4 tons respectively, without fastening seat belts, in violation of Article 116, Paragraph 14 of the same regulations. All of the aforementioned violations constitute violations of Article 6, Paragraph 1 of the Occupational Safety and Health Act. A fine of 90,000 NTD has been imposed.		
2023.08.17	On August 17, 2023, the Ministry of Labor issued a letter (Labor Occupation Letter No. 1120203913) to our company's Yunlin Plant 2 regarding safety violations in the workplace. It was noted that the aisles, floors, and stairs were not maintained in a safe condition to prevent workers from falling or slipping, as required by Article 21 of the Regulations on Occupational Safety and Health Facilities. Consequently, on July 21, 2023, a Thai worker named Ati suffered a fall while operating a sandblasting machine in the polishing class on the 3rd floor of Building E, due to insufficient friction caused by residual steel grit on the stairs, resulting in a fracture of the right femoral neck bone, which was classified as an occupational accident. This contravenes Article 6, Paragraph 1, Subparagraph 13 of the Occupational Safety and Health Act. Additionally, it was found that the maintenance door of the automated warehouse did not have the necessary safety features, such as interlocking safety doors, as mandated by Article 58, Paragraph 5 the Regulations on Occupational Safety and Health Facilities. This violation of Article 6, Paragraph 1, Subparagraph 1 of the Occupational Safety and Health Act led to a fine of 200,000 NT dollars.	Ministry of Labor No. 1120203913	No major impact
2023.09.27	On September 27, 2023, the Ministry of Labor issued a letter (Labor Occupation Letter No. 1120204629) to our company concerning the workplace at 325 Daxi Road, Qianjin Village, Pingtung City, Pingtung County. It was found that the floor in the inspection area for mechanical products within the factory did not meet the safety requirements to prevent workers from falling, as stipulated in Article 21 of the Occupational Safety and Health Facilities Regulations. Consequently, our employee, Mr. Li, suffered an occupational accident on August 31, 2023, while performing external quality checks on wheel rims. He accidentally tripped over a bent gap in the cover above the channel, falling forward and fracturing his right proximal humerus, in addition to sustaining blunt injuries to his right elbow and right hip. This incident violated Article 6, Paragraph 1 of the Occupational Safety and Health Act, resulting in a fine of 60,000 NT dollars.	Ministry of Labor No. 1120204629	No major impact

(III) Estimation of current and future possible losses and countermeasures

Our company is committed to enhancing internal education and training, and engaging external speakers. The occupational safety unit conducts regular or ad-hoc on-site audits to ensure compliance with regulations and reduce occupational safety risks.

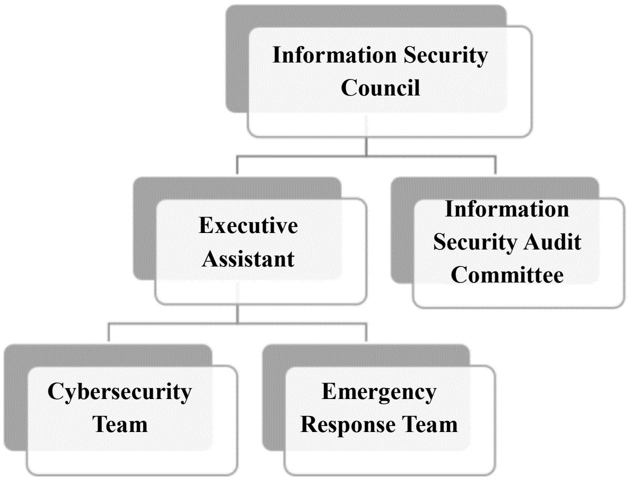
VI. Information Security Management

(I) Information security risk management structure, information security policy, specific management plan and resources invested in information security management.

1. Information Security Policy

Our company is continuously enhancing the security and protection capabilities of data, information systems, equipment, and network communication through the implementation and improvement of processes, compliance with laws and regulations, personnel training, and technology utilization to meet the requirements of the ISO27001 information security management system. This not only strengthens information security capabilities to effectively mitigate risks such as theft, misuse, leakage, tampering, or destruction of information assets due to human error, deliberate actions, or natural disasters but also safeguards company assets, helps the company adhere to international regulations regarding sensitive information of customers and employees, reduces the risks of regulatory violations and penalties, and boosts the company's reputation and competitiveness to uphold commitments to shareholders and customers, fulfilling the company's goal of sustainable operation.

2. Information Security Team



The Information Security Committee Management Review Meeting shall be held at least once a year, following the completion of internal audits of the information security system. In order to ensure the proper and effective operation of the company's information security system and quality management system, the management level conducts regular reviews of the information security system and tracks, reviews, and closes improvement measures to encourage each department to effectively achieve information security goals.

3. Information security management system

Our Information Security Management System (ISMS) is based on the continuous improvement Plan-Do-Check-Act (P.D.C.A.) cycle management model established by the International Organization for Standardization (ISO). It integrates and enhances the information security management system, establishing a systematic, documented, and systematized management mechanism. By continuously monitoring and reviewing management, implementing the concept of information security management and business continuity to ensure the confidentiality, integrity, and availability of the information assets owned by the company, and to comply with relevant laws and regulations, in order to prevent intentional or accidental threats from internal and external sources, and to protect the rights and interests of the company's employees and customers, to achieve the following information security objectives:

(1) Ensure that the critical core systems of the company maintain a certain level of system availability.
(2) Safeguard the company's business activity information, including information security and prototype protection, to prevent unauthorized access and modifications, ensuring its accuracy and integrity.
(3) Conduct regular internal audits to ensure proper implementation of relevant operations.

(4) Regularly provide education and training to promote employees' awareness of information security and strengthen their understanding of related responsibilities.

Our company achieved ISO 27001 certification on May 23, 2023, and will renew it every three years. The certification is valid until October 31, 2025.

4. Efficient operation and ongoing enhancement of information security management

Our company is certified in ISO27001 information security management to continuously enhance the P.D.C.A. cycle management model, ensuring the effectiveness of management. The management mechanism includes:

(1) Establish comprehensive norms and clear operational procedures to operationalize information security management systematically.

(2) Utilize a variety of tools and technologies to promptly and effectively identify, protect, detect, respond to, and recover from incidents.

(3) Establish a cybersecurity incident response and recovery process to quickly isolate and eliminate threats, reducing the scope and impact.

(4) Conduct regular disaster recovery drills for critical application systems to ensure their effectiveness.

(5) Conduct regular cybersecurity training for employees to enhance their awareness comprehensively.

(6) Annual regular internal and external audits are conducted to review the entire management system, ensuring its smooth operation and continuous improvement.

5. Evaluation of Information Security and Network Risks

Annually review the list of information assets and perform risk assessments based on internal and external cybersecurity issues, security incidents, and audit findings. For high-risk items, allocate necessary resources for enhancement or implementation of additional control measures to mitigate or eliminate risks.

6. Cybersecurity education and training and promotion

In order to improve employees' understanding of information security protection, the company has implemented an online learning (E-Learning) information security course, regularly shares information security awareness content and case studies, conducts annual information security education and training courses for all employees, and periodically carries out social engineering drills to enhance the organization's resilience against online scams.

7. Resources Invested in Information Security Management

Our company enhances cybersecurity protection by installing antivirus software on endpoints and building firewalls to defend against potential network security threats. Deploy advanced threat protection to detect hacker intrusions and monitor network malicious behavior detection systems. Moreover, in high-risk technical units, implementing a two-factor authentication mechanism helps mitigate the risk of system-related account passwords being counterfeited or stolen, thereby enhancing the overall security of the system.

(II) The losses suffered due to major information security incidents in the most recent year and as of the publication date of the annual report, their possible impact, and response measures; if unable to reasonably estimate, the fact of inability to reasonably estimate should be explained: None.

VII.Important Contracts

The important contracts that remain valid as of the date of the annual report printing are listed below:

Contract Nature	Party	Contract Start and End Dates	Main Content	Restriction
Land lease	Hsiu-Chin Chang and 6 others	2022/01/01~2026/12/31	Provide parking for employees	None
Credit Contract	Taiwan Cooperative Bank	2023/07/03~2024/07/03	Overall credit limit	None
Credit Contract	Taiwan Cooperative Bank	2021/06/29~2028/06/29	Medium to Long-Term borrowings	Mortgage loan secured by real estate
Credit Contract	Taiwan Cooperative Bank	2015/02/12~2035/02/12	Medium to Long-Term borrowings	None
Credit Contract	Taiwan Cooperative Bank	2021/03/15~2028/03/15	Medium to Long-Term borrowings	Rooted in Taiwan Project
Credit Contract	Bank of Taiwan	2023/08/16~2024/08/16	Overall credit limit	None
Credit Contract	Bank of Taiwan	2023/08/16~2026/08/16	Medium to Long-Term borrowings	None
Credit Contract	Bank of Taiwan	2021/06/29~2028/11/08	Medium to Long-Term borrowings	Rooted in Taiwan Project
Credit Contract	Bank of Taiwan	2021/06/30~2026/10/05	Medium to Long-Term borrowings	Rooted in Taiwan Project
Credit Contract	Chang Hwa Bank	2023/10/31~2024/10/31	Overall credit limit	None
Credit Contract	Chang Hwa Bank	2019/12/30~2040/03/10	Medium to Long-Term borrowings	Mortgage loan secured by real estate
Credit Contract	Chang Hwa Bank	2020/12/25~2027/12/25	Medium to Long-Term borrowings	Rooted in Taiwan Project
Credit Contract	Standard Chartered Bank	2023/04/28~2024/04/28	Overall credit limit	None
Credit Contract	The Export-Import Bank of the Republic of China	2023/03/23~2024/03/23	Short-term export financing options	None
Credit Contract	Bank of Ayudhya in Thailand	2023/10/15~2024/10/15	Overall credit limit	None
Credit Contract	Union Bank of Taiwan	2023/06/19~2024/06/19	Overall credit limit	None
Credit Contract	China Bills Finance Corporation	2023/07/25~2024/07/25	Issue commercial promissory note	None
Credit Contract	Hua Nan Commercial Bank	2021/06/30~2024/06/30	Overall credit limit	None
Credit Contract	Cathay United Bank	2023/07/31~2024/07/31	Overall credit limit	None
Credit Contract	Bank Sinopac	2023/07/17~2024/07/17	Overall credit limit	None
Credit Contract	Far Eastern Int’l Bank	2023/07/18~2026/07/18	Overall credit limit	None
Credit Contract	DBS Taiwan	2023/07/21~2024/07/21	Overall credit limit	None
Credit Contract	Taipei Fubon Bank	2022/05/11~2024/05/16	Medium to Long-Term borrowings	None
Credit Contract	Taishin International Bank	2023/12/27~2024/12/27	Overall credit limit	None
Credit Contract	The Shanghai Commercial & Savings Bank, Ltd.	2022/03/07~2025/04/18	Medium to Long-Term borrowings	None
Credit Contract	Yuanta Bank	2022/02/21~2025/02/21	Medium to Long-Term borrowings	None

F. Financial Overview

I. Condensed Balance Sheet and Statement of Comprehensive Income in the Most Recent Five Years:

(I) Condensed Balance Sheet and Statement of Comprehensive Income:

Condensed Balance Sheet - Combination

Unit: NT$ Thousands

Item \ Year		Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		6,989,105	7,225,216	7,447,430	8,489,433	8,663,867
Property, plant and equipment		9,631,062	9,274,335	8,678,227	8,736,402	8,339,267
Intangible assets		27,159	31,864	31,435	19,181	13,643
Other assets		335,317	288,346	286,548	316,579	359,287
Total assets		16,982,643	16,819,761	16,443,640	17,561,595	17,376,064
Current liabilities	Before distribution	2,976,838	3,392,096	2,592,585	3,492,229	3,715,897
	After distribution	3,366,519	3,784,811	2,787,362	3,909,121	4,144,407
Non-current liabilities		6,599,826	6,187,873	6,671,988	6,788,013	5,924,832
Total liabilities	Before distribution	9,576,664	9,579,969	9,264,573	10,280,242	9,640,729
	After distribution	9,966,345	9,972,684	9,459,350	10,697,134	10,069,239
Equity attributable to owners of the parent		7,405,979	7,239,792	7,179,067	7,281,353	7,735,335
Share capital		1,988,374	1,988,374	1,988,374	2,183,151	2,142,551
Capital surplus		1,108,571	1,108,783	1,108,783	1,017,386	1,013,145
Retained earnings	Before distribution	4,580,322	4,413,060	4,362,807	4,650,080	4,651,443
	After distribution	4,190,641	4,020,345	4,064,798	4,233,188	4,222,933
Other equity		(6,581)	(1,434)	(11,906)	(10,151)	(8,607)
Treasury stock		(264,707)	(268,991)	(268,991)	(559,113)	(63,197)
Non-controlling interests		0	0	0	0	0
Total Equity	Before distribution	7,405,979	7,239,792	7,179,067	7,281,353	7,735,335
	After distribution	7,016,298	6,847,077	6,984,290	6,864,461	7,306,825

Source: Consolidated Financial Statements Audited and Certified by CPAs.

Condensed Statement of Comprehensive Income - Combination

Unit: In Thousands of New Taiwan Dollars

Item \ Year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Operating revenue	5,892,066	5,441,855	7,487,764	6,401,739	7,779,316
Gross profit	1,343,009	991,858	1,922,069	1,212,686	1,734,415
Operating profit and loss	755,526	381,144	596,138	118,954	754,859
Non-operating revenue and expenses	(2,855)	(121,275)	(178,324)	581,427	7,051
Net income before tax	752,671	259,869	417,814	700,381	761,910
Net income in current period from continuing operations	622,680	222,276	340,362	582,675	608,436
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) in current period	622,680	222,276	340,362	582,675	608,436
Other comprehensive income (loss) for the period (net of tax)	(3,551)	5,290	(8,372)	4,362	1,314
Total comprehensive income (loss) for the period	619,129	227,566	331,990	587,037	609,750
Net income attributable to owners of the parent	622,680	222,276	340,362	582,675	608,436
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	619,129	227,566	331,990	587,037	609,750
Total comprehensive income is attributable to non-controlling interests	-	-	-	-	-
Earnings per share	3.20	1.14	1.59	2.90	2.88

Source: Consolidated Financial Statements Audited and Certified by CPAs.

Condensed Balance Sheet - Standalone

Unit: In Thousands of New Taiwan Dollars

Item \ Year		Financial Information for Most Recent 5 Fiscal Years				
		2019	2020	2021	2022	2023
Current assets		6,993,840	7,243,525	7,479,784	8,605,598	8,745,360
Property, plant and equipment		9,146,358	8,802,135	8,286,833	8,361,667	7,988,421
Intangible assets		24,949	30,427	30,926	19,122	13,643
Other assets		450,306	413,336	379,145	366,501	416,193
Total assets		16,615,453	16,489,423	16,176,688	17,352,888	17,163,617
Current liabilities	Before distribution	2,881,144	3,306,107	2,509,363	3,373,424	3,588,866
	After distribution	3,270,825	3,698,822	2,707,140	3,790,316	4,017,376
Non-current liabilities		6,328,330	5,943,524	6,488,258	6,698,111	5,839,416
Total liabilities	Before distribution	9,209,474	9,249,631	8,997,621	10,071,535	9,428,282
	After distribution	9,599,155	9,642,346	9,195,398	10,488,427	9,856,792
Share capital		1,988,374	1,988,374	1,988,374	2,183,151	2,142,551
Capital surplus		1,108,571	1,108,783	1,108,783	1,017,386	1,013,145
Retained earnings	Before distribution	4,580,322	4,413,060	4,362,807	4,650,080	4,651,443
	After distribution	4,190,641	4,020,345	4,165,030	4,233,188	4,222,933
Other equity		(6,581)	(1,434)	(11,906)	(10,151)	(8,607)
Treasury stock		(264,707)	(268,991)	(268,991)	(559,113)	(63,197)
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	7,405,979	7,239,792	7,179,067	7,281,353	7,735,335
	After distribution	7,016,298	6,847,077	6,981,290	6,864,461	7,306,825

Source: Standalone Financial Report of the Company Audited and Certified by CPAs.

Condensed Statement of Comprehensive Income - Standalone

Unit: NT$ Thousands

Item \ Year	Financial Information for Most Recent 5 Fiscal Years				
	2019	2020	2021	2022	2023
Operating revenue	5,892,184	5,440,559	7,484,196	6,399,222	7,774,392
Gross profit	1,390,170	1,052,158	1,993,931	1,257,414	1,737,165
Operating profit and loss	806,355	438,935	651,665	161,512	753,659
Non-operating revenue and expenses	(53,684)	(179,066)	(233,851)	538,869	8,251
Net income before tax	752,671	259,869	417,814	700,381	761,910
Net income in current period from continuing operations	622,680	222,276	340,362	582,675	608,436
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) in current period	622,680	222,276	340,362	582,675	608,436
Other comprehensive income (loss) for the period (net of tax)	(3,551)	5,290	(8,372)	4,362	1,314
Total comprehensive income (loss) for the period	619,129	227,566	331,990	587,037	609,750
Earnings per share	3.20	1.14	1.59	2.90	2.88

Source: Standalone Financial Report of the Company Audited and Certified by CPAs.

Key considerations for ensuring consistency in comparing the aforementioned condensed financial statements include accounting adjustments, corporate mergers, or operational department closures, and their effects on the financial reports for the current year: None.

(II) CPAs' names and audit opinions for the last five years

1. In the past five years, provide the names of auditors and their audit opinions, with a detailed description of their opinions, excluding unqualified audit reports

Visa expiration year	CPA Firm	CPA Name	Opinion
2019	PwC Taiwan	Yu-Chuan Wang; Su-Hua Hung	Unqualified opinion
2020	PwC Taiwan	Yu-Chuan Wang; Su-Hua Hung	Unqualified opinion
2021	PwC Taiwan	Yu-Chuan Wang; Su-Hua Hung	Unqualified opinion
2022	PwC Taiwan	Su-Hua Hung; Mei-Lan Liu	Unqualified opinion
2023	PwC Taiwan	Mei-Lan Liu; Su-Hua Hung	Unqualified opinion

2. In case there has been a change of accountants in the last five years, the company must disclose reasons for the change, including explanations from the company, previous, and new accountants: in 2022, to align with the internal business adjustments of the accounting firm, Su-Hua Hung and Mei-Lan Liu were replaced as certified public accountants. In 2023, to align with the internal business adjustments of the accounting firm, Mei-Lan Liu and Su-Hua Hung were replaced as certified public accountants.
3. Domestic issuing companies shall explain the reasons for not changing auditors and the current independence of the signing auditors, as well as the specific measures taken by the company to enhance the independence of the signing auditors if the financial reports of domestic issuing companies have been audited by the same auditor for the past seven years since the public offering, or if the financial reports of foreign issuing companies have been audited by the same auditor for the past seven years. According to Interpretation Letter No. 191 of the (103) Basic Secretariat, if the lead accountant becomes a listed (OTC) company when the client is listed, and the service period has reached six years, the lead accountant may continue to sign the client, but may not continue to sign for more than two years after the company is listed (OTC); if the service period is less than six years, the lead accountant should still follow the provisions of paragraph 68 of Quality Control Bulletin No. 1 "Quality Control of Accounting Firms," and rotate after seven years of service. After our company goes public, the accounting firm we appoint will arrange for rotations.

II. Financial Analysis for the Most Recent Five Years:

(I) Financial analysis - consolidated:

Item	Year	2019	2020	2021	2022	2023
		Financial Information for Most Recent 5 Fiscal Years				
Financial structure	Debt-to-assets ratio (%)	56.39	56.96	56.34	58.54	55.48
	Ratio of long-term funds to property, plant and equipment (%)	145.42	144.78	159.61	161.04	163.81
Solvency	Current ratio (%)	234.78	213.00	287.26	243.09	233.16
	Quick ratio (%)	66.44	62.75	93.43	58.01	63.88
	Interest coverage ratio (times)	8.11	3.87	6.33	7.75	5.09
Operating capability	Receivables turnover (times)	7.03	7.18	8.86	7.44	8.32
	Average collection days	52	51	42	50	44
	Inventory turnover (times)	0.86	0.79	1.00	0.83	0.87
	Payables turnover (times)	4.60	4.67	5.16	4.56	4.79
	Average days in sales	425	463	365	440	420
	Turnover of Property, plant and equipment (times)	0.62	0.58	0.83	0.74	0.91
	Total assets turnover (times)	0.35	0.32	0.45	0.38	0.45
Profita-bility	Return on assets (%)	4.09	1.74	2.42	3.91	4.28
	Return on equity (%)	8.43	3.04	4.72	8.06	8.10
	Ratio of income before tax to paid-in capital (%)	37.85	13.07	21.01	32.08	35.56
	Net profit margin (%)	10.57	4.08	4.55	9.10	7.82
	Earnings per share (New Taiwan dollars)	3.20	1.14	1.59	2.90	2.88
Cash Flows	Cash flow ratio (%)	19.20	31.15	43.38	(0.32)	41.39
	Cash flow adequacy ratio (%)	35.74	40.92	50.84	43.27	60.87
	Cash reinvestment ratio (%)	(0.08)	3.94	4.09	(1.12)	6.13
Leverage	Operating leverage	1.90	3.40	2.63	8.97	2.27
	Financial leverage	1.14	1.31	1.15	7.42	1.30

Please explain the reasons for the changes in the financial ratios in the last two years. (No analysis is required if the change in increase or decrease does not reach 20%)

1. Decrease of interest coverage ratio: The decrease in profits from derivative instruments resulted in a reduction in pre-tax income and interest expenses.
2. Increase in turnover of property, plant and equipment (times) and total assets: The proper maintenance of equipment, along with process improvements and upgrades, has led to increased efficiency and higher sales revenue.
3. Increase in cash flow ratio: The significant decrease in inventory levels is due to an increase in customer pick-ups, resulting in a positive impact on the net cash flow from operating activities.
4. Increase in cash flow adequacy ratio: Operating cash flow increased mainly due to inventory turnover.
5. Increase in cash reinvestment ratio: Operating cash flow increased mainly due to inventory turnover.
6. Decreasing operating leverage: In 2023, the company experienced growth in operating income and gross profit due to increased demand in the automotive supply chain and recycled aluminum materials, leading to a decrease in operating leverage.
7. Decreasing financial leverage: The growth in operating income, gross profit, and operating profit in 2023 can be attributed to the increased demand from the car manufacturer’s supply chain and the rising need for recycled aluminum materials, resulting in a decrease in financial leverage.

