Stock Code: 2233

TURVO INTERNATIONAL CO., LTD.

2023 Annual Report

The Annual Report is available at

Market Observation Post System :http://mops.twse.com.tw

Corporate Website: http://www.turvo.com.tw

24 May 2024

I. The spokesperson and deputy spokesperson of the Company:

Name of spokesperson: WU, CHIH-JUNG

Title: Vice president, Business Department

Tel: (04)2657-5790

E-mail: sales@turvo.com.tw

Name of deputy spokesperson: WU, HSIAO-JUI

Title: Senior manager, Finance Management Department

Tel: (04)2657-5790

E-mail: suri-wu@turvo.com.tw

II. Address and contact number of the headquarters and plant:

Address: No. 59, Jing 2nd Rd., Wu qi Dist., Taichung Port Technology Industrial Park, Taichung City

Tel: (04)2657-5790

III. Stock Transfer Agent:

Name: CTBC Bank Co., Ltd. Stock Transfer Agency Department

Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Website: http://www.ctbcbank.com.tw

Tel: (02) 6636-5566

IV. CPAs of the Most Recent Financial Report:

CPAs: CHEN, MING HUNG、LO, WEN CHEN

Name of the Accounting Firm: Ernst & Young

Address: 26F., No. 186, Shi Zheng N. 7th Rd., Xuan Dist., Taichung City

Website: http://www.ey.com

Tel: (04) 2259-8999

V. Overseas Securities Exchange: None.

VI. Corporate Website: http://www.turvo.com.tw

Table of Contents

I. Letter to Shareholders

Dear shareholders,

Thanks for every shareholder's support. We sincerely appreciate your presence at the regular shareholders' meeting of the Company, despite your busy schedules. On behalf of the Company, we would like to express profound gratitude for the support and encouragement received from every shareholder.

The Company would like to express our gratitude to all dedicated colleagues and the support and trust of shareholders and directors. I will provide an overview of the operating results for 2023 and the outlook for operations in 2024.

The 2023 Business Report is as follows:

I. 2023 Operating Results

(I) The results of the implementation of the business plan for 2023

Dear shareholders, In 2023, global economic growth slowed due to international inflation and rising interest rate pressures. Although affected by customer industry inventory adjustments, the consolidated revenue for the fiscal year 2023 reached NTD 3,337,485 thousand, representing a decrease of only 0.38% compared to fiscal year 2022. Despite the economic challenges this year, the Company courageously pursued the expansion of its precision metal parts and TUF ONE planetary reducer businesses. It continued to invest in research and development resources. As a result, sales and R&D expenses increased compared to the fiscal year 2022. However, the consolidated operating net profit for the fiscal year 2023 decreased by 2.39% compared to the fiscal year 2022.Non-operating income was affected by the fluctuation of the New Taiwan Dollar against the US Dollar, resulting in decreased foreign exchange gains. As a result, the consolidated net profit after tax was NTD 529,930 million, a decrease of 13.63% compared to 2022. The earnings per share for 2023 were NTD 8.86.

Looking ahead to 2024, the Company anticipate challenges due to global geopolitical uncertainties and inevitable risks such as inflation. However, with challenges come opportunities. Our company and all employees will continue to work together diligently. We hope to create impressive results with the support and encouragement of our shareholders.

Unit: NTD (in thousands)

Item	2022	2023	Change Ratio
Net Operating Revenue	3,350,323	3,337,485	-0.38%
Gross Profit	1,103,636	1,091,194	-1.13%
Operating Income	544,806	531,808	-2.39%
Income Before Tax	774,813	571,240	-26.27%
Net Income	613,553	529,930	-13.63%

(II) Budget Implementation

In accordance with current regulations, the Company has not publicly disclosed the financial forecast for 2023. However, the overall actual operating conditions and performance are consistent with the business plan developed internally by the Company.

(III) Analysis of Receipts, Expenditures, and Profitability

Item		2022	2023
Financial Structure	Debt to assets ratio %	30.80%	30.65%
	Fixed assets to long term funds ratio %	258.95%	215.90%
Insolvency	Current ratio%	277.73%	299.12%
	Quick ratio%	185.81%	215.78%
Profitability	Return on assets%	12.50%	10.49%
	Return on equity%	18.63%	15.07%
	Net profit margin %	18.31%	15.88%
	Earnings per share (NTD) (Note)	10.32	8.86

Note: The calculation is based on the weighted average number of outstanding shares during the year, retroactively adjusted to reflect any increase in the weighted average number of outstanding shares in connection with a capital increase out of earnings in previous years.

(IV) Research and Development Work

As the demand for upgrading automation in global factory production lines continues to increase, leveraging our years of expertise in precision metal component processing and integration capabilities, our company has launched our proprietary brand, TUF ONE planetary reducer. The Company are formally moving towards product design and manufacturing. the Company is committed to creating new value in the field of gear reducers and AVG for precise positioning in processing machines and automation systems, helping customers to reduce production costs and move towards a sustainable and smart manufacturing market worldwide.

The Company is a professional precision metal component manufacturer, specializing in CNC lathes, CNC Swiss-type turning machine, milling machine, precision grinder, precision measurement and product process improvement. The developed technologies can be applied to various metal processing industries, such as gasoline vehicles, bicycle/E-Bike parts, electric vehicle/hydrogen-powered vehicle components, industrial sensor components, orthopedic surgical medical equipment components, and more. The Company's research and development is focused on the process design of new products, process improvement of existing products, design and development of special purpose machine and inspection equipment, as well as the development and research of new processing techniques to increase the breadth and depth of services to customers and enhance profitability.

The Company maintains a stable income and is committed to continuous research and development to enhance its machine machining technology, creating a virtuous cycle of growth. The Company aims to become a “modular solutions provider” by extending the services to various fields of mechanical machining, including automation, forging, and heat treatment, with the aim of creating unique value through differentiation and uniqueness.

The Company is currently focusing on the development of new products, the upgrading of existing technologies, the enhancement of existing product performance and the development of new products, assisting customers in the development of customized products, the integration of product development capabilities, and the provision of one-stop shopping services, which play a key role in the field of precision metal processing.

II. Summary of the Business Plan for 2024

(I) Business Policy

1. Focusing on existing customers and continuously exploring new customers, while paying attention to the development trends of new markets and products.

2. Continuously expanding the production capacity of parent and subsidiary to meet customer demand and enhance revenue and profitability.

3. The completion of the new factory construction and its operation has led to an increase in production capacity, thereby driving operational growth.

4. Strictly enforcing cost management and expense control, continuously optimizing operational performance.

5. Introducing automated production and inspection to improve production efficiency and process technology capabilities to achieve the Company's objective of sustainable development.

6. Introducing AI, big data, and intelligent management of production factories to enhance process and quality capabilities.

7. Expanding the well-being of employees, caring for vulnerable groups and safeguarding environmental resources.

8. Promoting and implementing ESG (Environmental, Social, and Governance) sustainable development strategies.

(II) Sales Volume Forecast and the Basis Thereof

The expected shipment volume of the Company and its subsidiaries is expected to significantly increase in 2024 with the injection of new production capacity. The estimated increase in shipment volume in 2024 is based on the overall production capacity status of the year and the projected growth of contract and existing orders from customers.

(III) Important Production and Sales Policies

1. Production Policies: The completion of the new factory has increased production capacity to meet customer order demands, continuous research and development and optimization of manufacturing technology, rapid introduction of production and inspection automation, supplemented by the MES manufacturing management system and enhancing efficiency and reducing costs.

2. Sales Policies: Expanding into new markets to enhance the brand awareness of TUF ONE planetary reducer. Maintaining long-term relationships with the customers, actively exploring new customers, and keeping abreast of the latest market developments, combining the company's core competencies and process technologies to accurately grasp customer demands and market trends and continuing to improve turnover and profitability.

III. Outlook of the Company

The company is transitioning from OEM to establishing our own brand, TUF ONE planetary reducer, to be promoted worldwide. In the face of rapid changes and challenges in the future market environment, The Company and its subsidiaries have always upheld a commitment to technological development and manufacturing quality. The Company will continue to strengthen innovation and research and development efforts in technology, improve operational performance, maintain high-quality performance, implement quality policies, streamline costs and increase production efficiency, actively explore new customers and new market areas, and strive to make higher profits.