(II) Financial analysis - Standalone:

Item		2019	2020	2021	2022	2023
Year		Financial Information for Most Recent 5 Fiscal Years				
Financial structure	Debt-to-assets ratio (%)	55.43	56.09	55.62	58.04	54.93
	Ratio of long-term funds to property, plant and equipment (%)	150.16	149.77	164.93	167.19	169.93
Solvency	Current ratio (%)	242.75	219.10	298.08	255.10	243.68
	Quick ratio (%)	69.44	65.36	98.49	64.15	69.60
	Interest coverage ratio (times)	8.79	4.16	6.86	8.11	5.25
Operating capability	Receivables turnover (times)	7.07	7.19	8.87	7.45	8.33
	Average collection days	52	51	42	49	44
	Inventory turnover (times)	0.85	0.78	0.99	0.83	0.88
	Payables turnover (times)	4.60	4.66	5.12	4.55	5.79
	Average days in sales	430	468	369	440	415
	Turnover of Property, plant and equipment (times)	0.66	0.61	0.88	0.77	0.95
	Total assets turnover (times)	0.35	0.33	0.46	0.38	0.45
Profita-bility	Return on assets (%)	4.14	1.74	2.53	3.94	4.30
	Return on equity (%)	8.43	3.04	4.72	8.06	8.10
	Ratio of income before tax to paid-in capital (%)	37.85	13.07	21.01	32.08	35.56
	Net profit margin (%)	10.57	4.09	4.55	9.11	7.83
	Earnings per share (New Taiwan dollars)	3.20	1.14	1.59	2.90	2.88
Cash Flows	Cash flow ratio (%)	19.78	32.73	43.90	(0.33)	42.83
	Cash flow adequacy ratio (%)	36.33	42.02	52.45	43.8	61.51
	Cash reinvestment ratio (%)	(0.09)	4.18	4.05	(1.14)	6.24
Leverage	Operating leverage	1.79	2.99	2.43	6.63	2.22
	Financial leverage	1.11	1.23	1.12	2.53	1.29

Please explain the reasons for the changes in the financial ratios in the last two years. (No analysis is required if the change in increase or decrease does not reach 20%)

1. Decrease of interest coverage ratio: The decrease in profits from derivative instruments resulted in a reduction in pre-tax income and interest expenses.
2. Increase in accounts receivable turnover rate: Mainly dealing with the decrease in equipment purchase expenses and freight charges.
3. Increase in turnover of property, plant and equipment (times) and total assets: The proper maintenance of equipment, along with process improvements and upgrades, has led to increased efficiency and higher sales revenue.
4. Increase in cash flow ratio: The significant decrease in inventory levels is due to an increase in customer pick-ups, resulting in a positive impact on the net cash flow from operating activities.
5. Increase in cash flow adequacy ratio: The increase in operating cash flow is primarily due to the liquidation of inventory.
6. Increase in cash reinvestment ratio: The increase in operating cash flow is primarily due to the liquidation of inventory.
7. Decreasing operating leverage: In 2023, the company experienced growth in operating income and gross profit due to increased demand in the automotive supply chain and recycled aluminum materials, leading to a decrease in operating leverage.
8. Decreasing financial leverage: In 2023, the company experienced growth in operating income and gross profit margin due to increased demand in the automotive supply chain and recycled aluminum materials, resulting in higher operating profit and reduced financial leverage.

Note: The calculation formula to be included at the end of the annual report table is as follows:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.
   (3) Interest coverage ratio = Earnings before interest and taxes / Interest expense for the period.
3. Operating capability
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Turnover of payables (including accounts payable and notes payable arising from operations) = Cost of goods sold / Average balance of payables (including accounts payable and notes payable arising from operations) for each period.
   (5) Average days in sales = 365 / Inventory turnover.
   (6) Turnover of Property, plant and equipment = Net sales / Average net property, plant and equipment.
   (7) Total assets turnover = Net sales / Average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = Profit or loss after tax / Average net equity.
   (3) Net profit margin = Profit or loss after tax / Net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash Flows
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities /5-year sum of (capital expenditures + Increase in inventories + Cash dividends)
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
   (2) Financial leverage = Operating income / (Operating income - Interest expense).

Note 1: When measuring the calculation formula for earnings per share mentioned above, special attention should be paid to the following points:

1. Based on weighted average common shares outstanding, not year-end issued shares.
2. Companies that raise capital through cash increases or treasury stock transactions should calculate the weighted average number of shares outstanding, taking into account their circulation period.
3. When there is surplus to be transferred for capital increase or capital reserve to be transferred for capital increase, the calculation of earnings per share for previous years and half years should be adjusted retrospectively based on the increase in capital ratio, without taking into account the period of issuance of such capital increase.
4. If the preferred stock is non-convertible cumulative preferred stock, its annual dividends (whether distributed or not) should be deducted from or added to the net profit after tax, or net loss after tax for the year. Special shares, if non-cumulative, should deduct special share dividends from post-tax profit; if there is a loss, no adjustment is required.

Note 2: When conducting cash flow analysis, it is important to pay special attention to the following aspects:

1. Business activity net cash flow refers to the net cash inflow from operating activities as presented in the cash flow statement.
2. Capital expenditure refers to the cash outflow of capital investment on an annual basis.
3. Inventory increase is only recognized when the ending balance exceeds the beginning balance, if there is a decrease in inventory at year-end, it is considered as zero.
4. Cash dividends include dividends paid in cash on common and preferred stock.
5. Real estate, factory buildings, and equipment gross amount refers to the total value of real estate, factory buildings, and equipment before subtracting accumulated depreciation.

Note 3: The issuer must categorize all operating costs and expenses by nature into fixed and variable. If estimation or subjective judgment is involved, ensure their reasonableness and maintain consistency.

Note 4: If the company’s shares have no par value or a per share value that is not in New Taiwan Dollars of ten, the calculation of the ratio based on paid-in capital shall be changed to the ratio based on equity attributable to owners of the parent company in the balance sheet.

III. Supervisor’s or Audit Committee’s Review Report of the Most Recent Annual Financial Statements:

SuperAlloy Industrial Co., Ltd.

Audit Committee Audit Report

Among the 2023 Business Report, Financial Statements (including consolidated financial statements), and Earnings Distribution Proposal prepared by the Board of Directors, the Financial Statements(including consolidated financial statements) have been completely audited by Su-Hua Hung and Mei-Lan Liu from PwC and the Audit Report with unqualified opinion was issued. The statements prepared by the board of directors have been audited by the Audit Committee and no discrepancies have been found. Therefore, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the report is prepared as above for your review and approval.

To

2024 Annual Meeting of Shareholders

SuperAlloy Industrial Co., Ltd.

Convener of the Audit Committee: **Ding-Wang Zheng**

March 07, 2024

IV. Consolidated Financial Statements for the Most Recent Year Audited and Certified by CPAs: Please refer to Pages 97 to 174for details.

V. Standalone Financial Report of the Company Having Been Audited and Certified by CPAs in the Most Recent Year: Please refer to Pages 175 to 269 for details.

VI. The Impact on the Financial Position of the Company Arising from Any Financial Difficulties Encountered by the Company and Its Affiliates: None.

G. Review and Analysis of Financial Position and Financial Performance, and Risk Matters

I. Financial Position:

Unit: NT$ Thousands, %

Item \ Year	2022	2023	Differences	
			Amount	%
Current assets	8,489,433	8,663,867	174,434	2.05
Property, plant and equipment	8,736,402	8,339,267	(397,135)	(4.55)
Intangible assets	19,181	13,643	(5,538)	(28.87)
Other assets	316,579	359,287	42,708	13.49
Total assets	17,561,595	17,376,064	(185,531)	(1.06)
Current liabilities	3,492,229	3,715,897	223,668	6.40
Long-term liabilities	6,717,938	5,894,400	(823,538)	(12.26)
Other liabilities	70,075	30,432	(39,643)	(56.57)
Total liabilities	10,280,242	9,640,729	(639,513)	6.22
Share capital	2,183,151	2,142,551	(40,600)	1.86
Capital surplus	1,017,386	1,013,145	(4,241)	(0.42)
Retained earnings	4,650,080	4,651,443	1,363	0.03
Other equity adjustment items	(569,264)	(71,804)	497,460	87.38
Total Equity	7,281,353	7,735,335	453,982	6.23

Provide analysis and explanation for changes exceeding 20% in the last two years, with amounts over 10 million:

1. Decrease in other liabilities: The decrease in deferred income tax liabilities is attributed to unrealized exchange gains and reduced financial asset valuation gains.
2. Decrease in other equity adjustment items: The primary reason is the result of canceling treasury stocks and executing employee subscription treasury stocks in the fiscal year 2023.

II. Financial Performance:

(I) Comparative analysis of operating results:

Unit: NT$ Thousands, %

Item \ Year	2022	2023	Increase (decrease) amount	Change ratio
Operating revenue	6,401,739	7,779,316	1,377,577	21.52
Operating costs	(5,189,053)	(6,044,901)	855,848	16.49
Gross profit	1,212,686	1,734,415	521,729	43.02
Operating expenses	(1,093,732)	(979,556)	(114,176)	(10.44)
Operating income	118,954	754,859	635,905	534.58
Other income	41,353	74,422	33,069	79.97
Other gains and (losses)	642,997	107,538	(535,459)	(83.28)
Finance costs	(102,923)	(174,909)	71,996	69.94
Net income from continuing operations before tax	700,381	761,910	61,529	8.79
Income tax (expenses) benefits:	(117,706)	(153,474)	35,768	30.39
Net income from continuing operations after tax	582,675	608,436	25,761	4.42

Provide analysis and explanation for changes exceeding 20% in the last two years, with amounts over 10 million:

1. Increase in operating revenue: The rise in demand in 2023 is primarily driven by an increase in customer deliveries in the automotive market.
2. Increase in gross profit: Mainly due to the increase in revenue and improved production efficiency leading to cost reduction.
3. Increase in operating income: Mainly attributed to the rise in operating gross profit and the decline in international shipping costs.
4. Increase in other income: Mainly caused by the increase in government subsidies.
5. Decrease in other benefits: The decrease in foreign exchange gains and net gains on financial assets measured at fair value through profit or loss was primarily caused by fluctuations in the US dollar exchange rate.
6. Increase in finance costs: Due to the rise in borrowing interest rates.
7. Increase in income tax expense: Mainly attributable to the increase in profits.

(II) Explanation of the reasons for the increase in Mao Li:

1. Price differences: As a result of fluctuations in exchange rates.

2. Cost differences: Enhancing the utilization of the main production capacity.

3. Discrepancy in sales quantities: Increase in the amount of goods delivered.

(III) Sales volume forecast and the basis for the forecast; possible impacts on the Company’s future financial performance and responsive actions to such impacts:

Anticipated growth in demand for forged aluminum wheels and automotive chassis components from future customers, with ongoing influx of new orders. Currently in the process of actively planning new factory capacity to meet future delivery needs, with primary funding sourced from operating funds and bank loans, thereby having no impact on financial operations.

III. Cash flow:

(I) Analysis of changes in cash flows for the most recent year: Liquidity analysis in the recent two years:

Unit: NT$ Thousands, %

Item \ Year	2022	2023	Increase (decrease) amount	Increase (decrease) %
Operating activity	(11,172)	1,538,146	1,549,318	138.68
Investing activities	(373,053)	(648,308)	(275,255)	(73.78)
Financing activities	121,339	(538,263)	(659,602)	(543.60)
Net cash generated by/(used in)	(262,886)	351,575	614,461	233.73

Explanation of significant changes:
(1) Operating activity: The increase in revenue is the primary reason for the cash inflows.
(2) Investing activities: The main reason for cash outflows is the company’s ongoing investment in machinery and equipment.
(3) Financing activities: The main reason for cash outflows is the repayment of both long-term and short-term loans.

(II) Analysis of deviation in cash flow for 2024:

Unit: NT$ Thousands

Cash balance for beginning of year	Net cash generated by operating activities for the year	Net cash generated by financing and investment activities for the year	Cash balance remained	Remedy for the cash shortfall	
				Investment Plan	Financial Plan
1,237,045	2,209,965	(1,939,972)	1,507,038	-	-

1. Analysis of deviation in cash flow for 2024:
   (1) Operating activity: Net cash generated from net profit.
   (2) Financing activities: Mainly for repaying loans and paying cash dividends resulting in net cash outflows.
   (3) Investing activities: Mainly for purchasing new machinery and equipment to replace old ones and improve bottleneck processes, resulting in a net cash outflow.
2. Remedy for expected cash shortfall and the liquidity analysis: None.

IV. Impact of Major Capital Expenditures on Finance in the Most Recent Year:

In addition to the 2023 annual plan to purchase some automated machinery and equipment for 719,837 thousand dollars, there are no other major capital expenditures.

V. Main Causes for Profits or Losses of the Reinvestment Policy in the Most Recent Year(2023), Improvement Plans and Investment Plans for the Coming Year

Unit: NT$ Thousands

Investee	Net income after tax for the period	Investment strategy	The primary factors contributing to profit or loss	Improvement plan	Investment plan for the coming year
SAMF.	1,011	Providing services to European customers for a paint factory	Operating situation is favorable	None	None

VI. Analysis and Assessment of Risk Matters for the most recent year and up to the date the Annual Report was printed:

(I) The impact of changes in interest rates, exchange rates and inflation on the Company's profit and loss and future response measures:

(1) Changes in interest rates:

Unit: NT$ Thousands

Item	2022	2023
Interest expense	102,923	174,909
Net operating revenue	6,401,739	7,779,316
Interest expense as a percentage of net operating revenue (%)	1.61%	2.25%

The interest expenses of this company for the fiscal years 2022 and 2023 represented 1.61% and 2.25% of the net operating income, respectively. This is primarily due to financing interest incurred by the company from borrowing funds from financial institutions for operational needs and capital expenditures. Despite fluctuations in market interest rates, they have not significantly affected the company's revenue and profitability.

Response strategies

The company continuously monitors and analyzes how fluctuations in financial market interest rates affect the cash flow of all interest-bearing debts, maintains strong relationships with banks, and adjusts fixed or floating borrowings promptly to mitigate the risk of rising funding costs caused by interest rate changes.

(2) Exchange rate changes:

Unit: NT$ Thousands

Item	2022	2023
Foreign exchange gain	123,737	18,697
Net operating revenue	6,401,739	7,779,316
Exchange gains and losses as a percentage of net operating revenue (%)	1.93%	0.24%

Our company's exports are mainly denominated in US dollars and euros, while imports are mainly denominated in US dollars and New Taiwan dollars. Offsetting some foreign currencies in accounts receivable and payable can generate partial hedging effects. However, there are still foreign exchange gains and losses in net foreign currency assets, so exchange rate fluctuations still have a certain degree of impact on our company's profits.

Response strategies

Monitor the trends of major currencies in the international foreign exchange market and changes in international situations due to non-economic factors to anticipate exchange rate movements and respond promptly. Additionally, factor in the risks stemming from exchange rate fluctuations during the product pricing process, adjust selling prices promptly to safeguard the expected profit, and make timely adjustments to foreign currency assets and liabilities positions to mitigate the risk of exchange rate fluctuations.

In accordance with the "Acquisition or Disposal of Assets Processing Procedure", the company engages in hedging derivative financial instrument transactions of a hedging nature at appropriate times based on exchange rate fluctuations to mitigate the exchange rate risk arising from its business operations.

(3) The impact of changes in inflation on the future response measures:

The company has not experienced significant impacts on profit and loss due to inflation in the past. The company, its subsidiaries, suppliers, and customers maintain close and good interactive relationships. It is important to closely monitor global market changes, be vigilant for inflation risks, and promptly reflect cost changes in selling prices to mitigate the impact of inflation.

2. The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsements, guarantees and derivative transactions, the main reasons for profit or loss, and future response measures in the most recent year and up to the publication of the annual report:

Our company has always adhered to the principles of focusing on core business and pragmatic operation, with a financial policy based on prudence and conservatism. We do not engage in high-risk, high-leverage investment activities. We have established operational procedures such as “Handling Procedures for Lending Funds to Others”, “Endorsement Guarantee Procedures”, and “Asset Acquisition or Disposal Procedures” as the basis for the group’s related transactions. Currently, funds are only lent to others and endorsed guarantees are only for the individual companies in the consolidated financial statements, all in compliance with the policies and contingency measures mentioned above; when the Company engages in derivative financial instrument transactions, it aims to mitigate foreign exchange price volatility risks and follows the Company’s “Asset Acquisition or Disposal Procedures”.

(II) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsements, guarantees and derivative transactions, the main reasons for profit or loss, and future response measures:

The company shall follow the procedures set by the company and approved by the board of directors, with rigorous internal controls in place. It also has a dedicated audit department that conducts regular audits of the operational procedures of relevant departments.

(III) Future R&D plans and expected R&D expenses:

(1) Future R&D plans:

A. Improve aluminum material quality and process to increase yield

B. Develop multi-spindle machining equipment

C. Develop multi-piece wheel products for manufacturing

D. Development of a dual-core shaping process method

E. Development of vacuum pump rotor technology for semiconductor equipment components

F. External technology development of pendulum valve body for semiconductor equipment components

(2) Estimated R&D expenses of the company:

Our research and development expenses for the fiscal years 2022 and 2023 amount to NT$ 142,203 thousand and NT$ 153,056 thousand, representing 2.22% and 1.97% of operating income, respectively. In the future, with the growth and expansion of the business, we plan to allocate research and development expenses according to the research and development work plan to optimize the company’s process technology, enhance production capacity, maintain competitiveness, and sustain operational growth momentum.

(IV) The impact of important domestic and foreign policies and legal changes on the Company’s financial business and response measures:

Our company and its subsidiaries closely monitor significant domestic and international policy and legal changes that may impact the company’s financial operations. We continuously gather relevant information on these changes to provide the management with decision-making insights. Recent policy and legal changes have not had a significant impact on the financial operations of the Company and its subsidiaries up to the date of printing the annual report.

(V) The impact of technological changes (including information security risks) and industry changes on the Company's financial business and response measures:

Our company constantly monitors the technological changes and technological developments in the industry to grasp the latest industry trends and market information through close cooperation with customers, collecting relevant information on industry-related technological changes and trend changes at any time, providing management decision-making references, adjusting operational strategies, and formulating response measures. The company also prioritizes the implementation of information security risk management. For more details, please see the "II. I. (6) Information Security Management" section in this annual report. Recent technological changes have not had a significant impact on the company's financial operations up to the date of the annual report printing.

(VI) The impact of corporate image change on corporate crisis management and response measures:

The company has upheld the principles of integrity and sustainable management since its establishment, focusing on its core business operations. It has maintained a good corporate image, complied with relevant laws and regulations, and had no incidents of corporate crisis management due to changes in corporate image in the recent fiscal year and up to the date of the annual report publication.

(VII) Expected benefits, possible risks and response measures for conducting M&A:

Our company has no plans to acquire other businesses in the past year and up to the date of the annual report printing.

(VIII) Expected benefits, possible risks and response measures for the expansion of the plant:

Our company currently has no plans for expansion in the current fiscal year and up to the date of the annual report.

(IX) Risks on vendor and customer concentration and response measures:

(1) Centralized procurement risk mitigation

The primary raw material for our company's aluminum wheel forging is aluminum alloy rods. In 2023, the purchase proportion to VB Company, a subsidiary of Group B, is 67.11%. Here are the risks and corresponding measures our company takes to address the challenges of centralized procurement:

A. List of qualified suppliers with two or more identical materials

Taking into account the lengthy process of forging aluminum wheels and material certification, which reduces warehouse management costs, our company strategically gives priority to using aluminum alloy bars produced by a subsidiary of Group B. We only look for alternative sources when the supply is insufficient, leading to centralized procurement. The company has established a list of two or more qualified suppliers certified through internal laboratory testing. In case of delayed or interrupted supply from a subsidiary of Group B, the verification time for requesting aluminum material replacement from customers can be moderately shortened, and there are multiple alternative suppliers available for supply.

B. Recycled aluminum bars already in production

Our company has the ability to self-smelt qualified recycled aluminum rods. Due to the unrestricted source of materials, if the recycled aluminum materials collected in the factory are insufficient, they can still be purchased from other aluminum metal processors or material suppliers. Currently, our company has sufficient stock of recycled aluminum rods. The proportion of feed gradually increases as customers certify and adopt it. If there is a shortage of supply from the subsidiary of Group B, it should not cause a complete production interruption in the short term.

In summary, the company's actions in response to the centralized procurement of aluminum alloy rods aim to diversify raw material sources, thereby mitigating potential risks associated with centralized procurement.

(2) Concentrated Sales Risk

Our company currently produces wheel products mainly for major automobile manufacturers in North America, Europe, and Asia. We will leverage our geographical advantage to expand our business gradually. In 2023, the proportion of sales to a single customer is below 20%, and we have business dealings with the vast majority of luxury car brands, avoiding the risk of excessive reliance on a single customer or overly concentrated customer sources.

(X) The impact of substantial transfer or replacement of shareholdings of directors, supervisors or major shareholders holding more than 10% of shares on the Company, its risks and response measures:

As of the recent annual report printing date and up to the publication date, there have been no significant share transfers or changes in ownership by directors or shareholders holding more than ten percent of the shares that would have a major impact on the company.

(XI) The impact of the change of management rights on the Company, its risks and response measures:

There was no change of management rights in the most recent year and up to the date the Annual Report was printed.

(XII) Litigious or non-litigious disputes

1. Any litigation, non-litigious proceeding, or administrative dispute involving the Company that has a confirmed ruling or remained pending and whose outcome may have a material impact on shareholders' equity or prices for the Company's securities in the most recent two years and up to the date the Annual Report was printed, the facts of the dispute, the amount of money at stake in the dispute, the date of commencement of the litigation, the main parties involved in the litigation shall be disclosed:

(1) This company is involved in a lawsuit with Air Tiger Express due to a transportation contract dispute

Air Tiger Express (hereinafter referred to as ATE) and our company have signed a contract for transportation services. The two parties have agreed that ATE will transport processed parts and goods manufactured by our company from Taiwan to the Americas. Upon reviewing the transportation cost burden, our company found that ATE had overcharged a total of USD 775,085 (approximately NTD 23,253 thousand) for sea freight. We hereby request ATE to return the undue profits. According to a civil judgment from the Taipei District Court in Taiwan, the payment method for the freight charges in the transportation contract between the two parties was finalized after both parties confirmed the agreed amount of ocean freight charges stated on the ATE invoice. Our company proceeded to pay the ocean freight charges only after reaching this agreement. It is challenging to accept our company's assertion of ATE overcharging for ocean freight. Our company demands ATE to pay USD 775,085 and interest, a request that should be dismissed as unjustified. Our company has appealed this case to the High Court, and the second instance is currently still under review.

(2) This company is involved in an arbitration case with the German company LCTec GmbH due to disputes over commissions and compensations

LCTec GmbH, a German company, represents our company in Europe, and we have a sales agency contract in place. It provides sales management, marketing, technical support, customer contact, and other services to the customer list agreed upon in the contract, while the company offers remuneration in the form of employment fees and sales commissions. The company terminated its contract in August 2018 and did not renew it. LCTec acknowledges the contract, and the company is obligated to continue paying commissions for products represented during the contract period after the commencement of mass production, as well as provide compensation equivalent to one year's commission as stipulated in Section 89b of the German Commercial Code (HGB). The company denies it. LCTec filed the following arbitration case with the German Arbitration Institute:

A. The first arbitration request [Case No. DIS-SV-2019-00173]

In February 2019, LCTec filed for arbitration with the German Arbitration Institution (DIS), seeking our company to provide commission reports from July to October 2018 and to pay commissions and interest based on those reports (base interest rate plus an annual interest rate of 9%). The company lost the arbitration case and has already settled the arbitration award in full.

B. The second and third arbitration request [Case no. DIS-SV-2021-00594 (c. DIS-SV-2021-00595)]

In December 2021, LCTec filed two arbitration cases with DIS, seeking our company to provide commission statements from November 2018 to November 2021 and to pay commissions and interest (base rate plus 9% annual interest) based on those statements, as well as requesting our company to provide compensation equivalent to one year's commission. Due to the identical basic facts in two arbitrations, both parties have agreed to consolidate and proceed with a unified procedure for the hearing. The risk associated with two potential arbitration cases has been recognized in compliance with IAS 37 regarding contingent liabilities, and is unlikely to have a significant impact on the Company's financial and business activities.