This year, the Company and its subsidiaries' development strategy revolves around deepening our presence in the precision metal component processing sector while actively expanding into and establishing our footprint in the gear reducer market. the Company aim to enhance brand recognition and will continue to focus on providing integrated services in automation, forging, heat treatment, and multi-axis machining. Through a differentiated operational strategy, The Company will drive intelligent manufacturing and create additional value, aiming to become the industry leader and create the highest value and profit for the shareholders.

IV. The Impact of External Competitive Environment, Regulatory Environment and Overall Business Environment on the Company

While global economic inflation is gradually slowing down and central banks' interest rate hike policies are nearing completion, geopolitical risks remain high, leading to a sluggish momentum in global economic growth.The Company will continue to pay close attention to the sustained rise in global raw material prices and the impact of climate change. In addition to continuing to integrate various resources and assisting subsidiaries in sustainable business development, the Company will also comply with regulations established by regulatory authorities, collaborate with policy initiatives, prioritize employee talent development, and actively promote sustainable development in existing businesses, new products, and new ventures, based on the corporate philosophy of “environmental protection, social responsibility, and corporate governance".

Finally, a big thank you to all shareholders, ladies, and gentlemen, and to the dedicated colleagues for their long-standing support and encouragement, and to all the best regards. Wishing all

Good health and good luck!

TURVO INTERNATIONAL CO., LTD.

Chairman: LIU, CHUN-CHANG

II. Company Overview

I. Company Profile

TURVO INTERNATIONAL CO., LTD. was established on 29 December 1987. The Company is in Taichung City Industrial Park. The Company specializes in the development and manufacture of precision metal components. With the use of CNC lathes, CNC milling machine, CNC Swiss-type turning machine and the advanced multi-spindle machine equipment and workstations from Switzerland and Germany, the Company can conduct high-quality, high-skilled, and steady product process. The technology developed by the Company is applied to various metal components. Our manufacturing capabilities include high-value-added products and services, such as turning, milling, drill, grinding, precision gear, forging, die casting, injection, stamping, heat treatment, surface treatment and assembly, etc. The Company's main operation is the development and manufacturing of precision metal components. The products of our company are applied to automotive engine system, steering system, drivetrain system, security system, chassis System, and connector, sensor, temperature control equipment, industrial automation, medical equipment components, high-end bicycle components for industrial communication use.

TURVO INTERNATIONAL CO., LTD. has established manufacturing plants in various locations such as China and Thailand, providing customers around the globe with timely services and product technology services. As of the end of 2023, the number of employees of TURVO INTERNATIONAL CO., LTD and its subsidiaries and second-tier subsidiaries were around 1330 people in total.

The shares of TURVO INTERNATIONAL CO., LTD. were listed on TWSE in September 2019. The Company's stock code is 2233.