2. Any litigation, non-litigious proceeding, or administrative dispute involving any of the Company's directors, supervisors, general manager, de facto responsible person, major shareholders with a stake of more than 10 percent, or affiliates that has a confirmed ruling or remained pending and whose outcome may have a material impact on shareholders' equity or prices for the Company's securities in the most recent two years and up to the date the Annual Report was printed: None.
3. Disclosure of violations of Article 157 of the Securities and Exchange Act by company directors, supervisors, managers, and major shareholders holding over ten percent of shares in the last two years and up to the annual report publication date, along with the current actions taken by the company: None.

(XIII) Other important risks and response measures: None.

VII. Other Important Matters: None.

H. Special Disclosure

I. Information of Affiliates:

(I) Affiliate Consolidated Business Report:

1. Organizational Chart for the Affiliate:

SuperAlloy Industrial Co., Ltd.

100%

SuperAlloy Manufaktur GmbH.

2. Basic information of the affiliates:

Unit: In Thousands of New Taiwan Dollars

Business name	Date of Establishment	Address	Paid-in Capital	Main Business Items
SuperAlloy Manufaktur GmbH.	2014.08.13	Hauptstraße 19 72290 Loßburg	9,109	Manufacture various types of wheels and automotive accessories

3. Shareholder in common between the entities that are deemed to have a controlling and controlled relationship: None.

4. The industries in which the business activities of the affiliate are engaged:

Wholesale of automobile and motorcycle parts, aircraft equipment, metal materials (excluding precious metals), and plastic products, commission agency services (excluding auctions), import and export business, and provision of related pre-sales and after-sales services. Excludes state-traded goods but includes goods subject to quota and license management, which require application according to relevant national regulations.

5. Information on directors, supervisors and general manager of each affiliate

Business name	Shareholders	General Manager	Shareholding
SuperAlloy Manufaktur GmbH.	SuperAlloy Industrial Co., Ltd.	Ben, Huang	100%

6. Operational overview of the affiliate in 2023:

Unit: In Thousands of New Taiwan Dollars

Business name	Capital	Total assets	Net Value	Operating revenue	Income (loss) for the period
SuperAlloy Manufaktur GmbH.	9,109	418,491	52,863	239,092	1,011

(II) Declaration of Affiliates:

<u>SuperAlloy Industrial Co., Ltd.</u>

<u>Declaration of Consolidated Financial Statements of Affiliates</u>

We hereby declare that the entities that should be included in the consolidated financial statements of affiliated companies for the year 2023 (from January 01, 2023 to December 31, 2023), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those that should be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Accounting Standards No.27, and the information required to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the above disclosed consolidated financial statements of parent and subsidiary companies. Consequently, we do not prepare separate consolidated financial statements of affiliated companies.

This is hereby to declare.

Company Name: SuperAlloy Industrial Co., Ltd.
Person-in-Charge: Tsung-Jung Huang
March 07, 2024

(III) Affiliation report: Not applicable.

II. Private Placement of Securities in the Most Recent Year and up to the Publication of the Annual Report: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the date the Annual Report was printed: None.

IV. Other Matters Requiring Supplementary Information: None.

I. Any Matters of the Company, Which Have Had a Significant Impact on Shareholders' Equity or the Price of Securities as Stated in Article 33, Paragraph 2 of the Securities and Exchange Act in the Most Recent Year and up to the Publication of the Annual Report: None.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of SUPERALLOY INDUSTRIAL CO.,LTD

Opinion

We have audited the accompanying consolidated balance sheets of SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements.These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Cut-off on sales revenue from distribution warehouse

Description

Refer to Note 4(28) for accounting policies on sales revenue recognition. For the year ended December 31, 2023, the Group's operating revenue amounted to NTD 7,779,316 thousand.

The Group is primarily engaged in manufacturing and sales of various types of automobile parts. The types of sale are separated into direct delivery and distribution warehouse sales. Distribution warehouse sales revenue constitutes 69.18% of operating revenue. Distribution warehouse sales revenue is recognised when customers pick-up the goods (control is transferred). The Group primarily recognised sales revenue based on the daily inventory movement reports provided by distribution warehouses. As the Group's distribution warehouses are located globally with numerous custodians, the process of such revenue recognition involves several manual procedures, which would potentially result in inaccurate timing of revenue recognition or the discrepancy in inventory quantities between the physical inventory and accounting records. Thus, we considered the timing of sales revenue recognition of distribution warehouse as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Group’s sales revenue procedures and its internal control process in order to assess the effectiveness of managements’ control over sales revenue recognition of distribution warehouse.
2. Tested the internal control of warehouse distribution (including checking the terms of transaction / timing of ownership transfer and dates of supporting documents) to confirm the accuracy of the timing of sales revenue recognition of distribution warehouse.
3. Performed cut-off procedures on sales revenue from distribution warehouses recognised during a specific period before and after the balance sheet date and verified the pick-up records of distribution warehouses; in addition, ensured that the movements of inventories indicated in the statements had been recognised in the appropriate period.
4. Performed physical inventory count and confirmation on the ending inventory quantities of distribution warehouses.

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for accounting estimates and assumptions, and Note 6(5) for the related information of allowance for inventory valuation loss. As of December 31, 2023, the total inventory and allowance for inventory valuation loss amounted to NTD 6,820,959 thousand and NTD 579,869 thousand, respectively.

The Group’s inventories were measured at the lower of cost and net realisable value, the reasonable net realisable value was identified according to individual inventory’s number using the item by item approach. The Group provided allowance for inventory valuation losses based on usable condition of inventories that were individually identified as obsolete and damaged. As the inventory and its allowance for loss were material to the financial statements and the determination of net realisable value involved subjective judgment and estimates, we considered the assessment of allowance for inventory valuation losses as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Group’s nature of the operations and the industry, and assessed the reasonableness of the policies adopted in evaluating the allowance for inventory valuation losses.
2. Obtained an understanding of the Group’s warehousing control procedures, reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal controls over obsolete inventory.
3. Obtained the report on net realisable value of each inventory item and checked whether the calculation logic was applied consistently to each inventory item; in addition, tested the reasonableness of the supporting documents for net realizable value.
4. Validated the accuracy of the Group’s inventory aging report used for valuation and recalculated to confirm that information in the report was in line with its policy.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Group as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liu, Mei Lan	Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,237,045	7	$ 878,122	5
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	115,918	1
1150	Notes receivable, net	6(4)	4,475	-	-	-
1170	Accounts receivable, net	6(4)	1,016,780	6	827,485	5
1200	Other receivables		76,704	-	150,335	1
130X	Inventories	5(2) and 6(5)	6,241,090	36	6,413,010	36
1479	Other current assets, others		87,773	1	104,563	-
11XX	**Current Assets**		8,663,867	50	8,489,433	48
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3) and 8	32,947	-	24,755	-
1600	Property, plant and equipment	6(6) and 8	8,339,267	48	8,736,402	50
1755	Right-of-use assets	6(7)	8,425	-	11,541	-
1780	Intangible assets	6(8)	13,643	-	19,181	-
1840	Deferred income tax assets	6(28)	194,928	1	186,201	1
1900	Other non-current assets	6(9)	122,987	1	94,082	1
15XX	**Non-current assets**		8,712,197	50	9,072,162	52
1XXX	**Total assets**		$ 17,376,064	100	$ 17,561,595	100

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 965,144	6	$ 1,326,569	8
2120	Financial liabilities at fair value through profit or loss - current	6(2)	9,824	-	-	-
2130	Current contract liabilities	6(22)	30,462	-	12,649	-
2150	Notes payable	6(11)	369,672	2	430,148	3
2170	Accounts payable		99,482	1	73,501	-
2200	Other payables	6(12)	679,658	4	1,055,333	6
2230	Current income tax liabilities		193,040	1	126,478	1
2250	Current provisions	6(17)	77,959	-	-	-
2280	Current lease liabilities	6(7)	5,191	-	5,983	-
2320	Long-term liabilities, current portion	6(14)	1,231,388	7	400,441	2
2399	Other current liabilities, others	6(13)(24)	54,077	-	61,127	-
21XX	**Current Liabilities**		3,715,897	21	3,492,229	20
	Non-current liabilities					
2540	Long-term borrowings	6(14)	5,894,400	34	6,717,938	39
2570	Deferred income tax liabilities	6(28)	52	-	33,266	-
2580	Non-current lease liabilities	6(7)	3,307	-	5,613	-
2640	Accrued pension liabilities	6(15)	22,670	-	22,637	-
2670	Other non-current liabilities, others		4,403	-	8,559	-
25XX	**Non-current liabilities**		5,924,832	34	6,788,013	39
2XXX	**Total Liabilities**		9,640,729	55	10,280,242	59
	Equity					
	Share capital	6(16)				
3110	Share capital - common stock		2,142,551	12	2,183,151	12
	Capital surplus	6(19)				
3200	Capital surplus		1,013,145	6	1,017,386	6
	Retained earnings	6(20)				
3310	Legal reserve		916,325	5	857,797	5
3320	Special reserve		10,151	-	11,906	-
3350	Unappropriated retained earnings		3,724,967	22	3,780,377	21
	Other equity interest	6(21)				
3400	Other equity interest		(8,607)	-	(10,151)	-
3500	Treasury shares	6(16)	(63,197)	-	(559,113)	(3)
3XXX	**Total equity**		7,735,335	45	7,281,353	41
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 17,376,064	100	$ 17,561,595	100

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

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22)	$ 7,779,316	100	$ 6,401,739	100
5000	Operating costs	6(5)(27)	(6,044,901)	(78)	(5,189,053)	(81)
5900	Net operating margin		1,734,415	22	1,212,686	19
	Operating expenses	6(27)				
6100	Selling expenses		(546,987)	(7)	(699,788)	(11)
6200	General and administrative expenses		(279,940)	(3)	(245,955)	(4)
6300	Research and development expenses		(153,056)	(2)	(142,203)	(2)
6450	Expected credit impairment gain (loss)	12(2)	427	-	(5,786)	-
6000	Total operating expenses		(979,556)	(12)	(1,093,732)	(17)
6900	Operating profit		754,859	10	118,954	2
	Non-operating income and expenses					
7100	Interest income	6(23)	15,748	-	3,042	-
7010	Other income	6(24)	58,674	1	38,311	1
7020	Other gains and losses	6(25)	107,538	1	642,997	10
7050	Finance costs	6(26)	(174,909)	(2)	(102,923)	(2)
7000	Total non-operating income and expenses		7,051	-	581,427	9
7900	**Profit before income tax**		761,910	10	700,381	11
7950	Income tax expense	6(28)	(153,474)	(2)	(117,706)	(2)
8200	**Profit for the year**		$ 608,436	8	$ 582,675	9
	Other comprehensive income					
8311	Other comprehensive income, before tax, actuarial losses (gains) on defined benefit plans	6(15)	($ 287)	-	$ 3,257	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	57	-	(650)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		1,930	-	2,193	-
8399	Income tax relating to the components of other comprehensive income	6(28)	(386)	-	(438)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		1,544	-	1,755	-
8300	**Other comprehensive income for the year**		$ 1,314	-	$ 4,362	-
8500	**Total comprehensive income for the year**		$ 609,750	8	$ 587,037	9
	Profit, attributable to:					
8610	Owners of the parent		$ 608,436	8	$ 582,675	9
8620	Non-controlling interest		-	-	-	-
			$ 608,436	8	$ 582,675	9
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 609,750	8	$ 587,037	9
8720	Non-controlling interest		-	-	-	-
			$ 609,750	8	$ 587,037	9
	Basic earnings per share	6(29)				
9750	Total basic earnings per share		$	2.88	$	2.90
	Diluted earnings per share	6(29)				
9850	Total diluted earnings per share		$	2.88	$	2.89

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

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
			Capital surplus		Retained earnings					
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	Total equity
Year ended December 31,2022										
Balance at January 1, 2022		$1,988,374	$1,108,571	$ 212	$ 823,551	$ 1,434	$3,537,822	($ 11,906)	($ 268,991)	$7,179,067
Profit for the year		-	-	-	-	-	582,675	-	-	582,675
Other comprehensive income for the year		-	-	-	-	-	2,607	1,755	-	4,362
Total comprehensive income		-	-	-	-	-	585,282	1,755	-	587,037
Appropriation and distribution of 2021 earnings:	6(20)									
Legal reserve		-	-	-	34,246	-	(34,246)	-	-	-
Special reserve		-	-	-	-	10,472	(10,472)	-	-	-
Cash dividends		-	-	-	-	-	(194,777)	-	-	(194,777)
Stock dividends		194,777	(91,545)	-	-	-	(103,232)	-	-	-
Treasury shares transferred to employee	6(16)	-	-	148	-	-	-	-	1,032	1,180
Purchase of treasury shares	6(16)	-	-	-	-	-	-	-	(291,154)	(291,154)
Balance at December 31,2022		$2,183,151	$1,017,026	$ 360	$ 857,797	$ 11,906	$3,780,377	($ 10,151)	($ 559,113)	$7,281,353
Year ended December 31,2023										
Balance at January 1, 2023		$2,183,151	$1,017,026	$ 360	$ 857,797	$ 11,906	$3,780,377	($ 10,151)	($ 559,113)	$7,281,353
Profit for the year		-	-	-	-	-	608,436	-	-	608,436
Other comprehensive (loss) income for the year		-	-	-	-	-	(230)	1,544	-	1,314
Total comprehensive income		-	-	-	-	-	608,206	1,544	-	609,750
Appropriation and distribution of 2022 earnings:	6(20)									
Legal reserve		-	-	-	58,528	-	(58,528)	-	-	-
Special reserve		-	-	-	-	(1,755)	1,755	-	-	-
Cash dividends		-	-	-	-	-	(416,892)	-	-	(416,892)
Retirement treasury shares	6(16)	(40,600)	(18,914)	(18,494)	-	-	(189,951)	-	267,959	-
Treasury shares transferred to employee	6(16)	-	-	33,167	-	-	-	-	227,957	261,124
Balance at December 31,2023		$2,142,551	$ 998,112	$ 15,033	$ 916,325	$ 10,151	$3,724,967	($ 8,607)	($ 63,197)	$7,735,335

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

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 761,910	$ 700,381
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-Property, plant and equipment	6(6)	941,512	929,686
Depreciation expense-Right-of-use-assets	6(7)	7,419	5,826
Amortization expense	6(27)	11,011	12,464
Expected credit impairment (gain) loss	12(2)	(427)	5,786
Share-based payments		9,782	141
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)	125,742	(120,748)
Transfer of overdue accounts payable to other revenue	6(24)	-	(4,309)
Goverment grants income	6(24)	(7,548)	(6,642)
Unfinish construction and equipment transferred to expense		475	-
Interest income	6(23)	(15,748)	(3,042)
Interest expense	6(26)	174,763	102,801
Interest expense-Right-of-use-assets	6(7)(26)	146	122
Gain on disposal of property, plant and equipment	6(25)	(4,293)	(21,254)
Unrealized foreign exchange gain		(6,784)	(14,790)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(188,629)	41,966
Other receivables		14,347	214,893
Inventories		(12,998)	(1,627,141)
Prepayments		20,255	(24,028)
Other current assets		(3,286)	20,011
Other non-current assets		5,833	923
Changes in operating liabilities			
Current contract liabilities		16,528	(14,090)
Notes payable		15,852	14,766
Accounts payable		25,488	11,567
Other payables		(145,309)	(108,090)
Provisions		56,610	-
Other current liabilities		(7,550)	12,353
Net defined benefit liabilities		(254)	5
Cash inflow generated from operations		1,794,847	129,557
Interest received		15,757	2,843
Interest paid		(143,276)	(92,617)
Income taxes paid		(129,182)	(50,955)
Net cash flows from (used in) operating activities		1,538,146	(11,172)

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 8,192)	($ 4,347)
Acquisition of property, plant and equipment	6(30)	(719,837)	(471,720)
Proceeds from disposal of property, plant and equipment	6(30)	77,199	96,455
Acquisition of intangible assets		(1,724)	-
Capitalized interest payments	6(6)(26)(30)	(9,317)	(835)
Decrease in refundable deposits		13,563	7,394
Net cash flows used in investing activities		(648,308)	(373,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(31)	1,305,484	2,717,209
Decrease in short-term loans	6(31)	(1,670,437)	(1,923,767)
Increase in short-term notes and bills payable	6(31)	-	130,000
Decrease in short-term notes and bills payable	6(31)	-	(380,000)
Proceeds from long-term debt		565,000	1,222,000
Repayments of long-term debt		(565,360)	(1,153,286)
Repayments of lease liabilities	6(31)	(7,401)	(5,926)
Payments to acquire treasury shares		-	(291,154)
Treasury shares transferred to employees		251,343	1,040
Cash dividends paid	6(20)	(416,892)	(194,777)
Net cash flows (used in) from financing activities		(538,263)	121,339
Effects of foreign exchange rates		7,348	5,998
Net increase (decrease) in cash and cash equivalents		358,923	(256,888)
Cash and cash equivalents at beginning of year		878,122	1,135,010
Cash and cash equivalents at end of year		$ 1,237,045	$ 878,122

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

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

SUPERALLOY INDUSTRIAL CO., LTD. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in June 1994. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in forging, manufacturing, processing and trading of aircraft components, vehicles and motorcycle components, aluminium-copper, steel-titanium alloys, hardware parts, and mold coupler.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. 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.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2023	Ownership(%) December 31, 2022	Description
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH. (SAMF)	Coating and processing of vehicle components, European Logistics Centre	100%	100%	

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads which are allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3 ~ 11 years
Buildings and structures	2 ~ 51 years
Machinery and equipment	3 ~ 18 years
Utility equipment	2 ~ 21 years
Other equipment	3 ~ 16 years

(13) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(14) Intangible assets

A. Trademarks and patents

Separately acquired trademarks and patents are stated at historical cost. Trademarks and patents have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 3 to 21 years.

B. Computer software

Computer software is stated at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3~7 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(17) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(19) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(21) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(22) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, personnel training expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(26) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Cash dividends are recorded as liabilities in the Group's financial statements in the period in which they are resolved by the Group's Board of Directors. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

The Group manufactures and sells forging wheel products. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the control of ownership has been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(29) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Assumption and Key Sources of Estimates Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. There might be material changes to the evaluation of inventories.

As of December 31, 2023, the carrying amount of inventories was $6,241,090 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 431	$ 453
Checking accounts and demand deposits	1,236,614	570,569
Time deposits	-	307,100
	$ 1,237,045	$ 878,122

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's time deposits with maturity date over 3 months and time deposits pledged as collateral have been reclassified under "financial assets at amortised cost", please refer to Notes 6(3) and 8.

(2) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss -Derivative instruments	$ -	$ 115,918
Financial liabilities mandatorily measured at fair value through profit or loss -Derivative instruments	$ 9,824	$ -

A. Nature of financial assets at fair value through profit or loss is as follows:
Derivative instrument: including forward foreign exchange contracts and forward commodities contract.

B. The net gain or loss on financial assets at fair value through profit or loss held by the Group recognized for the years ended December 31, 2023 and 2022, were gain of $115,633 thousand (including loss on valuation of $125,742 thousand and realized gain on disposal of $241,375 thousand), and gain of $498,006 thousand (including gain on valuation of $120,748 thousand and realized gain on disposal of $377,258 thousand), respectively.

C. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2023	
Derivative financial instruments	Contract notional principal	Contract period
Current items:		
Forward exchange contracts	USD 19,000 thousand	2023.08.17~2024.10.16
	EUR 3,900 thousand	2023.10.16~2024.10.16

	December 31, 2022	
Derivative financial instruments	Contract notional principal	Contract period
Current items:		
Forward exchange contracts	USD 110,348 thousand	2022.01.27~2023.12.08
Forward commodities contracts	USD 1,040 thousand	2022.03.01~2023.01.31

(a) Forward exchange contracts

The Group entered into foreign exchange swap to buy or sell USD and EUR to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) Forward commodities contract

The Group entered into forward commodities trade contracts to pre-buy or pre-sell aluminum to hedge price risk of raw materials in stock. However, these forward commodities trade contract are not accounted for under hedge accounting.

D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Non-current items:		
Pledged time deposits	$ 32,947	$ 24,755

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	$ 1,028	$ 309

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was $32,947 thousand and $24,755 thousand, respectively.

C. Details of the Company's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 4,475	$ -
Accounts receivable	$ 1,027,314	$ 838,446
Less: Allowance for bad debts	(10,534)	(10,961)
	$ 1,016,780	$ 827,485

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Other notes receivable	Accounts receivable	Notes receivable
Not past due	$ 953,213	$ 4,475	$ 712,556	$ -
Up to 30 days	53,296	-	85,196	-
31 to 90 days	9,509	-	23,177	-
91 to 180 days	2,791	-	7,901	-
Over 180 days	8,505	-	9,616	-
	$ 1,027,314	$ 4,475	$ 838,446	$ -

The above ageing analysis was based on past due date.

B. As at December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables from contracts with customers amounted to $1,031,789 thousand, $838,446 thousand and $881,563 thousand, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $4,475 thousand and $1,016,780 thousand ; $0 thousand and $827,485 thousand, respectively.

D. The Group did not hold any collateral.

E. Details of other notes receivable are provided in Note 6(30).

F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,040,560	($ 127,527)	$ 3,913,033
Work in progress	1,402,011	(223,509)	1,178,502
Finished goods	1,378,388	(228,833)	1,149,555
	$ 6,820,959	($ 579,869)	$ 6,241,090

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,976,358	($ 117,509)	$ 3,858,849
Work in progress	1,812,733	(249,419)	1,563,314
Finished goods	1,215,019	(224,172)	990,847
	$ 7,004,110	($ 591,100)	$ 6,413,010

The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2023	2022
Cost of goods sold	$ 5,726,274	$ 4,623,564
Unallocated fixed overhead expense	252,405	379,115
(Gain on reversal of) loss on slow-moving inventories and decline in market value	(11,231)	95,558
Others	77,453	90,816
	$ 6,044,901	$ 5,189,053

The Group reversed a previous inventory write-down because of the sale of certain inventories which were previously provided with allowance for the year ended December 31, 2023.

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(6) Property, plant and equipment

Year ended December 31, 2023	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	$ 2,546,062	$ -	$ -	$ -	$ 779	$ 2,546,841
Land improvements	31,191	-	-	-	-	31,191
Buildings and structures	2,739,543	376	(950)	110,307	10,045	2,859,321
Machinery and equipment	5,714,968	17,244	(606,846)	681,656	10,364	5,817,386
Utilities equipment	827,851	-	-	27,406	-	855,257
Other equipment	596,788	5,319	(72,536)	198,754	1,201	729,526
Unfinished construction and equipment under acceptance	872,120	344,002	-	(836,692)	-	379,430
	$ 13,328,523	$ 366,941	($ 680,332)	$ 181,431	$ 22,389	$ 13,218,952
Accumulated depreciation						
Land improvements	$ 25,842	$ 2,434	$ -	$ -	$ -	$ 28,276
Buildings and structures	830,252	85,930	(950)	-	1,862	917,094
Machinery and equipment	2,993,373	645,390	(599,634)	-	5,673	3,044,802
Utilities equipment	434,831	60,767	-	-	-	495,598
Other equipment	307,823	146,991	(61,642)	-	743	393,915
	$ 4,592,121	$ 941,512	($ 662,226)	$ -	$ 8,278	$ 4,879,685
Book value	$ 8,736,402					$ 8,339,267

Year ended December 31, 2022	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land	$ 2,545,198	$ -	$ -	$ -	$ 864	$ 2,546,062
Land improvements	30,191	-	-	1,000	-	31,191
Buildings and structures	2,724,592	-	-	3,794	11,157	2,739,543
Machinery and equipment	5,881,678	5,295	(628,604)	445,091	11,508	5,714,968
Utilities equipment	818,932	-	-	8,919	-	827,851
Other equipment	547,641	10,033	(74,540)	112,346	1,308	596,788
Unfinished construction and equipment under acceptance	411,609	859,931	-	(399,420)	-	872,120
	$ 12,959,841	$ 875,259	($ 703,144)	$ 171,730	$ 24,837	$ 13,328,523
Accumulated depreciation						
Land improvements	$ 22,612	$ 3,230	$ -	$ -	$ -	$ 25,842
Buildings and structures	744,585	84,230	(541)	-	1,978	830,252
Machinery and equipment	2,909,955	630,279	(552,862)	-	6,001	2,993,373
Utilities equipment	373,114	61,717	-	-	-	434,831
Other equipment	231,348	150,230	(74,540)	-	785	307,823
	$ 4,281,614	$ 929,686	($ 627,943)	$ -	$ 8,764	$ 4,592,121
Book value	$ 8,678,227					$ 8,736,402

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Years ended December 31	
	2023	2022
Amount capitalised	$ 9,317	$ 835
Range of the interest rates for capitalisation	1.56%~1.92%	0.95%~2.00%

B. The amount of transfers for the year ended December 31, 2023 pertained to the completion of acceptance of the construction in progress and equipment under acceptance, the items which belonged to equipment in nature transferred from inventories and the items which belonged to intangible assets, etc. in nature transferred to related accounts. The amount of transfers for the year ended December 31, 2022 pertained to the completion of acceptance of the construction in progress and equipment under acceptance, the items which belonged to equipment in nature transferred from inventories and the items which belonged to intangible assets, etc. in nature transferred to related accounts.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. The Group acquired land with nos. #407, #408, #409, #410, #411, Huxi Section, Douliu City, Yunlin County, with a total book value of $50,145 thousand. The land is adjacent to the industrial zone, which is currently used for the Group’s business. As the lands are farmlands which cannot be transferred to the Group, the ownership is under the name of other parties. The Group retains the original certificate of the land ownership and has a trust agreement with the nominal owner. The two parties have agreed before the ownership registration, the nominal owner shall not transfer the ownership to any third party nor set up any mortgage.

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and forklifts. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The Group’s short-term leases and low-value assets pertain to land improvements and property, plant and equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 3,409	$ 4,545
Buildings	2,452	1,878
Transportation equipment (forklifts)	2,564	5,118
	$ 8,425	$ 11,541

	Years ended December 31	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 1,136	$ 1,136
Buildings	2,142	595
Transportation equipment (forklifts)	4,141	4,095
	$ 7,419	$ 5,826

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $4,303 thousand and $14,446 thousand, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 146	$ 122
Expense on short-term lease contracts	6,221	1,734
	$ 6,367	$ 1,856

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $13,768 thousand and $7,782 thousand, respectively.

(8) Intangible assets

Year ended December 31, 2023						
Cost	Beginning balance	Additions	Amortizations	Transfers	Net exchange differences	Ending balance
Computer software	$ 18,800	$ 1,690	($ 10,899)	$ 3,003	$ 2	$ 12,596
Intangible assets	381	14	(112)	764	-	1,047
Book value	$ 19,181	$ 1,704	($ 11,011)	$ 3,767	$ 2	$ 13,643

Cost	Beginning balance	Additions	Amortizations	Transfers	Net exchange differences	Ending balance
	Year ended December 31, 2022					
Computer software	$ 31,028	$ -	($ 12,368)	$ 207	($ 67)	$ 18,800
Intangible assets	407	-	(96)	70	-	381
Book value	$ 31,435	$ -	($ 12,464)	$ 277	($ 67)	$ 19,181

Details of amortization on intangible assets are as follows:

	Years ended December 31	
	2023	2022
Operating costs	$ 985	$ 1,377
Selling expenses	732	-
General and administrative expenses	5,467	6,656
Research and development expenses	3,827	4,431
	$ 11,011	$ 12,464

(9) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business facilities	$ 71,621	$ 23,532
Guarantee deposits paid	45,517	59,080
Others	5,849	11,470
	$ 122,987	$ 94,082

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured borrowings	$ 965,144	1.67%~5.01%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured borrowings	$ 1,326,569	1.42%~6.18%	None

Information about interest expense recognized in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(26).

(11) Notes payable

	December 31, 2023	December 31, 2022
Notes payable – general	$ 349,042	$ 333,190
Notes payable – payment for equipment	20,630	96,958
	$ 369,672	$ 430,148

(12) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 181,803	$ 176,351
Payable on machinery and equipment	131,804	369,600
Freight payable	71,349	151,972
Employees' compensation and directors' and supervisors' remuneration payable	47,551	51,724
Processing fees payable	39,118	34,456
Utilities expense payable	35,140	37,547
Labour and health insurance fees payable	29,325	21,373
Commission payable	11,978	69,599
Other payables	131,590	142,711
	$ 679,658	$ 1,055,333

(13) Other current liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	$ 37,196	$ 39,040
Gains on deferred government grants	6,881	6,702
Others	10,000	15,385
	$ 54,077	$ 61,127

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowings are repayable in installments before March 2040	1.65%～2.70%	Property, plant and equipment	$ 4,249,850
Unsecured borrowings	Borrowings are repayable in installments before March 2028	1.63%～2.10%		2,887,222
				7,137,072
Less: Gains on deferred government grants				(11,284)
Less: Current portion				(1,231,388)
				$ 5,894,400

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowings are repayable in installments before March 2040	1.13%～2.70%	Property, plant and equipment	$ 4,268,640
Unsecured borrowings	Borrowings are repayable in installments before March 2028	1.15%～2.00%		2,865,000
				7,133,640
Less: Gains on deferred government grants				(15,261)
Less: Current portion				(400,441)
				$ 6,717,938

(15) Pensions

A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 41,367	$ 43,362
Fair value of plan assets	(18,697)	(20,725)
Net defined benefit liability	$ 22,670	$ 22,637

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
At January 1	$ 43,362	($ 20,725)	$ 22,637
Current service cost	72	-	72
Interest expense (income)	562	(266)	296
Past service cost	(265)	-	(265)
	43,731	(20,991)	22,740
Remeasurements:			
Return on plan assets	-	(173)	(173)
Change in demographic assumptions	3	-	3
Change in financial assumptions	440	-	440
Experience adjustments	18	-	18
	461	(173)	288
Pension fund contribution	-	(358)	(358)
Paid pension	(2,825)	2,825	-
At December 31	$ 41,367	($ 18,697)	$ 22,670

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	$ 45,810	($ 19,921)	$ 25,889
Current service cost	72	-	72
Interest expense (income)	309	(133)	176
	46,191	(20,054)	26,137
Remeasurements:			
Return on plan assets	-	(1,569)	(1,569)
Change in demographic assumptions	375	-	375
Change in financial assumptions	(3,063)	-	(3,063)
Experience adjustments	1,000	-	1,000
	(1,688)	(1,569)	(3,257)
Pension fund contribution	-	(243)	(243)
Paid pension	(1,141)	1,141	-
At December 31	$ 43,362	($ 20,725)	$ 22,637

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group’s defined benefit pension plan in accordance with the Fund’s annual investment and utilization plan and the

"Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.25%	1.35%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality rate are set based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,080)	$ 1,122	$ 1,111	($ 1,075)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,112)	$ 1,156	$ 1,145	($ 1,107)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $1,378 thousand.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	963
1-2 year(s)		1,556
2-5 years		7,611
Over 5 years		36,489
	$	46,619

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the aforementioned pension plan, the Group recognized pension costs of $30,009 thousand and $29,763 thousand for the years ended December 31, 2023 and 2022, respectively.

(c) The subsidiaries in Europe contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. For the aforementioned pension plan, the Group recognized pension costs of $6,237 thousand and $6,364 thousand for the years ended December 31, 2023 and 2022, respectively.

(16) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Year ended December 31, 2023

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2023.5.5	3,022 thousand shares	0.13 year	Vested immediately
Treasury stock transferred to employees	2023.8.7	1,414 thousand shares	0.01 year	Vested immediately

Year ended December 31, 2022

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.2.9	20 thousand shares	0.01 year	Vested immediately

Treasury stock transferred to employee plan issued by the Company shall not be disposed within one year after the stocks are subscribed. However, voting right and dividend right are not restricted on these stocks. Employees are not required to return the stocks received and related dividends distributed if they resign during the vesting period.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Year ended December 31, 2023

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit of the option	Fair value of the target
Treasury stock transferred to employees	2023.5.5	64.10	56.66	32.20%	0.13	-	1.09%	3.2368	57.69
Treasury stock transferred to employees	2023.8.7	58.09	56.66	12.96%	0.01	-	1.09%	-	53.01

Year ended December 31, 2022

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit of the option	Fair value of the target
Treasury stock transferred to employees	2022.2.9	67.1	52.00	25.36%	0.01	-	0.34%	7.0514	59.05

(a) The fair value of the target takes into consideration that the transferred stocks were subject to the restriction that they shall not be transferred within one year. Thus, the range of discount of the target stocks subject to this restriction was considered to reasonably reflect the fair value of the restricted stocks.

(b) Expected price volatility rate was estimated by using the daily history stock prices of the most recent three months before the grant date, and the standard deviation of return on the stock during this period.

C. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31	
	2023	2022
Equity-settled	$ 9,782	$ 141

(17) Provisions

	Provision for litigation
At January 1, 2023	$ -
Additional provisions	77,959
At December 31, 2023	$ 77,959

For the year ended December 31, 2022: None.

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current	$ 77,959	$ -

(18) Share capital

A. As of December 31, 2023, the Company's authorized capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,142,551 thousand with a par value of $10 (in dollars) per share. As of December 31, 2023, the number of ordinary shares outstanding amounted to 212,882 thousand shares.

B. Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	2023	2022
At January 1	208,446	194,757
Less: Purchase of treasury shares	-	(5,809)
Add: Stock dividends	-	19,478
Add: Transfer of treasury shares	4,436	20
At December 31	212,882	208,446

C. The shareholders of the Company during their meeting on June 27, 2022 resolved to issue 19,478 new shares through capitalization of unappropriated retained earnings of $103,232 thousand and capital surplus of $91,545 thousand. The capital increase had been approved by the Financial Supervisory Committee on July 13, 2022 and the registration had been completed on August 26, 2022.

D. Treasury share

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares (in thousand) are as follows:

Reason for share reacquisition		Year ended December 31, 2023 Number of shares	Carrying amount
To be reissued to employees	At January 1	9,869	$ 559,113
	Shares retired	(4,060)	(267,959)
	Shares transferred	(4,436)	(227,957)
	At December 31	1,373	$ 63,197

Reason for share reacquisition		Year ended December 31, 2022 Number of shares	Carrying amount
To be reissued to employees	At January 1	4,080	$ 268,991
	Shares increased	5,809	291,154
	Shares transferred	(20)	(1,032)
	At December 31	9,869	$ 559,113

(b) On April 18, 2022, the Board of Directors of the Company resolved to transfer 20 thousand shares of treasury shares purchased in 2020 to employees at NT$52 (in dollars) per share.

(c) On August 8, 2022, the Board of Directors of the Company resolved to repurchase treasury shares in the amount of 5,000 thousand shares. The above treasury shares in the amount of 2,840 shares were actually repurchased and the repurchase was completed on October 7, 2022.

(d) On April 17, 2023, the Board of Directors of the Company resolved to transfer 3,022 thousand shares of treasury shares purchased in 2022 to employees at NT$56.66 (in dollars) per share.

(e) On August 7, 2023, the Board of Directors of the Company resolved to transfer 1,414 thousand shares of treasury shares purchased in 2022 to employees at NT$56.66 (in dollars) per share.

(f) On August 7, 2023, the Board of Directors of the Company resolved to retire treasury shares with the effective date set on August 7, 2023. On September 13, 2023, the retirement of 4,060 thousand shares of treasury shares and the registration change for the paid-in capital were completed.

(g) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. As of December 31, 2023 and 2022, the balance of the treasury shares repurchased and transferred to employees amounted to $63,197 thousand and $559,113 thousand, respectively.

(h) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(i) Pursuant to the R.O.C. Company Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(19) Capital surplus

	Years ended December 31	
	2023	2022
Used to offset deficits, distributed as cash dividends or transferred to share capital		
Additional paid-in capital in excess of par-ordinary share	$ 998,112	$ 1,017,026
Treasury share transactions	15,033	360
	$ 1,013,145	$ 1,017,386

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay income tax returns and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. In addition, after special reserve is set aside or reversed in accordance with relevant regulations, the remainder along with accumulated unappropriated earnings shall be proposed by the Board of Directors and resolved at the shareholders' meeting to be distributed as dividends and bonus to shareholders. However, the distribution of dividends and bonus or legal reserve and capital surplus, in whole or in part, in the form of cash in accordance with regulations or paragraph 5, Article 240 of the Company Act, shall be authorized to the Board of Directors, through a resolution adopted by the majority vote at their meeting attended by two-thirds of the total number of directors, and the report of such distribution shall be reported to the shareholders during their meeting.

B. The Company's dividend policy is summarized below:

To improve the Company's dividend policy and consider the Company's capital position, the total dividends are distributed at 10% to 90% of the accumulated distributable earnings, and cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. (a) The appropriations of 2022 and 2021 earnings as resolved by the Board of Directors and the shareholders at their meetings on April 17, 2023 and June 27, 2022, respectively, were as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 58,528		$ 34,246	
(Reversal of) special reserve	(1,755)		10,472	
Cash dividends	416,892	$ 2.00	194,777	$ 1.00
Stock dividends - capitalisation of earnings	-	-	103,232	0.53
Stock dividends - capitalisation of capital surplus	-	-	91,545	0.47
	$ 473,665		$ 434,272	

(b) The appropriations of 2023 earnings had been approved by the shareholders on March 7, 2024. Details are summarized below:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 60,821	
Reversal of special reserve	(1,544)	$ 2.0129
Cash dividends	428,510	
	$ 487,787	

(21) Other equity items

	Years ended December 31	
	2023	2022
At January 1	($ 10,151)	($ 11,906)
Currency translation differences:		
- Group	1,930	2,193
- Tax on Group	(386)	(438)
At December 31	($ 8,607)	($ 10,151)

(22) Operating revenue

	Years ended December 31	
	2023	2022
Revenue from contracts with customers	$ 7,779,316	$ 6,401,739

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major geographical regions:

	Year ended December 31, 2023				
	America	Wheels Europe	All other segments	Other products	Total
Revenue from external customer contracts	$ 1,755,608	$ 3,877,072	$ 997,463	$ 1,149,173	$ 7,779,316

	Year ended December 31, 2022				
	America	Wheels Europe	All other segments	Other products	Total
Revenue from external customer contracts	$ 1,462,261	$ 3,150,400	$ 468,128	$ 1,320,950	$ 6,401,739

B. Contract liabilities and refund liabilities

(a) The Group has recognized the following revenue-related contract liabilities and refund liabilities (recorded as other current liabilities):

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 30,462	$ 12,649	$ 25,130
Refund liabilities	$ 37,196	$ 39,040	$ 34,398

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Years ended December 31	
	2023	2022
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 8,188	$ 20,343

(23) Interest income

	Years ended December 31	
	2023	2022
Interest income from bank deposits	$ 14,720	$ 2,634
Interest income from financial assets measured at amortized cost	1,028	309
Interest income from bonds sold under repurchase agreement	-	99
	$ 15,748	$ 3,042

(24) Other income

	Years ended December 31	
	2023	2022
Government grant income	$ 16,051	$ 8,475
Compensation income	5,669	138
Gains on write-off of past due payable	-	4,309
Other income, others	36,954	25,389
	$ 58,674	$ 38,311

A. The Company had obtained 8 loans totaling $1,635,000 thousand at the preferential interest rates from the government under the "Action Plan for Accelerated Investment by Domestic Corporations" from Chang Hwa Bank, Taiwan Cooperative Bank and Bank of Taiwan, respectively, as of December 31, 2023. The loans will be used for the working capital and purchase of equipment and will be repaid in installments before December 2027 and September 2026, respectively. The fair value of the loans estimated based on the market interest rate of each loan at the time was $1,623,716 thousand in total. The differences between the obtained amount and the fair value of the loans amounting to $11,284 thousand were considered as government grants of low-interest loans and recognized as gain on deferred government grants (shown as other current liabilities and other non-current liabilities). The gain on deferred government grants was transferred to other income - government grant income following the interest amortization. There were $7,548 thousand and $6,642 thousand transferred to other income - government grant income for the years ended December 31, 2023 and 2022, respectively.

B. As the Group was eligible for the 'Stable Employment Plan' of the Ministry of Labor, the Group had employed unemployed people who met the qualifications of the plan according to the government grants and recognized government grant income amounting to $1,054 thousand and $1,834 thousand for the years ended December 31, 2023 and 2022, respectively.

C. As the Group was eligible for the 'Power and Public Equipment Subsidy' promoted by the Ministry of Economic Affairs, the Group had recognized government grant income amounting to $999 thousand for the year ended December 31, 2023.

D. The Group had obtained the government grants from the 'Taiwan Industry Innovation Platform Program' of the Ministry of Economic Affairs and transferred other income - government grant income amounting to $6,450 thousand for the year ended December 31, 2023.

(25) Other gains and losses

	Years ended December 31	
	2023	2022
Net gains on financial assets at fair value through profit or loss	$ 115,633	$ 498,006
Foreign exchange gains	18,697	123,737
Gains on disposals of property, plant and equipment	4,293	21,254
Other losses	(31,085)	-
	$ 107,538	$ 642,997

(26) Finance costs

	Years ended December 31	
	2023	2022
Interest expense - bank borrowings	$ 162,731	$ 103,636
Interest expense - lease liabilities	146	122
Interest expense - others	21,349	-
Less: Capitalisation of qualifying assets	(9,317)	(835)
	$ 174,909	$ 102,923

(27) Expenses by nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 816,737	$ 184,118	$ 1,000,855
Labour and health insurance fees	79,215	17,467	96,682
Pension costs	28,809	7,540	36,349
Directors' remuneration	-	14,349	14,349
Other personnel expenses	57,717	13,163	70,880
	$ 982,478	$ 236,637	$ 1,219,115
Depreciation charges	$ 913,705	$ 35,226	$ 948,931
Amortization charges	$ 985	$ 10,026	$ 11,011

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 776,295	$ 168,521	$ 944,816
Labour and health insurance fees	67,572	16,986	84,558
Pension costs	22,677	7,334	30,011
Directors' remuneration	-	14,505	14,505
Other personnel expenses	66,695	12,693	79,388
	$ 933,239	$ 220,039	$ 1,153,278
Depreciation charge	$ 897,173	$ 38,339	$ 935,512
Amortization charge	$ 1,377	$ 11,087	$ 12,464

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3%~15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, the employees' compensation and directors' remuneration were estimated and accrued respectively as follows based on the distributable profit of current year as of the end of reporting period:

	Years ended December 31	
	2023	2022
Employees' compensation	$ 27,938	$ 25,682
Accrued ratio	3.50%	3.50%
Directors' remuneration	$ 8,381	$ 7,705
Accrued ratio	1.05%	1.05%

Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 194,543	$ 125,375
Prior year income tax overestimation	1,201	(20,550)
Total current tax	195,744	104,825
Deferred tax:		
Origination and reversal of temporary differences	(42,270)	12,881
Total deferred tax	(42,270)	12,881
Income tax expense	$ 153,474	$ 117,706

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31	
	2023	2022
Remeasurement of defined benefit plan	$ 57	($ 650)
Currency translation differences	(386)	(438)
	($ 329)	($ 1,088)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 152,685	$ 126,616
Effect from items disallowed by the regulation	(109)	(1,676)
Prior year income tax under (over) estimation	1,215	(20,550)
Change in assessment of realisation of deferred tax assets	(317)	(144)
Taxable loss not recognised as deferred tax assets	-	13,460
Income tax expense	$ 153,474	$ 117,706

C. Applicable tax rate: Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	Year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	$ 118,220	($ 2,246)	$ -	$ 115,974
Allowance for bad debts that exceeds the limit for tax purpose	2,786	(466)	-	2,320
Unused compensated absences for employees	5,957	454	-	6,411
Loss on long-term foreign investments	56,700	(202)	-	56,498
Unrealised loss on valuation of financial assets and liabilities	-	1,965	-	1,965
Accumulated translation adjustment of long-term equity investments	2,538	-	(386)	2,152
Unrealised exchange loss	-	1,777	-	1,777
Unrealised provisions	-	7,831	-	7,831
	$ 186,201	$ 9,113	($ 386)	$ 194,928
Temporary differences				
Deferred tax liabilities:				
Unrealised exchange gain	($ 10,025)	$ 10,025	$ -	$ -
Unrealised gain on valuation of financial assets and liabilities	(23,184)	23,184	-	-
Remeasurement of defined benefit obligations	(57)	(52)	57	(52)
	($ 33,266)	$ 33,157	$ 57	($ 52)
		$ 42,270	($ 329)	

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	$ 99,108	$ 19,112	$ -	$ 118,220
Allowance for bad debts that exceeds the limit for tax purpose	1,822	964	-	2,786
Unused compensated absences for employees	5,861	96	-	5,957
Loss on long-term foreign investments	47,728	8,972	-	56,700
Unrealised loss on valuation of financial assets and liabilities	966	(966)	-	-
Accumulated translation adjustment of long-term equity investments	2,976	-	(438)	2,538
Unrealised exchange loss	7,850	(7,850)	-	-
Remeasurement of defined benefit obligations	593	55	(648)	-
	$ 166,904	$ 20,383	($ 1,086)	$ 186,201
Temporary differences				
Deferred tax liabilities:				
Unrealised exchange gain	$ -	($ 10,025)	$ -	($ 10,025)
Unrealised gain on valuation of financial assets and liabilities	-	(23,184)	-	(23,184)
Remeasurement of defined benefit obligations	-	(55)	(2)	(57)
	$ -	($ 33,264)	($ 2)	($ 33,266)
		($ 12,881)	($ 1,088)	

D. The subsidiary's expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
105	Amount assessed	$ 5,558	$ 5,558	Note
106	Amount assessed	34,245	34,245	Note
107	Amount assessed	35,676	35,676	Note
108	Amount assessed	57,007	57,007	Note
109	Amount assessed	62,640	62,640	Note
110	Amount assessed	53,479	53,479	Note
111	Amount assessed	44,866	44,866	Note
		$ 293,471	$ 293,471	

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
103	Amount assessed	$ 436	$ 436	Note
104	Amount assessed	381	381	Note
105	Amount assessed	5,797	5,797	Note
106	Amount assessed	34,245	34,245	Note
107	Amount assessed	35,676	35,676	Note
108	Amount assessed	57,007	57,007	Note
109	Amount assessed	62,640	62,640	Note
110	Amount assessed	53,479	53,479	Note
111	Amount filed	44,868	44,868	Note
		$ 294,529	$ 294,529	

Note: Loss carryforward was not limited to the expiry year according to the Enterprise Income Tax Act of Germany.

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

F. Applicable tax rate:

Name of subsidiary	Applicable Income Tax Act	Applicable tax rate
SAMF	Enterprise Income Tax Act of Germany	Applicable tax rate 30%

(29) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 608,436	210,999	$ 2.88
Diluted earnings per share			
Profit attributable to ordinary shareholders	608,436	210,999	
Assumed conversion of all dilutive potential ordinary shares	-	468	
Employees' compensation			
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 608,436	211,467	$ 2.88

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 582,675	201,024	$ 2.90
Diluted earnings per share			
Profit attributable to ordinary shareholders	582,675	201,024	
Assumed conversion of all dilutive potential ordinary shares	-	665	
Employees' compensation			
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 582,675	201,689	$ 2.89

When calculating diluted earnings per share, the Group assumes that the employees' compensation will all be distributed in the form of shares for the period and the resulting potential shares will be included in the weighted average number of ordinary shares outstanding if those shares have a dilutive effect.

(30) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 366,941	$ 875,259
Add: Opening balance of payable on equipment	369,600	33,759
Add: Opening balance of notes payable on equipment	96,958	24,011
Add: Ending balance of prepayments for business facilities	71,621	23,532
Less: Ending balance of payable on equipment	(131,804)	(369,600)
Less: Ending balance of notes payable on equipment	(20,630)	(96,958)
Less: Opening balance of prepayments for business facilities	(23,532)	(17,448)
Less: Cash from capitalized interest payments	(9,317)	(835)
Cash paid during the period	$ 719,837	$ 471,720

	Years ended December 31	
	2023	2022
Disposal of property, plant and equipment	$ 22,399	$ 163,072
Add: Opening balance of receivable on equipment	66,617	-
Less: Ending balance of receivable on equipment	(7,342)	(66,617)
Less: Ending balance of other notes receivable	(4,475)	-
Cash received during the year	$ 77,199	$ 96,455

B. Financing activities with no cash flow effects

	Years ended December 31	
	2023	2022
Stock dividends - capitalization of earnings	$ -	$ 103,232
Stock dividends - capitalization of capital surplus	-	91,545
Cash received during the year	$ -	$ 194,777

(31) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2023	$ 1,326,569	$ -	$ 7,118,378	$ -	$ 11,596	$ 8,456,543
Changes in cash flow from financing activities	(364,953)	-	(360)	(416,892)	(7,401)	(789,606)
Changes in other non-cash items	-	-	3,976	416,892	4,303	425,171
Impact of changes in foreign exchange rate	3,528	-	3,794	-	-	7,322
At December 31, 2023	$ 965,144	$ -	$ 7,125,788	$ -	$ 8,498	$ 8,099,430

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	$ 538,716	$ 249,927	$ 7,038,579	$ -	$ 2,954	$ 7,830,176
Changes in cash flow from financing activities	793,442	(250,000)	68,714	(194,777)	(5,926)	411,453
Changes in other non-cash items	-	73	6,642	194,777	14,568	216,060
Impact of changes in foreign exchange rate	(5,589)	-	4,443	-	-	(1,146)
At December 31, 2022	$ 1,326,569	$ -	$ 7,118,378	$ -	$ 11,596	$ 8,456,543

7. Related Party Transactions

Key management compensation

	Years ended December 31			
	2023		2022	
Short-term employee benefits	$	24,144	$	24,035
Post-employment benefits		216		216
Share-based payments		1,295		-
	$	25,655	$	24,251

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value				
Pledged asset	December 31, 2023		December 31, 2022		Purpose
Property, plant and equipment	$	4,506,886	$	5,634,006	Long-term borrowings
Pledged time deposits (Note)		32,947		24,755	Guarantee deposits for CPC corporation and purchases of materials
	$	4,539,833	$	5,658,761	

Notes: Shown as non-current financial assets at amortized cost.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023		December 31, 2022	
Property, plant and equipment	$	372,426	$	614,883

B. The Company entered into a minimum order quantity contract with the main raw material supplier, Emirates Global Aluminium (Singapore) Pte Ltd ("EGA"), on December 6, 2023 to stabilise the safety stock of raw materials. The contract stipulated that the Company shall reach a certain minimum order quantity every year and the payment terms are telegraphic transfer after shipment by EGA. Based on the assessment, the Company shall have no concerns about fulfilling the obligations under the contract before it expires.

(2) Contingencies

The Group entered into the Sales Representation Agreement (the "Agreement") with the German entity, LCTec GmbH ("LCTec" (Note)), in 2011. The Agreement stipulated that LCTec provides services such as sales management and technical support. The period of the Agreement was to August 31, 2016. Except for a notice 90 days in advance for cancelling the automatic renewal, the

Agreement could continue to be renewed for 2 years automatically. The Group notified LCTec to cancel the automatic renewal in April 2018. The Group later discovered there are flaws that made the Agreement entered into invalid and notified LCTec to terminate the implement of the Agreement immediately in August 2018.

LCTec filed an application to a German arbitration institution for commencing an arbitration in December 2021 and requested the Company to propose the commission reports from November 2018 to November 2021 then pay the commissions and interests based on the reports to it. The management assessed the results of the repayment and recorded the profit or loss recognised for the provision as operating expenses and finance costs according to the nature after taking appropriate legal advice for the year ended December 31, 2023.

Note: The entity had changed its name on September 25, 2018. Its original name was SuperAlloy International GmbH.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On March 7, 2024, the Board of Directors of the Company resolved to increase its capital by issuing new shares due to the initial public offering. The Company issued 23,529 thousand shares of common shares, with a par value of $10 (in dollars) per share, and the tentative premium issuance price was NT$56 (in dollars) per share. However, the chairman was authorized to set the actual issuance price in accordance with the public offering related securities regulations and market conditions before the listing, which shall have mutual agreement with the lead securities underwriter. The shares would be issued when the case had been resolved by the Board of Directors and approved by the competent authority. In addition, the chairman was authorized to set the payment period, effective date of the capital increase, issuance date of shares and other relevant matters of issuing new shares.

(2) Refer to Note 6(20)E.(b) for the details of the appropriation of 2023 earnings.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors the Company's capital on the basis of the gearing ratio.

(2) Financial instruments

A. Financial instruments by category

Financial assets	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Financial assets held for trading	$ -	$ 115,918
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,237,045	$ 878,122
Financial assets at amortised cost (including non-current)	32,947	24,755
Notes receivable	4,475	-
Accounts receivable	1,016,780	827,485
Other receivables	76,704	150,335
Guarantee deposits paid	45,517	59,080
	$ 2,413,468	$ 1,939,777

Financial liabilities	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 9,824	$ -
Financial liabilities at amortised cost		
Short-term borrowings	$ 965,144	$ 1,326,569
Notes payable	369,672	430,148
Accounts payable	99,482	73,501
Other accounts payable	679,658	1,055,333
Long-term borrowings (including current portion)	7,125,788	7,118,379
	$ 9,239,744	$ 10,003,930
Lease liability	$ 8,498	$ 11,596

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury). Group treasury identifies, evaluates and hedges financial risks such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity in close co-operation with the operating units.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Group to manage its foreign exchange risk against its functional currency. Each unit of the Group is required to hedge its entire foreign exchange risk exposure with the Group treasury. Each unit of the Group uses natural hedges or forward foreign exchange contracts with the Group treasury to manage and hedge the foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group hedges foreign exchange rate by using foreign exchange swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
Bank deposits					
USD:NTD	$	16,106	30.7050	$	494,535
EUR:NTD		2,387	33.9800		81,114
JPY:NTD		2,721,324	0.2172		591,072
Financial assets at amortised cost					
USD:NTD	$	1,060	30.7050	$	32,947
Receivables					
USD:NTD	$	19,478	30.7050	$	598,072
EUR:NTD		5,045	33.9800		171,429
JPY:NTD		1,167,294	0.2172		253,536
Current financial assets at fair value through profit or loss					
EUR:NTD	$	49	33.9800	$	1,670
Financial liabilities					
Monetary items					
Payables					
USD:NTD	$	459	30.7050	$	14,094
EUR:NTD		2,120	33.9800		72,038
Current financial liabilities at fair value through profit or loss					
USD:NTD	$	374	30.7050	$	11,494

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
Cash in banks			
USD:NTD	$ 24,652	30.7100	$ 757,063
EUR:NTD	1,584	32.7200	51,828
JPY:NTD	40,403	0.2324	9,390
Financial assets at amortised cost			
USD:NTD	$ 760	30.7100	$ 23,340
Receivables			
USD:NTD	$ 21,196	30.7100	$ 650,929
EUR:NTD	8,708	32.7200	284,926
JPY:NTD	87,330	0.2324	20,295
Current financial assets at fair value through profit or loss			
USD:NTD	$ 3,775	30.7100	$ 115,918
Financial liabilities			
Monetary items			
Payables			
USD:NTD	$ 778	30.7100	$ 23,892
EUR:NTD	2,388	32.7200	78,135
Bank borrowings			
USD:NTD	$ 6,348	30.7100	$ 194,947

v. The Group's subsidiaries conduct forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognized.

vi. The total net exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $18,697 thousand and $123,737 thousand, respectively.

vii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
Cash in banks			
USD:NTD	1%	$ 4,945	$ -
EUR:NTD	1%	811	-
JPY:NTD	1%	5,911	-
Financial assets at amortised cost			
USD:NTD	1%	$ 329	-
Receivables			
USD:NTD	1%	$ 5,981	-
EUR:NTD	1%	1,714	-
JPY:NTD	1%	2,535	-
Current financial assets at fair value through profit or loss			
USD:NTD	1%	$ 17	-
Financial liabilities			
Monetary items			
Payables			
USD:NTD	1%	$ 141	-
EUR:NTD	1%	720	-
Current financial liabilities at fair value through profit or loss			
USD:NTD	1%	$ 115	-

	December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
Cash in banks			
USD:NTD	1%	$ 7,571	$ -
EUR:NTD	1%	518	-
JPY:NTD	1%	94	-
Financial assets at amortised cost			
USD:NTD	1%	$ 233	$ -
Receivables			
USD:NTD	1%	$ 6,509	$ -
EUR:NTD	1%	2,849	-
JPY:NTD	1%	203	-
Current financial assets at fair value through profit or loss			
USD:NTD	1%	$ 1,159	-
Financial liabilities			
Monetary items			
Payables			
USD:NTD	1%	$ 239	$ -
EUR:NTD	1%	781	-
Bank borrowings			
USD:NTD	1%	$ 1,949	$ -

Price risk

None.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and Euros.

ii. If the interest rates of had increased or decreased by 1%, the maximum impact on the net of tax for the years ended December 31, 2023 and 2022 would have decreased or increased by $64,727 thousand and $67,560 thousand, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows stated at amortised cost and at fair value through profit or loss.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receipt or payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group classifies customers' accounts receivable by applying the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

ix. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.09%	$ 953,213	$ 877
Up to 30 days	1.01%	53,296	538
31 to 90 days	7.18%	9,509	683
91 to 180 days	14.87%	2,791	415
Over 180 days	62.33%	1,285	801
Over 1 year	100%	7,220	7,220
		$ 1,027,314	$ 10,534

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.12%	$ 712,556	$ 865
Up to 30 days	1.00%	85,196	852
31 to 90 days	5.47%	23,177	1,267
91 to 180 days	23.07%	7,901	1,823
Over 180 days	51.84%	7,189	3,727
Over 1 year	100%	2,427	2,427
		$ 838,446	$ 10,961

x. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 10,961	$ 6,561
Expected credit loss	(427)	5,786
Write-offs of allowance for uncollectible accounts	-	(1,386)
At December 31	$ 10,534	$ 10,961

(c) Liquidity risk

i. Group treasury monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate		
Expiring within one year	$ 2,000,000	$ 2,125,516
Expiring beyond one year	-	950,000
	$ 2,000,000	$ 3,075,516

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings (Note)	$ 567,197	$ 400,476	$ -	$ -	$ -	$ 967,673
Notes payable	368,560	1,112	-	-	-	369,672
Accounts payable	95,719	3,763	-	-	-	99,482
Other payables	679,658	-	-	-	-	679,658
Long-term borrowings (including current portion; Note)	200,435	1,123,474	1,442,228	2,314,097	2,277,772	7,358,006
Lease liability (Note)	1,882	3,382	2,170	1,170	-	8,604
Derivative financial liabilities						
Forward exchange contract	$ -	$ 9,824	$ -	$ -	$ -	$ 9,824

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings (Note)	$ 534,612	$ 824,056	$ -	$ -	$ -	$ 1,358,668
Notes payable	429,326	822	-	-	-	430,148
Accounts payable	56,631	16,870	-	-	-	73,501
Other payables	1,055,333	-	-	-	-	1,055,333
Long-term borrowings (including current portion; Note)	65,676	425,530	1,728,129	2,529,411	2,889,222	7,637,968
Lease liability (Note)	1,522	4,565	3,344	2,340	-	11,771

Note: The amount includes expected future interest payments.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Group’s financial instruments not measured at fair value includes the carrying amount of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortised cost, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Liabilites				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss				
-Derivative instruments	$ -	$ 9,824	$ -	$ 9,824

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss				
-Derivative instruments	$ -	$ 115,918	$ -	$ 115,918

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts are usually valued based on the current forward exchange rate.

(c) For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

(d) For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative financial instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Not applicable.

14. Operating Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. It has been identified that the Group has two reportable operating segments which were divided based on different products including rims and other products (chassis components, aerospace components and aluminium, etc.).

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

A. The Group did not allocate income tax expenses to reportable segments. The reportable amounts are in agreement with the amount stated in the report to the Chief Operating Decision-Maker.

B. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit or loss is measured with the gross profit, which is used as a basis for the Group in assessing the performance of the operating segments.

(3) Information about segment revenue and segment income (loss)

For the years ended December 31, 2023 and 2022, the segment information provided to the chief operating decision-maker for the reportable segments is as follows:

Year ended December 31, 2023	Wheels	All other segments	Write-offs	Total
Revenue				
Revenue from external customers	$ 6,630,143	$ 1,149,173	$ -	$ 7,779,316
Inter-segment revenue	-	-	-	-
Total segment revenue	$ 6,630,143	$ 1,149,173	$ -	$ 7,779,316
Segment income	$ 1,623,982	$ 110,433	$ -	$ 1,734,415

Year ended December 31, 2022	Wheels	All other segments	Write-offs	Total
Revenue				
Revenue from external customers	$ 5,080,790	$ 1,320,949	$ -	$ 6,401,739
Inter-segment revenue	-	-	-	-
Total segment revenue	$ 5,080,790	$ 1,320,949	$ -	$ 6,401,739
Segment income	$ 782,028	$ 430,658	$ -	$ 1,212,686

(4) Reconciliation for segment revenue and segment income (loss)

A. Total revenue is consistent with the total revenue of reportable operating segments. No reconciliation required.

B. Pre-tax adjustment is consistent with the reportable segment income or loss. No reconciliation required.

(5) Information and products and services

The Group is engaged in forging, manufacturing, processing and trading of aircraft components, vehicles and motorcycle components, aluminium-copper, steel-titanium alloys, hardware parts, and mold coupler, which are divided into wheels, chassis parts and aerospace parts.

	Year ended December 31, 2023	Year ended December 31, 2022
Wheels	$ 6,630,143	$ 5,080,790
Chassis parts and aerospace parts	1,149,173	1,320,949
	$ 7,779,316	$ 6,401,739

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
UK	$ 1,936,854	$ -	$ 1,371,977	$ -
USA	1,886,861	-	1,593,984	-
Germany	1,813,179	350,846	1,674,069	374,794
Europe	481,456	-	543,587	-
Taiwan	1,636,519	8,092,002	1,148,978	8,295,989
Others	24,447	-	69,144	-
	$ 7,779,316	$ 8,442,848	$ 6,401,739	$ 8,670,783

The Group’s geographical revenue is calculated based on the countries where sales occur. Europe refers to European countries other than the United Kingdom and Germany, including Italy, Austria, Belgium, Slovakia, and Sweden. Other countries include Australia and China. Non-current assets refer to property, plant and equipment, right-of-use assets, investment property, intangible assets (shown as other non-current assets) and guarantee deposits paid (shown as other non-current assets), but exclude financial instruments and deferred income tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2023and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A	$ 1,275,133	16	$ 778,594	12
B	982,864	13	689,338	11
C	746,080	10	644,602	10
	$ 3,004,077	39	$ 2,112,534	33

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	Other receivables	Y	122,328	122,328	122,328	1.64%	Note 2	239,092	Not applicable	-	None	-	239,092	1,547,067	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The amount of transactions with the borrower for a most recent year.

Note 3: The amount of loan at the end of the period has been translated at the exchange rate prevailing at December 31, 2023.

Note 4: For the companies having business relationship with the Company, the ceiling on total loans granted shall not exceed 20% of the creditor’s net worth; limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower in the latest one year.

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Party being endorsed/ guaranteed: Relationship with the endorser /guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	2	$ 2,320,601	$ 225,522	$ 225,522	$ 190,183	$ -	2.92%	$ 2,320,601	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.
(3) The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets. However, limit on endorsements/guarantees provided for a single overseas affiliate is 30% of the Company's net assets.

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	The Company's subsidiary	Outsourcing expenses	$ 239,092	7.79%	Payment term is 30 days after monthly billings.	Note 1	Note 1	$ 3,310	0.71%	Note 2

Note 1: It is refer to the market price and would be determined based on mutual agreement.
Note 2: The transaction had been eliminated in the consolidated financial statements.

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Balance as at December 31, 2023			Overdue receivables				
Creditor	Counterparty	Relationship with the counterparty	General ledger account	Amount	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	The Company's subsidiary	Other receivables	$ 123,009	-	$ -	-	$ -	$ -	Notes 2, 3

Note 1: Amounts have been collected as of March 7, 2024.
Note 2: The transaction had been eliminated in the consolidated financial statements.
Note 3: The amount is in the nature of a loan of funds, thus the turnover rate is not applicable.

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	1	Outsourcing expenses	$ 239,092	Payment term is 30 days after monthly billings.	3.07%
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	1	Other receivables	123,009	Interests are paid semi-annually.	0.71%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the tra for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: It is refer to the market price and would be determined based on mutual agreement.

SUPERALLOY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	Germany	Coating and manufacturing of rims	$ 358,258	$ 358,258	-	100.00	$ 52,863	$ 1,011	$ 1,011	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.

(3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of SUPERALLOY INDUSTRIAL CO., LTD

Opinion

We have audited the accompanying parent company only balance sheets of SUPERALLOY INDUSTRIAL CO., LTD. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Cut-off on sales revenue from distribution warehouse

Description

Refer to Note 4(29) for accounting policies on sales revenue recognition. For the year ended December 31, 2023, the Company's operating revenue amounted to NTD 7,774,392 thousand.

The Company is primarily engaged in manufacturing and sales of various types of automobile parts. The types of sale are separated into direct delivery and distribution warehouse sales. Distribution warehouse sales revenue constitutes 69.25% of operating revenue. Distribution warehouse sales revenue is recognised when customers pick-up the goods (control is transferred). The Company primarily recognised sales revenue based on the daily inventory movement reports provided by distribution warehouses. As the Company's distribution warehouses are located globally with numerous custodians, the process of such revenue recognition involves several manual procedures, which would potentially result in inaccurate timing of revenue recognition or the discrepancy in inventory quantities between the physical inventory and accounting records. Thus, we considered the timing of sales revenue recognition of distribution warehouse as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Company's sales revenue procedures and its internal control process in order to assess the effectiveness of managements' control over sales revenue recognition of distribution warehouse.
2. Tested the internal control of warehouse distribution (including checking the terms of transaction / timing of ownership transfer and dates of supporting documents) to confirm the accuracy of the timing of sales revenue recognition of distribution warehouse.
3. Performed cut-off procedures on sales revenue from distribution warehouses recognised during a specific period before and after the balance sheet date and verified the pick-up records of distribution warehouses; in addition, ensured that the movements of inventories indicated in the statements had been recognised in the

appropriate period.

4. Performed physical inventory count and confirmation on the ending inventory quantities of distribution warehouses.

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for accounting estimates and assumptions, and Note 6(5) for the related information of allowance for inventory valuation loss. As of December 31, 2023, the total inventory and allowance for inventory valuation loss amounted to NTD 6,784,923 thousand and NTD 579,869 thousand, respectively.

The Company's inventories were measured at the lower of cost and net realisable value, the reasonable net realisable value was identified according to individual inventory's number using the item by item approach. The Company provided allowance for inventory valuation losses based on usable condition of inventories that were individually identified as obsolete and damaged. As the inventory and its allowance for loss were material to the financial statements and the determination of net realisable value involved subjective judgment and estimates, we considered the assessment of allowance for inventory valuation losses as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of the Company's nature of the operations and the industry, and assessed the reasonableness of the policies adopted in evaluating the allowance for inventory valuation losses.
2. Obtained an understanding of the Company's warehousing control procedures, reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal controls over obsolete inventory.
3. Obtained the report on net realisable value of each inventory item and checked whether the calculation logic was applied consistently to each inventory item; in addition, tested the reasonableness of the supporting documents for net realisable value.
4. Validated the accuracy of the Company's inventory aging report used for valuation and recalculated to confirm that information in the report was in line with its policy.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events

or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Liu, Mei Lan	Hung, Shu-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,224,211	7	$ 862,863	5
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	115,918	-
1150	Notes receivable, net	6(4)	4,475	-	-	-
1170	Accounts receivable, net	6(4)	1,013,252	6	827,100	5
1200	Other receivables		76,704	-	150,335	1
1210	Other receivables - related parties	7(2)	123,009	1	119,633	1
130X	Inventories	5(2) and 6(5)	6,205,054	36	6,391,367	37
1479	Other current assets, others	7(2)	98,655	1	138,382	1
11XX	**Current Assets**		8,745,360	51	8,605,598	50
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(3) and 8	32,947	-	24,755	-
1550	Investments accounted for under equity method	6(6)	52,863	-	49,922	-
1600	Property, plant and equipment	6(7)	7,988,421	47	8,361,667	48
1755	Right-of-use assets	6(8)	8,425	-	11,541	-
1780	Intangible assets	6(9)	13,643	-	19,122	-
1840	Deferred income tax assets	6(29)	194,928	1	186,201	1
1900	Other non-current assets	6(10)	127,030	1	94,082	1
15XX	**Non-current assets**		8,418,257	49	8,747,290	50
1XXX	**Total assets**		$ 17,163,617	100	$ 17,352,888	100

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 870,000	5	$ 1,234,953	7
2120	Financial liabilities at fair value through profit or loss - current	6(2)	9,824	-	-	-
2130	Current contract liabilities	6(23)	29,978	-	12,649	-
2150	Notes payable	6(12)	369,672	2	430,148	3
2170	Accounts payable		79,793	1	63,332	-
2180	Accounts payable to related parties	7(2)	3,310	-	3,921	-
2200	Other payables	6(13)	674,669	4	1,053,329	6
2220	Other payables to related parties	7(2)	3,096	-	68	-
2230	Current income tax liabilities		193,040	1	126,478	1
2250	Current provisions	6(18)	77,959	1	-	-
2280	Current lease liabilities	6(8)	5,191	-	5,983	-
2320	Long-term liabilities, current portion	6(15)	1,220,729	7	390,178	2
2399	Other current liabilities, others	6(14)	51,605	-	52,385	-
21XX	**Current Liabilities**		3,588,866	21	3,373,424	19
	Non-current liabilities					
2540	Long-term borrowings	6(15)	5,808,984	34	6,628,036	39
2570	Deferred income tax liabilities	6(29)	52	-	33,266	-
2580	Non-current lease liabilities	6(8)	3,307	-	5,613	-
2640	Accrued pension liabilities	6(16)	22,670	-	22,637	-
2670	Other non-current liabilities, others		4,403	-	8,559	-
25XX	**Non-current liabilities**		5,839,416	34	6,698,111	39
2XXX	**Total Liabilities**		9,428,282	55	10,071,535	58
	Equity					
	Share capital	6(19)				
3110	Share capital - common stock		2,142,551	12	2,183,151	12
	Capital surplus	6(20)				
3200	Capital surplus		1,013,145	6	1,017,386	6
	Retained earnings	6(21)				
3310	Legal reserve		916,325	5	857,797	5
3320	Special reserve		10,151	-	11,906	-
3350	Unappropriated retained earnings		3,724,967	22	3,780,377	22
	Other equity interest	6(22)				
3400	Other equity interest		(8,607)	-	(10,151)	-
3500	Treasury stocks	6(19)	(63,197)	-	(559,113)	(3)
3XXX	**Total equity**		7,735,335	45	7,281,353	42
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 17,163,617	100	$ 17,352,888	100

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23)	$ 7,774,392	100	$ 6,399,222	100
5000	Operating costs	6(5)(28) and 7(2)	(6,037,227)	(78)	(5,141,808)	(80)
5900	Net operating margin		1,737,165	22	1,257,414	20
	Operating expenses	6(28) and 7(2)				
6100	Selling expenses		(566,390)	(7)	(714,005)	(11)
6200	General and administrative expenses		(264,487)	(3)	(233,908)	(4)
6300	Research and development expenses		(153,056)	(2)	(142,203)	(2)
6450	Expected credit impairment gain(loss)	12(2)	427	-	(5,786)	-
6000	Total operating expenses		(983,506)	(12)	(1,095,902)	(17)
6900	Operating profit		753,659	10	161,512	3
	Non-operating income and expenses					
7100	Interest income	6(24) and 7(2)	17,597	-	4,169	-
7010	Other income	6(25)	49,955	1	34,774	1
7020	Other gains and losses	6(26)	107,538	1	642,348	10
7050	Finance costs	6(27)	(167,850)	(2)	(97,554)	(2)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6(6)	1,011	-	(44,868)	(1)
7000	Total non-operating income and expenses		8,251	-	538,869	8
7900	**Profit before income tax**		761,910	10	700,381	11
7950	Income tax expense	6(29)	(153,474)	(2)	(117,706)	(2)
8200	**Profit for the year**		$ 608,436	8	$ 582,675	9
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial losses (gains) on defined benefit plans	6(16)	($ 287)	-	$ 3,257	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	57	-	(650)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(230)	-	2,607	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		1,930	-	2,193	-
8399	Income tax relating to the components of other comprehensive income	6(29)	(386)	-	(438)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		1,544	-	1,755	-
8300	**Other comprehensive income for the year**		$ 1,314	-	$ 4,362	-
8500	**Total comprehensive income for the year**		$ 609,750	8	$ 587,037	9
	Basic earnings per share	6(30)				
9750	Basic earnings per share from continuing operations		$	2.88	$	2.90
	Diluted earnings per share	6(30)				
9850	Diluted earnings per share from continuing operations		$	2.88	$	2.89

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Capital surplus		Retained earnings					
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
Year ended December 31, 2022										
Balance at January 1, 2022		$1,988,374	$1,108,571	$ 212	$ 823,551	$ 1,434	$3,537,822	($ 11,906)	($ 268,991)	$7,179,067
Profit for the year		-	-	-	-	-	582,675	-	-	582,675
Other comprehensive income for the year		-	-	-	-	-	2,607	1,755	-	4,362
Total comprehensive income		-	-	-	-	-	585,282	1,755	-	587,037
Appropriation and distribution of 2021 earnings:	6(21)									
Legal reserve		-	-	-	34,246	-	(34,246)	-	-	-
Special reserve		-	-	-	-	10,472	(10,472)	-	-	-
Cash dividends		-	-	-	-	-	(194,777)	-	-	(194,777)
Stock dividends		194,777	(91,545)	-	-	-	(103,232)	-	-	-
Treasury shares transferred to employees	6(17)	-	-	148	-	-	-	-	1,032	1,180
Purchase of treasury shares	6(19)	-	-	-	-	-	-	-	(291,154)	(291,154)
Balance at December 31, 2022		$2,183,151	$1,017,026	$ 360	$ 857,797	$ 11,906	$3,780,377	($ 10,151)	($ 559,113)	$7,281,353
Year ended December 31, 2023										
Balance at January 1, 2023		$2,183,151	$1,017,026	$ 360	$ 857,797	$ 11,906	$3,780,377	($ 10,151)	($ 559,113)	$7,281,353
Profit for the year		-	-	-	-	-	608,436	-	-	608,436
Other comprehensive (loss) income for the year		-	-	-	-	-	(230)	1,544	-	1,314
Total comprehensive income		-	-	-	-	-	608,206	1,544	-	609,750
Appropriation and distribution of 2022 earnings:	6(21)									
Legal reserve		-	-	-	58,528	-	(58,528)	-	-	-
Special reserve		-	-	-	-	(1,755)	1,755	-	-	-
Cash dividends		-	-	-	-	-	(416,892)	-	-	(416,892)
Retirement of treasury shares	6(19)	(40,600)	(18,914)	(18,494)	-	-	(189,951)	-	267,959	-
Treasury shares transferred to employees	6(17)	-	-	33,167	-	-	-	-	227,957	261,124
Balance at December 31, 2023		$2,142,551	$ 998,112	$ 15,033	$ 916,325	$ 10,151	$3,724,967	($ 8,607)	($ 63,197)	$7,735,335

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 761,910	$ 700,381
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-property, plant and equipment	6(7)	900,035	890,999
Depreciation expense-right-of-use assets	6(8)	7,419	5,826
Amortization expense	6(9)	10,950	12,011
Expected credit impairment (gain) loss	12(2)	(427)	5,786
Share-based payments	6(17)	9,782	141
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)	125,742	(120,748)
Goverment grants income	6(25)	(7,548)	(6,642)
Transfer of overdue accounts payable to other revenue	6(25)	-	(4,309)
Interest income	6(24)	(17,597)	(4,169)
Interest expense	6(27)	167,704	97,432
Interest expense, lease liabilities	6(8)(27)	146	122
Share of (profit) loss of associates and joint ventures accounted for using equity method	6(6)	(1,011)	44,868
Gain on disposal of property, plant and equipment	6(26)	(4,293)	(20,605)
Unfinish construction and equipment transferred to expense		475	-
Unrealized foreign exchange gain		(6,784)	(14,790)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(185,725)	40,563
Other receivables		14,347	214,892
Inventories		448	(1,623,106)
Prepayments		43,901	(10,830)
Other current assets		(4,174)	2,348
Other non-current assets		5,833	923
Changes in operating liabilities			
Current contract liabilities		17,329	(12,481)
Notes payable		15,852	14,766
Accounts payable		16,461	1,322
Accounts payable to related parties		(611)	3,921
Other payables		(143,601)	(98,884)
Other payables to related parties		3,028	(2,707)
Provisions		56,610	-
Other current liabilities		(959)	6,028
Net defined benefit liabilities		(254)	5
Cash inflow generated from operations		1,784,988	123,063
Interest received		17,605	3,971
Interest paid		(136,217)	(87,247)
Income taxes paid		(129,182)	(50,955)
Net cash flows from (used in) operating activities		1,537,194	(11,168)

(Continued)

SUPERALLOY INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 8,192)	($ 4,347)
Increase in other receivables-related parties		(3,375)	(81,931)
Acquisition of property, plant and equipment	6(31)	(720,403)	(465,224)
Proceeds from disposal of property, plant and equipment	6(31)	77,199	95,265
Acquisition of intangible assets		(1,724)	-
Increase in refundable deposits		13,563	7,394
Capitalized interest payments	6(7)(27)(31)	(9,317)	(835)
Net cash flows used in investing activities		(652,249)	(449,678)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(32)	1,305,484	2,619,953
Decrease in short-term loans	6(32)	(1,670,437)	(1,883,000)
Increase in short-term notes and bills payable	6(32)	-	130,000
Decrease in short-term notes and bills payable	6(32)	-	(380,000)
Proceeds from long-term debt	6(32)	565,000	1,222,000
Repayments of long-term debt	6(32)	(557,478)	(1,027,592)
Payments of lease liabilities	6(32)	(7,401)	(5,926)
Payments to acquire treasury shares	6(19)	-	(291,154)
Treasury shares transferred to employees	6(17)	251,343	1,040
Cash dividends paid	6(32)	(416,892)	(194,777)
Net cash flows (used in) from financing activities		(530,381)	190,544
Effects of foreign exchange rates		6,784	14,790
Net increase (decrease) in cash and cash equivalents		361,348	(255,512)
Cash and cash equivalents at beginning of year		862,863	1,118,375
Cash and cash equivalents at end of year		$ 1,224,211	$ 862,863

The accompanying notes are an integral part of these parent company only financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

SUPERALLOY INDUSTRIAL CO., LTD. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in June 1994. The Company is primarily engaged in forging, manufacturing, processing and trading of aircraft components, vehicles and motorcycle components, aluminium-copper, steel-titanium alloys, hardware parts, and mold coupler.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads which are allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for using equity method - subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the non-consolidated financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Land improvements	3 ~ 11 years
Buildings and structures	2 ~ 51 years
Machinery and equipment	3 ~ 18 years
Utility equipment	2 ~ 21 years
Other equipment	3 ~ 16 years

(14) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

A. Trademarks and patents

Separately acquired trademarks and patents are stated at historical cost. Trademarks and patents have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 3 to 21 years.

B. Computer software

Computer software is stated at acquisition cost and amortised on a straight-line basis over its estimated useful life of 3 to 7 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(23) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, personnel training expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(28) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

The Company manufactures and sells forging wheel products. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the control of ownership has been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. There might be material changes to the evaluation of inventories.

As of December 31, 2023, the carrying amount of inventories was $6,205,054 thousand.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 392	$ 392
Demand deposits	1,223,819	555,371
Time deposits	-	307,100
	$ 1,224,211	$ 862,863

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company's time deposits with maturity date over 3 months and time deposits pledged as collateral have been reclassified under "financial assets at amortised cost", please refer to Notes 6(3) and 8.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
-Derivative instruments	$ -	$ 115,918
Financial liabilities mandatorily measured at fair value through profit or loss		
-Derivative instruments	$ 9,824	$ -

A. Nature of financial assets and liabilities at fair value through profit or loss is as follows:
Derivative instrument: including forward foreign exchange contracts and forward commodities contract.

B. The net gain or loss on financial assets and liabilities at fair value through profit or loss held by the Company recognised for the years ended December 31, 2023 and 2022, were gain of $115,633 thousand (including loss on valuation of $125,742 thousand and realised gain on disposal of $241,375 thousand) and gain of $498,006 thousand (including gain on valuation of $120,748 thousand and realised gain on disposal of $377,258 thousand), respectively.

C. The non-hedging derivative instruments transaction and contract information are as follows

	December 31, 2023		
Derivative financial instruments	Contract notional principal		Contract period
Current items:			
Forward exchange contracts	USD	19,000 thousand	2023.08.17~2024.10.16
	EUR	3,900 thousand	2023.10.16~2024.10.16

	December 31, 2022		
Derivative financial instruments	Contract notional principal		Contract period
Current items:			
Forward exchange contracts	USD	110,348 thousand	2022.01.27~2023.12.08
Forward commodities contracts	USD	1,040 thousand	2022.03.01~2023.01.31

(a) Forward exchange contracts

The Company entered into foreign exchange swap to buy or sell USD and EUR to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) Forward commodities contracts

The Company entered into forward commodities trade contracts to pre-buy or pre-sell aluminum to hedge price risk of raw materials in stock. However, these forward commodities trade contracts are not accounted for under hedge accounting.

D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items:		
Pledged time deposits	$ 32,947	$ 24,755

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2023	2022
Interest income	$ 1,028	$ 309

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $32,947 thousand and $24,755 thousand, respectively.

C. Details of the Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company’s investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Accounts and notes receivable

	December 31, 2023	December 31, 2022
Other notes receivable	$ 4,475	$ -
Accounts receivable	$ 1,023,786	$ 838,061
Less: Allowance for uncollectible accounts	(10,534)	(10,961)
	$ 1,013,252	$ 827,100

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Other notes receivable	Accounts receivable	Notes receivable
Not past due	$ 949,685	$ 4,475	$ 712,171	$ -
Up to 30 days	53,296	-	85,196	-
31 to 90 days	9,509	-	23,177	-
91 to 180 days	2,791	-	7,901	-
Over 180 days	8,505	-	9,616	-
	$ 1,023,786	$ 4,475	$ 838,061	$ -

The above ageing analysis was based on past due date.

B. As at December 31, 2023, December 31 and January 1, 2022, the balances of receivables from contracts with customers (including other notes receivable) amounted to $1,028,261 thousand, $838,061 thousand and $880,010 thousand, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was $4,475 thousand and $0 thousand; $1,013,252 thousand and $827,100 thousand, respectively.

D. The Company did not hold any collateral.

E. Details of other notes receivable are provided in Note 6(31).

F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,029,775	($ 127,527)	$ 3,902,248
Work in progress	1,376,760	(223,509)	1,153,251
Finished goods	1,378,388	(228,833)	1,149,555
	$ 6,784,923	-$ 579,869	$ 6,205,054

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,968,456	($ 117,509)	$ 3,850,947
Work in progress	1,798,992	(249,419)	1,549,573
Finished goods	1,215,019	(224,172)	990,847
	$ 6,982,467	-$ 591,100	$ 6,391,367

The cost of inventories recognised as expense for the year:

	Year ended Decemebr 31	
	2023	2022
Cost of goods sold	$ 5,718,601	$ 4,576,319
Unallocated fixed overhead expense	252,405	379,115
(Gain on reversal of) loss on slow-moving inventories and decline in market value	(11,231)	95,558
Others	77,452	90,816
	$ 6,037,227	$ 5,141,808

The Company reversed a previous inventory write-down because of the sale of certain inventories which were previously provided with allowance for the year ended December 31, 2023.

(6) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiary:		
SuperAlloy Manufaktur GmbH.	$ 52,863	$ 49,922

A. Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company’s subsidiaries.

B. The Company’s share of profit (loss) of subsidiaries accounted for using equity method was based on the investees’ audited financial statements for the same period. Details are as follows:

	Year ended December 31	
Investee companies	2023	2022
SuperAlloy Manufaktur GmbH.	$ 1,011	($ 44,868)

(7) Property, plant and equipment

Year ended December 31, 2023	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 2,525,853	$ -	$ -	$ -	$ 2,525,853
Land improvements	31,191	-	-	-	31,191
Buildings and structures	2,478,794	-	(950)	110,307	2,588,151
Machinery and equipment	5,445,834	17,244	(606,846)	681,656	5,537,888
Utilities equipment	827,851	-	-	27,406	855,257
Other equipment	566,203	2,218	(72,249)	198,754	694,926
Unfinished construction and equipment under acceptance	872,120	344,002	-	(836,692)	379,430
	$ 12,747,846	$ 363,464	($ 680,045)	$ 181,431	$ 12,612,696
Accumulated depreciation					
Land improvements	$ 25,842	$ 2,434	$ -	$ -	$ 28,276
Buildings and structures	783,791	77,328	(950)	-	860,169
Machinery and equipment	2,852,350	616,481	(599,634)	-	2,869,197
Utilities equipment	434,831	60,767	-	-	495,598
Other equipment	289,365	143,025	(61,355)	-	371,035
	$ 4,386,179	$ 900,035	($ 661,939)	$ -	$ 4,624,275
Book value	$ 8,361,667				$ 7,988,421

Year ended December 31, 2022	Beginning balance	Additions	Decreases	Transfers	Ending balance
Cost					
Land	$ 2,525,853	$ -	$ -	$ -	$ 2,525,853
Land improvements	30,191	-	-	1,000	31,191
Buildings and structures	2,475,000	-	-	3,794	2,478,794
Machinery and equipment	5,630,342	3,177	(627,522)	439,837	5,445,834
Utilities equipment	818,932	-	-	8,919	827,851
Other equipment	519,875	8,939	(74,540)	111,929	566,203
Unfinished construction and equipment under acceptance	409,222	856,647	-	(393,749)	872,120
	$ 12,409,415	$ 868,763	($ 702,062)	$ 171,730	$ 12,747,846
Accumulated depreciation					
Land improvements	$ 22,612	$ 3,230	$ -	$ -	$ 25,842
Buildings and structures	707,485	76,306	-	-	783,791
Machinery and equipment	2,801,852	603,360	(552,862)	-	2,852,350
Utilities equipment	373,114	61,717	-	-	434,831
Other equipment	217,519	146,386	(74,540)	-	289,365
	$ 4,122,582	$ 890,999	($ 627,402)	$ -	4,386,179
Book value	$ 8,286,833				$ 8,361,667

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2023	2022
Amount capitalised	$ 9,317	$ 835
Range of the interest rates for capitalisation	1.56%~1.92%	0.95%~2.00%

B. The amount of transfers for the year ended December 31, 2023 pertained to the completion of acceptance of the construction in progress and equipment under acceptance, the items which belonged to equipment in nature transferred from inventories and the items which belonged to intangible assets, etc. in nature transferred to related accounts. The amount of transfers for the year ended December 31, 2022 pertained to the completion of acceptance of the construction in progress and equipment under acceptance, the items which belonged to equipment in nature transferred from inventories and the items which belonged to intangible assets, etc. in nature transferred to related accounts.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D. The Company acquired land with nos. #407, #408, #409, #410, #411, Huxi Section, Douliu City, Yunlin County, with a total book value of $50,145 thousand. The land is adjacent to the industrial zone, which is currently used for the Company's business. As the lands are farmlands which cannot be transferred to the Group, the ownership is under the name of other parties. The Company retains the original certificate of the land ownership and has a trust agreement with the nominal owner. The two parties have agreed before the ownership registration, the nominal owner shall not transfer the ownership to any third party nor set up any mortgage.

(8) Leasing arrangements－lessee

A. The Company leases various assets including land, buildings and forklifts. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The Company's short-term leases and low-value assets pertain to land improvements and property, plant and equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	$ 3,409	$ 4,545
Buildings	2,452	1,878
Transportation equipment (forklifts)	2,564	5,118
	$ 8,425	$ 11,541

	Year ended December 31	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 1,136	$ 1,136
Buildings	2,142	595
Transportation equipment (forklifts)	4,141	4,095
	$ 7,419	$ 5,826

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $4,303 thousand and $14,446 thousand, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 146	$ 122
Expense on short-term lease contracts	6,221	1,734
	$ 6,367	$ 1,856

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $13,768 thousand and $7,782 thousand, respectively.

(9) Intangible assets

Year ended December 31, 2023	Beginning balance	Additions	Amortisations	Transfers	Ending balance
Computer software	$ 18,741	$ 1,690	($ 10,838)	$ 3,003	$ 12,596
Other intangible assets	381	14	(112)	764	1,047
Book value	$ 19,122	$ 1,704	($ 10,950)	$ 3,767	$ 13,643

Year ended December 31, 2022	Beginning balance	Additions	Amortisations	Transfers	Ending balance
Computer software	$ 30,519	$ -	($ 11,915)	$ 137	$ 18,741
Other intangible assets	407	-	(96)	70	381
Book value	$ 30,926	$ -	($ 12,011)	$ 207	$ 19,122

Details of amortisation on intangible assets are as follows:

	Year ended December 31 2023	Year ended December 31 2022
Operating costs	$ 924	$ 924
Selling expenses	732	-
General and administrative expenses	5,467	6,656
Research and development expenses	3,827	4,431
	$ 10,950	$ 12,011

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for business facilities	$ 75,664	$ 23,532
Guarantee deposits paid	45,517	59,080
Others	5,849	11,470
	$ 127,030	$ 94,082

(11) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured borrowings	$ 870,000	1.67%~1.75%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured borrowings	$ 1,234,953	1.42%~6.18%	None

Information about interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(27).

(12) Notes payable

	December 31, 2023	December 31, 2022
Notes payable – general	$ 349,042	$ 333,190
Notes payable – payment for equipment	20,630	96,958
	$ 369,672	$ 430,148

(13) Other payables

	December 31, 2023	December 31, 2022
Wages and salaries payable	$ 179,992	$ 175,126
Payable on machinery and equipment	131,804	369,600
Freight payable	71,349	151,972
Employees' compensation and directors' and supervisors' remuneration payable	47,551	51,724
Processing fees payable	39,118	34,456
Utilities expense payable	33,377	36,258
Labour and health insurance payable	29,325	21,373
Commission payable	11,978	69,599
Other payables, others	130,175	143,221
	$ 674,669	$ 1,053,329

(14) Other current liabilities

	December 31, 2023	December 31, 2022
Refund liabilities	$ 37,196	$ 39,040
Gains on deferred government grants	6,881	6,702
Others	7,528	6,643
	$ 51,605	$ 52,385

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowings are repayable in installments before March 2040	1.65%～1.80%	Property, plant and equipment	$ 4,153,775
Unsecured borrowings	Borrowings are repayable in installments before March 2028	1.63%～2.10%		2,887,222
				7,040,997
Less: Gains on deferred government grants				(11,284)
Less: Current portion				(1,220,729)
				$ 5,808,984

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured borrowings	Borrowings are repayable in installments before March 2040	1.00%～1.68%	Property, plant and equipment	$ 4,168,475
Unsecured borrowings	Borrowings are repayable in installments before March 2028	1.15%～2.00%		2,865,000
				7,033,475
Less: Gains on deferred government grants				(15,261)
Less: Current portion				(390,178)
				$ 6,628,036

Information about interest expense recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(27).

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 41,367	$ 43,362
Fair value of plan assets	(18,697)	(20,725)
Net defined benefit liability	$ 22,670	$ 22,637

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2023			
At January 1	$ 43,362	($ 20,725)	$ 22,637
Current service cost	72	-	72
Interest expense (income)	562	(266)	296
Past service cost	(265)	-	(265)
	43,731	(20,991)	22,740
Remeasurements:			
Return on plan assets	-	(173)	(173)
Change in demographic assumptions	3	-	3
Change in financial assumptions	440	-	440
Experience adjustments	18	-	18
	461	(173)	288
Pension fund contribution	-	(358)	(358)
Paid pension	(2,825)	2,825	-
At December 31	$ 41,367	($ 18,697)	$ 22,670

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
At January 1	$ 45,810	($ 19,921)	$ 25,889
Current service cost	72	-	72
Interest expense (income)	309	(133)	176
	46,191	(20,054)	26,137
Remeasurements:			
Return on plan assets	-	(1,569)	(1,569)
Change in demographic assumptions	375	-	375
Change in financial assumptions	(3,063)	-	(3,063)
Experience adjustments	1,000	-	1,000
	(1,688)	(1,569)	(3,257)
Pension fund contribution	-	(243)	(243)
Paid pension	(1,141)	1,141	-
At December 31	$ 43,362	($ 20,725)	$ 22,637

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.25%	1.35%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality rate are set based on the 6th and 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,080)	$ 1,122	$ 1,111	($ 1,075)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,112)	$ 1,156	$ 1,145	($ 1,107)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $1,378 thousand.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	963
1 - 2 year(s)		1,556
2 - 5 years		7,611
Over 5 years		36,489
	$	46,619

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) For the aforementioned pension plan, the Company recognised pension costs of $30,009 thousand and $29,763 thousand for the years ended December 31, 2023 and 2022, respectively.

(17) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Year ended December 31, 2023				
Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2023.5.5	3,022 thousand shares	0.13 year	Vested immediately
Treasury stock transferred to employees	2023.8.7	1,414 thousand shares	0.01 year	Vested immediately

Year ended December 31, 2022				
Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.2.9	20 thousand shares	0.01 year	Vested immediately

Treasury stock transferred to employee plan issued by the Company shall not be disposed within one year after the stocks are subscribed. However, voting right and dividend right are not restricted on these stocks. Employees are not required to return the stocks received and related dividends distributed if they resign during the vesting period.

B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Year ended December 31, 2023									
Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit of the option	Fair value of the target
Treasury stock transferred to employees	2023.5.5	64.10	56.66	32.20%	0.13	-	1.09%	3.2368	57.69
Treasury stock transferred to employees	2023.8.7	58.09	56.66	12.96%	0.01	-	1.09%	-	53.01

Year ended December 31, 2022									
Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit of the option	Fair value of the target
Treasury stock transferred to employees	2022.2.9	67.10	52.00	25.36%	0.01	-	0.34%	7.0514	59.05

(a) The fair value of the target takes into consideration that the transferred stocks were subject to the restriction that they shall not be transferred within one year. Thus, the range of discount of the target stocks subject to this restriction was considered to reasonably reflect the fair value of the restricted stocks.

(b) Expected price volatility rate was estimated by using the daily history stock prices of the most recent three months before the grant date, and the standard deviation of return on the stock during this period.

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31	
	2023	2022
Equity-settled	$ 9,782	$ 141

(18) Provisions

	Provision for litigation
At January 1, 2023	$ -
Additional provisions	77,959
At December 31, 2023	$ 77,959

For the year ended December 31, 2022: None.

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current	$ 77,959	$ -

For the Company's litigations relating to business matters, after taking legal advice, management assessed that the Company shall compensate for the litigations. Therefore, a provision of $77,959 thousand is recognised for these legal claims.

(19) Share-based payment

A. As of December 31, 2023, the Company's authorised capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 40,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,142,551 thousand with a par value of $10 (in dollars) per share. As of December 31, 2023, the number of ordinary shares outstanding amounted to 212,882 thousand shares.

B. Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	2023	2022
At January 1	208,446	194,757
Add: Stock dividends	-	19,478
Add: Transfer of treasury shares	4,436	20
Less: Purchase of treasury shares	-	(5,809)
At December 31	212,882	208,446

C. The shareholders of the Company during their meeting on June 27, 2022 resolved to issue 19,478 new shares through capitalisation of unappropriated retained earnings of $103,232 thousand and capital surplus of $91,545 thousand. The capital increase had been approved by the Financial Supervisory Committee on July 13, 2022 and the registration had been completed on August 26, 2022.

D. Treasury share

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares (in thousand) are as follows:

		Year ended December 31, 2023	
Reason for share reacquisition		Number of shares	Carrying amount
To be reissued to employees	At January 1	9,869	$ 559,113
	Shares retired	(4,060)	(267,959)
	Shares transferred	(4,436)	(227,957)
	At December 31	1,373	$ 63,197

		Year ended December 31, 2022	
Reason for share reacquisition		Number of shares	Carrying amount
To be reissued to employees	At January 1	4,080	$ 268,991
	Shares increased	5,809	291,154
	Shares transferred	(20)	(1,032)
	At December 31	9,869	$ 559,113

(b) On April 18, 2022, the Board of Directors of the Company resolved to transfer 20 thousand shares of treasury shares purchased in 2020 to employees at NT$52 (in dollars) per share.

(c) On August 8, 2022, the Board of Directors of the Company resolved to repurchase treasury shares in the amount of 5,000 thousand shares. The above treasury shares in the amount of 2,840 shares were actually repurchased and the repurchase was completed on October 7, 2022.

(d) On April 17, 2023, the Board of Directors of the Company resolved to transfer 3,022 thousand shares of treasury shares purchased in 2022 to employees at NT$56.66 (in dollars) per share.

(e) On August 7, 2023, the Board of Directors of the Company resolved to transfer 1,414 thousand shares of treasury shares purchased in 2022 to employees at NT$56.66 (in dollars) per share.

(f) On August 7, 2023, the Board of Directors of the Company resolved to retire treasury shares with the effective date set on August 7, 2023. On September 13, 2023, the retirement of 4,060 thousand shares of treasury shares and the registration change for the paid-in capital were completed.

(g) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus. As of December 31, 2023 and 2022, the balance of the treasury shares repurchased and transferred to employees amounted to $63,197 thousand and $559,113 thousand, respectively.

(h) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(i) Pursuant to the R.O.C. Company Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(20) Capital surplus

	Year ended December 31	
	2023	2022
Used to offset deficits, distributed as cash dividends or transferred to share capital		
Additional paid-in capital in excess of par-ordinary share	$ 998,112	$ 1,017,026
Treasury share transactions	15,033	360
	$ 1,013,145	$ 1,017,386

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) Retained earnings

A. nder the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay income tax returns and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. In addition, after special reserve is set aside or reversed in accordance with relevant regulations as required by the competent authority, the remainder along with accumulated unappropriated earnings shall be proposed by the Board of Directors and resolved at the shareholders' meeting to be distributed as dividends and bonus to shareholders. However, the distribution of dividends and bonus or legal reserve and capital surplus, in whole or in part, in the form of cash in accordance with regulations or paragraph 5, Article 240 of the Company Act, shall be authorised to the Board of Directors, through a resolution adopted by the majority vote at their meeting attended by two-thirds of the total number of directors, and the report of such distribution shall be reported to the shareholders during their meeting.

B. The Company's dividend policy is summarised below:

To improve the Company's dividend policy and consider the Company's capital position, the total dividends are distributed at 10% to 90% of the accumulated distributable earnings, and cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. (a) The appropriations of 2022 and 2021 earnings as resolved by the Board of Directors and the shareholders at their meetings on April 17, 2023 and June 27, 2022, respectively, were as follows:

	Year ended December 31, 2022				Year ended December 31, 2021			
		Amount		Dividends per share (in dollars)		Amount		Dividends per share (in dollars)
Legal reserve	$	58,528			$	34,246		
Special reserve	(	1,755)				10,472		
Cash dividends		416,892	$	2.00		194,777	$	1.00
Stock dividends - capitalisation of earnings		-		-		103,232		0.53
Stock dividends - capitalisation of capital surplus		-		-		91,545		0.47
	$	473,665			$	434,272		

(b) The appropriation of 2023 earnings as proposed by the Board of Directors on March 7, 2024 are as follows:

	Year ended December 31, 2023			
		Amount		Dividends per share (in dollars)
Legal reserve	$	60,821		
Reversal of special reserve	(	1,544)		
Cash dividends		428,510	$	2.0129
	$	487,787		

(22) Other equity items

	Year ended December 31			
	2023		2022	
At January 1	($	10,151)	($	11,906)
Currency translation differences:				
- Group		1,930		2,193
- Tax on Group	(	386)	(	438)
At December 31	($	8,607)	($	10,151)

(23) Operating revenue

	December 31, 2023		December 31, 2022	
Revenue from contracts with customers	$	7,774,392	$	6,399,222

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major geographical regions:

	Year ended December 31, 2023				
	Wheels				
	America	Europe	All other segments	Other products	Total
Revenue from external customer contracts	$ 1,755,608	$ 3,877,072	$ 997,463	$ 1,144,249	$ 7,774,392

	Year ended December 31, 2022				
	Wheels				
	America	Europe	All other segments	Other products	Total
Revenue from external customer contracts	$ 1,462,261	$ 3,150,400	$ 468,128	$ 1,318,433	$ 6,399,222

B. Contract liabilities and refund liabilities

(a) The Company has recognised the following revenue-related contract liabilities and refund liabilities (recorded as other current liabilities):

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities	$ 29,978	$ 12,649	$ 25,130
Refund liabilities	$ 37,196	$ 39,040	$ 34,398

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 8,188	$ 20,343

(24) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	$ 14,716	$ 2,634
Interest income from financial assets measured at amortised cost	1,028	309
Interest income from bonds sold under repurchase agreement	-	99
Other interest income	1,853	1,127
	$ 17,597	$ 4,169

(25) Other income

	Year ended December 31	
	2023	2022
Grant income	$ 16,051	$ 8,475
Compensation income	5,669	138
Gains on write-off of past due payable	-	4,309
Other income, others	28,235	21,852
	$ 49,955	$ 34,774

A. The Company had obtained 8 loans totalling $1,635,000 thousand at the preferential interest rates from the government under the “Action Plan for Accelerated Investment by Domestic Corporations” from Chang Hwa Bank, Taiwan Cooperative Bank and Bank of Taiwan, respectively, as of December 31, 2023. The loans will be used for the working capital and purchase of equipment and will be repaid in installments before November 2028 and September 2026, respectively. The fair value of the loans estimated based on the market interest rate of each loan at the time was $1,623,716 thousand in total. The differences between the obtained amount and the fair value of the loans amounting to $11,284 thousand were considered as government grants of low-interest loans and recognised as gain on deferred government grants (shown as other current liabilities and other non-current liabilities). The gain on deferred government grants was transferred to other income - government grant income following the interest amortisation. There were $7,548 thousand and $6,642 thousand transferred to other income - government grant income for the years ended December 31, 2023 and 2022, respectively.

B. As the Company was eligible for the ‘Stable Employment Plan’ of the Ministry of Labor, the Company had employed unemployed people who met the qualifications of the plan according to the government grants and recognised government grant income amounting to $1,054 thousand and $1,833 thousand for the years ended December 31, 2023 and 2022, respectively.

C. As the Company was eligible for the ‘Power and Public Equipment Subsidy’ promoted by the Ministry of Economic Affairs, the Company had recognised government grant income amounting to $999 thousand for the years ended December 31, 2023.

D. The Company had obtained the government grants from the ‘Taiwan Industry Innovation Platform Program’ of the Ministry of Economic Affairs and transferred other income - government grant income amounting to $6,450 thousand for the year ended December 31, 2023.

(26) Other gains and losses

	Year ended December 31	
	2023	2022
Net gains on financial assets and liabilities at fair value through profit or loss	$ 115,633	$ 498,006
Foreign exchange gains	18,697	123,737
Gains on disposals of property, plant and equipment	4,293	20,605
Other losses	(31,085)	-
	$ 107,538	$ 642,348

(27) Finance costs

	Year ended December 31	
	2023	2022
Interest expense - bank borrowings	$ 155,672	$ 98,267
Interest expense - lease liabilities	146	122
Interest expense - others	21,349	-
Less: Capitalisation of qualifying assets	(9,317)	(835)
	$ 167,850	$ 97,554

(28) Expenses by nature

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 749,994	$ 178,018	$ 928,012
Labour and health insurance fees	73,346	17,135	90,481
Pension costs	22,934	7,178	30,112
Directors' remuneration	-	14,349	14,349
Other personnel expenses	53,264	13,163	66,427
	$ 899,538	$ 229,843	$ 1,129,381
Depreciation charges	$ 872,759	$ 34,695	$ 907,454
Amortisation charges	$ 924	$ 10,026	$ 10,950

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 711,220	$ 168,453	$ 879,673
Labour and health insurance fees	67,477	16,986	84,463
Pension costs	22,677	7,334	30,011
Directors' remuneration	-	14,505	14,505
Other personnel expenses	50,251	12,693	62,944
	$ 851,625	$ 219,971	$ 1,071,596
Depreciation charges	$ 858,486	$ 38,339	$ 896,825
Amortisation charges	$ 924	$ 11,087	$ 12,011

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3%~15% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2023 and 2022, the employees' compensation and directors' remuneration were estimated and accrued respectively as follows based on the distributable profit of current year as of the end of reporting period:

	Year ended December 31	
	2023	2022
Employees' compensation	$ 27,938	$ 25,682
Accrued ratio	3.50%	3.50%
Directors' remuneration	$ 8,381	$ 7,705
Accrued ratio	1.05%	1.05%

The aforementioned accrued employees' compensation and directors' remuneration were in agreement with those amounts resolved by the Board of Directors.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 194,543	$ 125,375
Prior year income tax under (over) estimation	1,201	(20,550)
Total current tax	195,744	104,825
Deferred tax:		
Origination and reversal of temporary differences	(42,270)	12,881
Total deferred tax	(42,270)	12,881
Income tax expense	$ 153,474	$ 117,706

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit plan	$ 57	($ 650)
Currency translation differences	(386)	(438)
	($ 329)	($ 1,088)

B. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 152,382	$ 140,076
Effects from items disallowed by the regulation	(109)	(1,676)
Prior year income tax under (over) estimation	1,201	(20,550)
Change in assessment of realisation of deferred tax assets	-	(144)
Income tax expense	$ 153,474	$ 117,706

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	Year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	$ 118,220	($ 2,246)	$ -	$ 115,974
Allowance for bad debts that exceeds the limit for tax purpose	2,786	(466)	-	2,320
Unused compensated absences for employees	5,957	454	-	6,411
Loss on long-term foreign investments	56,700	(202)	-	56,498
Unrealised loss on valuation of financial assets and liabilities	-	1,965	-	1,965
Accumulated translation adjustment of long-term equity investments	2,538	-	(386)	2,152
Unrealised exchange loss	-	1,777	-	1,777
Unrealised provisions	-	7,831	-	7,831
	$ 186,201	$ 9,113	($ 386)	$ 194,928
Temporary differences:				
Deferred tax liabilities:				
Unrealised exchange gain	($ 10,025)	$ 10,025	$ -	$ -
Unrealised gain on valuation of financial assets and liabilities	(23,184)	23,184	-	-
Remeasurement of defined benefit obligations	(57)	(52)	57	(52)
	($ 33,266)	$ 33,157	$ 57	($ 52)
		$ 42,270	($ 329)	

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	$ 99,108	$ 19,112	$ -	$ 118,220
Allowance for bad debts that exceeds the limit for tax purpose	1,822	964	-	2,786
Unused compensated absences for employees	5,861	96	-	5,957
Loss on long-term foreign investments	47,728	8,972	-	56,700
Unrealised loss on valuation of financial assets and liabilities	966	(966)	-	-
Accumulated translation adjustment of long-term equity investments	2,976	-	(438)	2,538
Unrealised exchange loss	7,850	(7,850)	-	-
Remeasurement of defined benefit obligations	593	55	(648)	-
	$ 166,904	$ 20,383	($ 1,086)	$ 186,201
Temporary differences:				
Deferred tax liabilities:				
Unrealised exchange gain	$ -	($ 10,025)	$ -	($ 10,025)
Unrealised gain on valuation of financial assets and liabilities	-	(23,184)	-	(23,184)
Remeasurement of defined benefit obligations	-	(55)	(2)	(57)
	$ -	($ 33,264)	($ 2)	($ 33,266)
		($ 12,881)	($ 1,088)	

D. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 608,436	210,999	$ 2.88
Diluted earnings per share			
Profit attributable to ordinary shareholders	608,436	210,999	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	468	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 608,436	211,467	$ 2.88

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 582,675	201,024	$ 2.90
Diluted earnings per share			
Profit attributable to ordinary shareholders	582,675	201,024	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	665	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 582,675	201,689	$ 2.89

When calculating diluted earnings per share, the Group assumes that the employees' compensation will all be distributed in the form of shares for the year and the resulting potential shares will be included in the weighted average number of ordinary shares outstanding if those shares have a dilutive effect.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 363,464	$ 868,763
Add: Opening balance of payable on equipment	369,600	33,759
Add: Opening balance of notes payable on equipment	96,958	24,011
Add: Ending balance of prepayments for business facilities	75,664	23,532
Less: Ending balance of payable on equipment	(131,804)	(369,600)
Less: Ending balance of notes payable on equipment	(20,630)	(96,958)
Less: Cash from capitalised interest payments	(9,317)	(835)
Less: Opening balance of prepayments for business facilities	(23,532)	(17,448)
Cash paid during the year	$ 720,403	$ 465,224

	Year ended December 31	
	2023	2022
Disposal of property, plant and equipment	$ 22,399	$ 161,882
Add: Opening balance of receivable on equipment	66,617	-
Less: Ending balance of receivable on equipment	(7,342)	(66,617)
Less: Ending balance of other notes receivable	(4,475)	-
Cash received during the year	$ 77,199	$ 95,265

B. Financing activities with no cash flow effects:

	Year ended December 31	
	2023	2022
Stock dividends - capitalisation of earnings	$ -	$ 103,232
Stock dividends - capitalisation of capital surplus	-	91,545
Cash received during the year	$ -	$ 194,777

(32) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2023	$ 1,234,953	$ -	$ 7,018,213	$ 11,596	$ -	$ 8,264,762
Changes in cash flow from financing activities	(364,953)	-	7,522	(7,401)	(416,892)	(781,724)
Changes in other non-cash items	-	-	3,978	4,303	416,892	425,173
At December 31, 2023	$ 870,000	$ -	$ 7,029,713	$ 8,498	$ -	$ 7,908,211

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (including current portion)	Lease liabilities	Dividends payable	Liabilities from financing activities-gross
At January 1, 2022	$ 498,000	$ 249,927	$ 6,817,164	$ 2,954	$ -	$ 7,568,045
Changes in cash flow from financing activities	736,953	(250,000)	194,407	(5,926)	(194,777)	480,657
Changes in other non-cash items	-	73	6,642	14,568	194,777	216,060
At December 31, 2022	$ 1,234,953	$ -	$ 7,018,213	$ 11,596	$ -	$ 8,264,762

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
SuperAlloy Manufaktur GmbH. (SAMF.)	Subsidiary of the Company

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31 2023	Year ended December 31 2022
SAMF.	$ -	$ 67

Operating revenue mainly refers to the sales of processed supplies. The transaction price is determined according to the mutual agreements. The collection term is 30 days after monthly billings. The price and term have no abnormality with those to third parties.

B. Operating costs

	Year ended December 31 2023	Year ended December 31 2022
SAMF.	$ 239,092	$ 185,555

Operating costs mainly refer to the expenses on painting and processing paid to the subsidiary. The payment term is 30 days after monthly billings.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables:		
SAMF.	$ -	$ 1,296

Receivables from related parties mainly refer to payments on behalf of others generated from operations.

D. Payment on behalf of others (shown as other current assets, others)

	December 31, 2023	December 31, 2022
SAMF.	$ 23,766	$ 37,384

Prepayments mainly refer to the expenses on painting and processing prepaid to the subsidiary.

E. Payables to related parties

	December 31, 2023	December 31, 2022
(a) Accounts payable:		
SAMF.	$ 3,310	$ 3,921
(b) Other payables:		
SAMF.	$ 3,096	$ 68

Accounts payable arise mainly from painting and processing by the subsidiary. The payment term is 30 days after monthly billings. The payables bear no interest.

Other payables arise mainly from transactions of service provisions and warehouse leasing by the subsidiary. The payment term is 30 days after monthly billings. The payables bear no interest.

F. Operating expenses

	Year ended December 31	
	2023	2022
SAMF.	$ 19,478	$ 14,217

Operating expenses mainly refer to the expenses on service provisions and warehouse leasing by the subsidiary.

G. Endorsements and guarantees provided to related parties

	Year ended December 31			
	2023		2022	
	Guaranteed facilities	Facilities drawn	Guaranteed facilities	Facilities drawn
SAMF.	$ 225,522	$ 190,183	$ 225,522	$ 191,782

H. Loans to/from related parties

Loans to related parties (shown as other receivables due from related parties)

(a) Outstanding balance:

	December 31, 2023	December 31, 2022
SAMF.	$ 123,009	$ 118,337

(b) Interest income:

	Year ended December 31	
	2023	2022
SAMF.	$ 1,853	$ 1,127

The loans to SAMF. carry interest at 1.64% and 1.37% per annum for the years ended December 31, 2023 and 2022, respectively.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	$ 23,335	$ 23,239
Post-employment benefits	216	216
Share-based payments	1,295	-
	$ 24,846	$ 23,455

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Property, plant and equipment	$ 4,159,703	$ 5,288,275	Long-term borrowings
Pledged time deposits (Note)	32,947	24,755	Guarantee deposits for CPC corporation and purchases of materials
	$ 4,192,650	$ 5,313,030	

Notes: Shown as non-current financial assets at amortised cost.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 372,426	$ 614,883

B. The Company entered into a minimum order quantity contract with the main raw material supplier, Emirates Global Aluminium (Singapore) Pte Ltd ("EGA"), on December 6, 2023 to stabilise the safety stock of raw materials. The contract stipulated that the Company shall reach a certain minimum order quantity every year and the payment terms are telegraphic transfer after shipment by EGA. Based on the assessment, the Company shall have no concerns about fulfilling the obligations under the contract before it expires.

(2) Contingencies

The Company entered into the Sales Representation Agreement (the "Agreement") with the German entity, LCTec GmbH ("LCTec" (Note)), in 2011. The Agreement stipulated that LCTec provides services such as sales management and technical support. The period of the Agreement was to August 31, 2016. Except for a notice 90 days in advance for cancelling the automatic renewal, the Agreement could continue to be renewed for 2 years automatically. The Company notified LCTec to cancel the automatic renewal in April 2018. The Company later discovered there are flaws that made the Agreement entered into invalid and notified LCTec to terminate the implement of the Agreement immediately in August 2018.

LCTec filed an application to a German arbitration institution for commencing an arbitration in December 2021 and requested the Company to propose the commission reports from November 2018 to November 2021 then pay the commissions and interests based on the reports to it. The management assessed the results of the repayment and recorded the profit or loss recognised for the provision as operating expenses and finance costs according to the nature after taking appropriate legal advice for the year ended December 31, 2023.

Note: The entity had changed its name on September 25, 2018. Its original name was SuperAlloy International GmbH.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) On March 7, 2024, the Board of Directors of the Company resolved to increase its capital by issuing new shares due to the initial public offering. The Company issued 23,529 thousand shares of common shares, with a par value of $10 (in dollars) per share, and the tentative premium issuance price was NT$56 (in dollars) per share. However, the chairman was authorized to set the actual issuance price in accordance with the public offering related securities regulations and market conditions before the listing, which shall have mutual agreement with the lead securities underwriter. The shares would be issued when the case had been resolved by the Board of Directors and approved by the competent authority. In addition, the chairman was authorized to set the payment period, effective date of the capital increase, issuance date of shares and other relevant matters of issuing new shares.

(2) Refer to Note 6(21)E.(b) for the details of the appropriation of 2023 earnings.

12. Others

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors the Company’s capital on the basis of the gearing ratio.

(2) Financial instruments

A. Financial instruments by category

Financial assets	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss		
Financial assets held for trading	$ -	$ 115,918
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,224,211	$ 862,863
Financial assets at amortised cost (including non-current)	32,947	24,755
Notes receivable	4,475	-
Accounts receivable	1,013,252	827,100
Other receivables	76,704	150,335
Other receivables due from related parties	123,009	119,633
Guarantee deposits paid	45,517	59,080
	$ 2,520,115	$ 2,043,766

Financial liabilities	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 9,824	$ -
Financial liabilities at amortised cost		
Short-term borrowings	$ 870,000	$ 1,234,953
Notes payable	369,672	430,148
Accounts payable	79,793	63,332
Accounts payable to related parties	3,310	3,921
Other accounts payable	674,669	1,053,329
Other accounts payable to related parties	3,096	68
Long-term borrowings (including current portion)	7,029,713	7,033,475
	$ 9,030,253	$ 9,819,226
Lease liability	$ 8,498	$ 11,596

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury). Company treasury identifies, evaluates and hedges financial risks such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity in close co-operation with the operating units.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, EUR and JPY. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. Each unit of the Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. Each unit of the Company uses natural hedges or forward foreign exchange contracts with the Group treasury to manage and hedge the foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions and recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Company hedges foreign exchange rate by using foreign exchange swap contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
Bank deposits					
USD:NTD	$	16,106	30.7050	$	494,535
EUR:NTD		2,387	33.9800		81,114
JPY:NTD		2,721,324	0.2172		591,072
Non-current financial assets at amortised cost					
USD:NTD	$	1,060	30.7050	$	32,947
Receivables					
USD:NTD	$	19,478	30.7050	$	598,072
EUR:NTD		8,665	33.9800		294,437
JPY:NTD		1,167,394	0.2172		253,536
Current financial assets at fair value through profit or loss					
EUR:NTD	$	49	33.9800	$	1,670
Non-monetary items					
Investments accounted for using the equity method					
EUR:NTD	$	1,556	33.9800	$	52,863
Financial liabilities					
Monetary items					
Payables					
USD:NTD	$	459	30.7050	$	14,094
EUR:NTD		2,308	33.9800		78,426
Current financial liabilities at fair value through profit or loss					
USD:NTD	$	374	30.7050	$	11,494

	December 31, 2022				
	Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
Bank deposits					
USD:NTD	$	24,652	30.7100	$	757,063
EUR:NTD		1,584	32.7200		51,828
JPY:NTD		40,403	0.2324		9,390
Non-current financial assets at amortised cost					
USD:NTD	$	760	30.7100	$	23,340
Receivables					
USD:NTD	$	21,196	30.7100	$	650,929
EUR:NTD		8,708	32.7200		284,926
JPY:NTD		87,330	0.2324		20,295
Current financial assets at fair value through profit or loss					
USD:NTD	$	3,775	30.7100	$	115,918
Non-monetary items					
Investments accounted for using the equity method					
EUR:NTD	$	1,526	32.7200	$	49,922
Financial liabilities					
Monetary items					
Payables					
USD:NTD	$	778	30.7100	$	23,892
EUR:NTD		2,388	32.7200		78,135
Bank borrowings					
USD:NTD	$	6,348	30.7100	$	194,947

v. The Company’s subsidiaries conduct forward foreign exchange contracts. Foreign currency amount is the notional principal. Exchange rate is forward exchange rate that is estimated to be settled at the balance sheet date, and the book value is the amount recognised.

vi. The total net exchange gain, including realised and unrealised,arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $18,697 thousand and $123,737 thousand, respectively.

vii. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
Cash in banks			
USD:NTD	1%	$ 4,945	$ -
EUR:NTD	1%	811	-
JPY:NTD	1%	5,911	-
Non-current financial assets at amortised cost			
USD:NTD	1%	$ 329	$ -
Receivables			
USD:NTD	1%	$ 5,981	$ -
EUR:NTD	1%	2,944	-
JPY:NTD	1%	2,535	-
Current financial assets at fair value through profit or loss			
USD:NTD	1%	$ 17	$ -
Non-monetary items			
Investments accounted for using the equity method			
EUR:NTD	1%	$ -	Not applicable
Financial liabilities			
Monetary items			
Payables			
USD:NTD	1%	$ 141	$ -
EUR:NTD	1%	784	-
Current financial liabilities at fair value through profit or loss			
USD:NTD	1%	$ 115	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
Cash in banks			
USD:NTD	1%	$ 7,571	$ -
EUR:NTD	1%	518	-
JPY:NTD	1%	94	-
Non-current financial assets at amortised cost			
USD:NTD	1%	$ 233	$ -
Receivables			
USD:NTD	1%	$ 6,509	$ -
EUR:NTD	1%	2,849	-
JPY:NTD	1%	203	-
Current financial assets at fair value through profit or loss			
USD:NTD	1%	$ 1,159	$ -
Non-monetary items			
Investments accounted for using the equity method			
EUR:NTD	1%	$ -	Not applicable
Financial liabilities			
Monetary items			
Payables			
USD:NTD	1%	$ 239	$ -
EUR:NTD	1%	781	-
Bank borrowings			
USD:NTD	1%	$ 1,949	$ -

Price risk

None.

Cash flow and fair value interest rate risk

i. The Company’s interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. However, partial interest rate risk is offset by cash and cash equivalents held at variable rates. For the years ended December 31, 2023 and 2022, the Company’s borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

ii. On December 31, 2023 and 2022, if the borrowing interest rate had changed by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $63,198 thousand and $66,025 thousand, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows stated at fair value through profit or loss.

ii. According to the Company’s credit policy, each local unit in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard receipt or payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 1 year.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i). It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii). The disappearance of an active market for that financial asset because of financial difficulties;

(iii). Default or delinquency in interest or principal repayments;

(iv). Adverse changes in national or regional economic conditions that are expected to cause a default.

(vii).The Company classifies customers' accounts receivable by applying the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

(viii).The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

(ix).The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and December 31, 2022, the provision matrix is as follows:

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.09%	$ 949,685	$ 877
Up to 30 days	1.01%	53,296	538
31 to 90 days	7.18%	9,509	683
91 to 180 days	14.87%	2,791	415
Over 180 days	62.33%	1,285	801
Over 1 year	100.00%	7,220	7,220
		$ 1,023,786	$ 10,534

At December 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.12%	$ 712,171	$ 865
Up to 30 days	1.00%	85,196	852
31 to 90 days	5.47%	23,177	1,267
91 to 180 days	23.07%	7,901	1,823
Over 180 days	51.84%	7,189	3,727
Over 1 year	100%	2,427	2,427
		$ 838,061	$ 10,961

(x).Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
At January 1	$ 10,961	$ 6,561
(Reversal) allowance of impairment loss	(427)	5,786
Write-offs of allowance for uncollectible accounts	-	(1,386)
At December 31	$ 10,534	$ 10,961

(c) Liquidity risk

i. Company treasury monitors rolling forecasts of the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate		
Expiring within one year	$ 2,000,000	$ 2,125,516
Expiring beyond one year	-	950,000
	$ 2,000,000	$ 3,075,516

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings (Note)	$ 472,053	$ 400,476	$ -	$ -	$ -	$ 872,529
Notes payable	368,560	1,112	-	-	-	369,672
Accounts payable	76,030	3,763	-	-	-	79,793
Accounts payable to related parties	3,310	-	-	-	-	3,310
Other payables	674,669	-	-	-	-	674,669
Other payables to related parties	3,096	-	-	-	-	3,096
Long-term borrowings (including current portion) (Note)	197,771	1,115,480	1,431,569	2,282,121	2,220,850	7,247,791
Lease liability (Note)	1,882	3,382	2,170	1,170	-	8,604
Derivative financial liabilities						
Forward exchange contract	$ -	$ 9,824	$ -	$ -	$ -	$ 9,824

Note: The amount includes expected future interest payments.

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities						
Short-term borrowings (Note)	$ 442,996	$ 824,056	$ -	$ -	$ -	$ 1,267,052
Notes payable	429,326	822	-	-	-	430,148
Accounts payable	46,462	16,870	-	-	-	63,332
Other payables	1,053,329	-	-	-	-	1,053,329
Other payables to related parties	68	-	-	-	-	68
Long-term borrowings (including current portion) (Note)	63,110	417,833	1,717,865	2,498,620	2,824,146	7,521,574
Lease liability (Note)	1,522	4,565	3,344	2,340	-	11,771

Note: The amount includes expected future interest payments.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value includes the carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), financial assets at amortised cost, short-term borrowings, notes payable, accounts payable, other payables (including related parties) and long-term borrowings.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilites mandatorily measured at fair value through profit or loss				
-Derivative instruments	$ -	$ 9,824	$ -	$ 9,824

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets mandatorily measured at fair value through profit or loss				
-Derivative instruments	$ -	$ 115,918	$ -	$ 115,918

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants. Forward exchange contracts are usually valued based on the current forward exchange rate.

(c) For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

(d) For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Not applicable.

14. Operating Segment Information

Not applicable.

SUPERALLOY INDUSTRIAL CO., LTD.

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	SUPERALLOY INDUSTRIAL CO.. LTD.	SuperAlloy Manufaktur GmbH	Other receivables	Y	122,328	122,328	122,328	1.64%	Note 2	239,092	Not applicablr	-	None	-	239,092	1,547,067	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Having business relationship.

Note 3: The amount of loan at the end of the period has been translated at the exchange rate prevailing at December 31, 2023.

Note 4: For the companies having business relationship with the Company, the ceiling on total loans granted shall not exceed 20% of the creditor's net worth; limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower in the latest one year.

SUPERALLOY INDUSTRIAL CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed: Company name	Relationship with the endorser /guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of 2023	Outstanding endorsement/ guarantee amount at 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	2	$ 2,320,601	$ 225,522	$ 225,522	$ 190,183	$ -	2.92%	$ 2,320,601	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3) The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets. However, limit on endorsements/guarantees provided for a single overseas affiliate is 30% of the Company's net assets.

SUPERALLOY INDUSTRIAL CO., LTD.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases total purchases	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	The Company's subsidiary	Outsourcing expenses	$ 239,092	7.79%	Payment term is 30 days after monthly billings.	Note 1	Note 1	$ 3,310	0.73%	Note 2

Note 1: It is refer to the market price and would be determined based on mutual agreement.

Note 2: The transaction had been eliminated in the consolidated financial statements.

SUPERALLOY INDUSTRIAL CO., LTD.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Balance as at December 31, 2023			Overdue receivables				
Creditor	Counterparty	Relationship with the counterparty	General ledger account	Amount	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	The Company's subsidiary	Other receivables	$ 123,009	-	$ -	-	$ -	$ -	Notes 2, 3

Note 1: Amounts have been collected as of March 7, 2024.

Note 2: The transaction had been eliminated in the consolidated financial statements.

Note 3: The amount is in the nature of a loan of funds in thousands, thus the turnover rate is not applicable.

SUPERALLOY INDUSTRIAL CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	1	Outsourcing expenses	$ 239,092	Payment term is 30 days after monthly billings.	3.07%
0	SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	1	Other receivables	123,009	Note 5	0.71%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: It is refer to the market price and would be determined based on mutual agreement.

SUPERALLOY INDUSTRIAL CO., LTD.

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee (Note 1)	Location	Main business activities	Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Footnote
SUPERALLOY INDUSTRIAL CO., LTD.	SuperAlloy Manufaktur GmbH	Germany	Coating and manufacturing of rims	$ 358,258	$ 358,258	-	100.00	$ 52,863	$ 1,011	$ 1,011	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2) The ‘Net profit (loss) of the investee for the year ended December 31, 2023’ column should fill in amount of net profit (loss) of the investee for this year.

(3) The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this year. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 1

Item	Description	Amount
Petty cash		$ 392
Cash in banks:		
Demand deposits		$ 56,780
Foreign currency deposits	JPY 2,721,324 thousand, an exchange rate of $0.2172	591,072
	USD 16,106 thousand, an exchange rate of $30.7050	494,549
	EUR 2,387 thousand, an exchange rate of $33.9800	81,114
	AUD 14 thousand, an exchange rate of $20.9800	283
	GBP 1 thousand, an exchange rate of $39.1500	19
	RMB 1 thousand, an exchange rate of $4.327	2
		$ 1,224,211

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 2

Client Name	Amount	Note
A customer	$ 265,062	
B customer	209,171	
C customer	100,870	
D customer	57,216	
Others	391,467	The balance of each customer has not exceeded 5% of the accounts receivable
	1,023,786	
Less: Allowance for bad debts	(10,534)	
	$ 1,013,252	

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 3

Item	Amount: Cost	Amount: Market Price	Note
Raw materials	$ 4,029,775	$ 4,155,752	Use replacement cost as market price
Work in progress	1,376,760	1,869,342	Use net realisable value as market price
Finished goods	1,378,388	2,065,635	Use net realisable value as market price
	$ 6,784,923	$ 8,090,729	
Less: Allowance for inventory valuation losses and loss for obsolete and slow-moving inventories	(579,869)		
	$ 6,205,054		

SUPERALLOY INDUSTRIAL CO., LTD

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in New Taiwan dollars)

Statement 4

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets			
Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding Ratio	Amount	Unit Price (in dollars)	Total Amount	Valuation basis	Collateral
SuperAlloy Manufaktur Gmbh.	-	$ 49,922	-	$ 2,941	-	$ -	-	100	$ 52,863	-	$ 52,863	Equity method	None

SUPERALLOY INDUSTRIAL CO., LTD

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND ACCUMULATED DEPRECIATION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in New Taiwan dollars)

Statement 5

Item	Beginning Balance	Addition	Decrease	Transfers	Ending Balance	Note

Information on cost and accumulated depreciation of property, plant and equipment is provided in Note6(7) and 8.

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 6

Institutions	Nature	Ending Balance	Contract Period	Range of Interest Rate	Credit Line		Collateral
The Export-Import Bank of ROC	Unsecured borrowings	$ 300,000	2023/4/17~2024/4/17	1.73%	TWD	300,000	None
Bank of Taiwan	Unsecured borrowings	100,000	2023/11/15~2024/5/15	1.75%	USD	8,000	None
Cathay United Bank	Unsecured borrowings	100,000	2023/12/15~2024/1/12	1.71%	TWD	300,000	None
Bangkok Bank	Unsecured borrowings	250,000	2023/12/6~2024/1/5	1.67%	TWD	300,000	None
Taishin International Bank	Unsecured borrowings	120,000	2023/12/29~2024/1/29	1.70%	TWD	300,000	None
		$ 870,000					

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 7

Item	Description	Amount

Note: Information on other payables is provided in Note 6(13).

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 8

Creditor	Amount	Contract Period	Interest Rate	Credit Line	Collateral
Taiwan Cooperative Bank	$ 335,000	2015/2/12~2035/2/12	1.65%	$ 542,000	Land and plant
Taiwan Cooperative Bank	120,000	2021/3/15~2028/3/15	1.70%	120,000	Unsecured borrowings
Taiwan Cooperative Bank	1,000,000	2022/6/15~2028/6/29	1.65%	1,300,000	Land and plant
Chang Hwa Bank	2,503,775	2019/12/30~2040/3/10	1.80%	2,660,000	Land and plant
Chang Hwa Bank	700,000	2020/12/25~2027/12/15	2.10%	700,000	Unsecured borrowings
Bank of Taiwan	325,000	2023/8/16~2026/8/16	1.63%	325,000	Unsecured borrowings
Bank of Taiwan	472,222	2021/10/05~2026/10/5	1.75%	500,000	Unsecured borrowings
Bank of Taiwan	315,000	2021/11/08~2028/11/8	1.75%	800,000	Machinery
Hua Nan Commercial Bank, Ltd.	350,000	2021/6/30~2024/6/30	1.77%	350,000	Unsecured borrowings
Jih Sun International Commercial Bank	100,000	2022/5/16~2024/5/16	1.78%	250,000	Unsecured borrowings
Shanghai Commercial and Savings Bank	300,000	2022/3/07~2025/9/5	1.64%	300,000	Unsecured borrowings
Yuanta Commercial Bank Co., Ltd.	220,000	2022/4/18~2025/4/18	1.70%	300,000	Unsecured borrowings
Far Eastern International Bank	300,000	2023/12/15~2026/7/31	1.72%	300,000	Unsecured borrowings
	7,040,997				
Less: Deferred government grant gains	(11,284)				
Less: current portion	(1,220,729)				
	$ 5,808,984				

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 9

Item	Volume	Amount	Note
Forging wheel	706,048 pcs	$ 6,720,751	
Aluminium material	9,698,915 Kilogram	650,240	
Others		500,152	The balance of each customer has not exceeded 10% of the operating revenue
		7,871,143	
Less: Sales returns and discounts		(96,751)	
Operating revenue, net		$ 7,774,392	

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 10

	Amount
Direct material	
Raw materials at beginning of year	$ 3,968,456
Add: Purchases in the year	3,093,261
Gain on physical inventory for raw materials	13,418
Warehouse-in of foundry returns	1,525,713
Less: Raw materials at end of year	(4,029,775)
Scrapping of raw materials	(15,401)
Cost of raw materials sold	(219,822)
Transferred to expenses	(418,979)
Warehouse-out of foundry returns	(1,525,713)
Consumption of materials for the year	2,391,158
Direct labor	764,501
Manufacturing expense	2,151,493
Manufacturing cost	5,307,152
Add: Work in progress at beginning of year	1,798,992
Less: Work in progress at end of year	(1,376,760)
Loss on physical inventory for work in progress	(41)
Scrapping of work in progress	(97,740)
Transferred to expenses	(9,538)
Cost of finished goods	5,622,065
Add: Finished goods at beginning of year	1,215,019
Processing costs	652,517
Less: Finished goods at end of year	(1,378,388)
Loss on physical inventory for finish goods	(8,908)
Scrapping of finish goods	(20,369)
Transferred to other equipment and equipment under acceptance	(185,865)
Transferred to expenses	(187,699)
Cost of goods manufactured and sold	5,708,372
Cost of mould sold	10,229
Cost of goods sold	5,718,601
Underapplied overhead	252,405
Gain on reversal of inventory market value decline and obsolete and slow-moving	(11,231)
Scrapping of inventory	133,510
Gains from scrapping inventory	(42,048)
Revenue from sales of scraps	(229,363)
Cost of raw materials sold	219,822
Gain on physical inventory	(4,469)
Total cost of sales	$ 6,037,227

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 11

Item	Amount		Note
Depreciation expense	$	872,759	
Consumables expense		356,379	
Utilities expense		391,979	
Repairs and maintenance expense		233,955	
Salary expenses		114,155	
Other expenses		434,671	The balance of each customer has not exceeded 5% of the manufacturing expense
Actual manufacturing overhead		2,403,898	
Less: Underapplied overhead	(	252,405)	
Standard manufacturing overhead	$	2,151,493	

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 12

Item	Selling expenses	General & administrative expenses	Research and development expense	Total	Note
Freight	$ 198,839	$ 1,162	$ 176	$ 200,177	
Salary expenses (including pensions)	32,545	96,728	70,272	199,545	
Cost of services	27,594	32,765	4	60,363	
Depreciation expense	420	25,302	8,973	34,695	
Storage fee	53,099	-	-	53,099	
Testing fee	1,536	-	23,988	25,524	
Commission expenses	72,713	-	-	72,713	
Import/export expense	137,645	-	-	137,645	
Other expenses	41,999	108,530	49,643	200,172	The balance of each customer has not exceeded 5% of the operating expense
	$ 566,390	$ 264,487	$ 153,056	$ 983,933	

SUPERALLOY INDUSTRIAL CO., LTD.
STATEMENT OF NET AMOUNT OF OTHER REVENUES AND GAINS AND EXPENSES AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note

Information on other gains and losses is provided in Note 6(26).

SUPERALLOY INDUSTRIAL CO., LTD
STATEMENT OF FINANCE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 14

Item	Description	Amount	Note

Information on finance costs is provided in Note 6(27).

SUPERALLOY INDUSTRIAL CO., LTD
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in New Taiwan dollars)

Statement 15

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary expenses	$ 749,994	$ 178,018	$ 928,012	$ 711,220	$ 168,453	$ 879,673
Labour and health insurance fees	73,346	17,135	90,481	67,477	16,986	84,463
Pension costs	22,934	7,178	30,112	22,677	7,334	30,011
Directors' remuneration	-	14,349	14,349	-	14,505	14,505
Other personnel expenses	53,264	13,163	66,427	50,251	12,693	62,944
Depreciation expense	872,759	34,695	907,454	858,486	38,339	896,825
Amortisation charge	924	10,026	10,950	924	11,087	12,011

Note:

A. As at December 31, 2023 and 2022, the Company had 1,524 and 1,532 employees, including 9 and 8 non-employee directors, respectively.

B. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(a) The average employee benefit expense of current year was $ 736 (in dollars) ((Total employee benefit expense of current year-Total directors' compensation of current year)/(Number of employees of current year-Number of non-employee directors of current year)).

The average employee benefit expense of prior year was $694 (in dollars) ((Total employee benefit expense of prior year-Total directors' compensation of prior year)/(Number of employees of prior year-Number of non-employee directors of prior year)).

SUPERALLOY INDUSTRIAL CO., LTD

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in New Taiwan dollars)

Statement 15

(b) The average wages and salaries of current year were $613 (in dollars) (Total wages and salaries of current year/(Number of employees of current year-Number employee of non- directors of current year)).
The average wages and salaries of prior year were $577 (in dollars) (Total wages and salaries of prior year/(Number of employees of prior year-Number of non-employee directors of prior year)).

(c) The adjustment on the average salary expenses in 2023 is approximately (6.2%) ((Average wages and salaries of current year-Average wages and salaries of prior year)/Average wages and salaries of prior year).

(d) The Company set up an audit committee and therefore, it has no supervisors.

(e) The Company's Salary and Compensation Policy (including directors, managers and employees) is as follows:

i. The Company set up an audit committee and therefore, it has no supervisors.

ii. Reward, remuneration and transportation allowance of directors (including independent directors), functional committee members and managers are paid in accordance with reward and remuneration payments regulations for directors, independent directors, functional committee members and managers.

iii. Reward of Chairman and managers includes salary and bonus, etc., of which salary is made based on their participation in the operation and contribution, referring to the general pay levels of the industry, and takes into consideration education and work experience, professional skill and job responsibility. In addition, bonus is made based on individual performance achievements and degree of contribution.

SUPERALLOY INDUSTRIAL CO., LTD

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in New Taiwan dollars)

Statement 15

iv. Chairman's and managers' emoluments will be reviewed by the Remuneration Committee and resolved by the Board of Directors.

v. Compensation of employees includes salary and bonus, of which salary is referred by market quotes taking into consideration personal work experience, performance and prior salary conditions, and considers employees' position and job responsibility. In addition, bonus is made based on individual performance assessment.

vi. Annual salary adjustment of employees is implemented based on the Company's operating conditions, referring Economic Growth Rate in Taiwan, Consumer Price Index and salary adjustments in industry, accordingly, to determine the adjustment degree of employees' salary based on personal working performance and performance assessment.

vii. In accordance with the Company's Articles of Incorporation, employees' compensation is contributed based on annual profit. Profit to managers is accrued based on operating performance and profit to employee is accrued according to personal performance assessment.

viii. Year-end bonus is distributed to managers and employees based on personal performance assessment at end of year.

SuperAlloy Industrial Co., Ltd.

Chairman: Tsung-Jung Huang