II. Company History

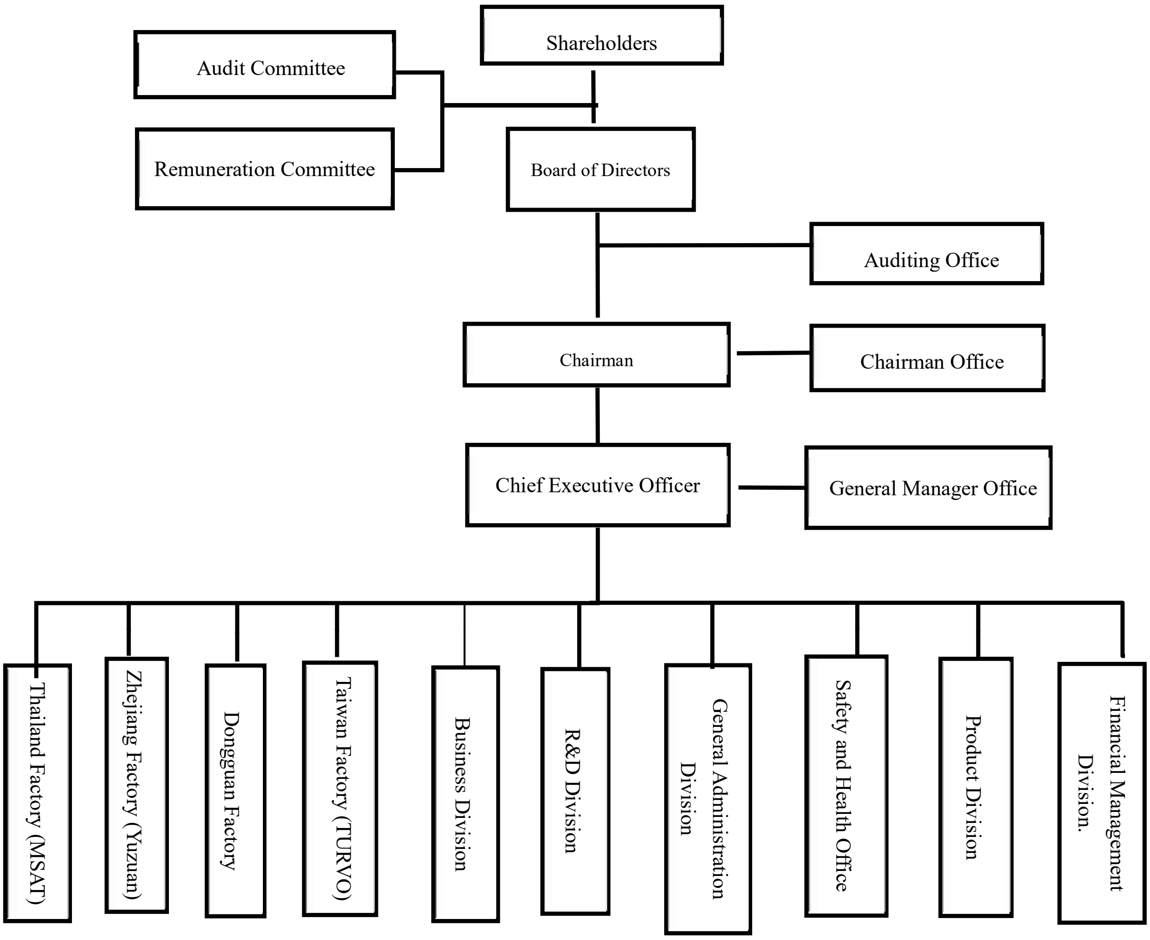
December 1987	Established TURVO INTERNATIONAL CO., LTD. The capital was NTD2000 thousand.
August 1990	Introduced Japanese-made CNC machines and European made precision inspection equipment.
March 1991	Became the qualified supplier of SEAGATE.
May 1992	Set up air conditioning system to maintain the product quality.
March 1995	Cash capital increase of NTD3000 thousand. The paid-in capital after cash capital increase was NTD5,000 thousand.
June 1996	Developed special medical products.
August 1996	Passed Johnson & Johnson certification.

October 1997	Relocated to Fengyun for business expansion.
June 1998	Passed IBM certification.
August 1998	Passed ISO9002 certification.
August 1999	Set up a global sales team.
June 1999	Cash capital increase of NTD10,000 thousand. The paid-in capital was NTD15,000 thousand after cash capital increase.
March 2000	The Company's name was changed into SHIN TURVO INTERNATIONAL CO., LTD.
December 2003	Cash capital increase of NTD5,000 thousand. The paid-in capital was NTD20,000 thousand.
June 2005	Relocated to Chungking Branch, Export Processing Zone for business expansion. Changed the Company's name into TURVO INTERNATIONAL CO., LTD.
December 2005	Capitalization of retained earnings of NTD2,400 thousand. The paid-in capital was NTD22,400 thousand after capital increase.
December 2006	Capitalization of retained earnings of NTD1,400 thousand. The paid-in capital was NTD23,800 thousand after capital increase.
July 2008	Capitalization of retained earnings of NTD2,999 thousand. The paid-in capital was NTD26,799 thousand after capital increase.
October 2008	Became the credible supplier of Robert Bosch.
January 2009	Approved by the MOEAIC for the indirect investment in Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd through the third area.
June 2009	Capitalization of retained earnings of NTD1,420 thousand. The paid-in capital was NTD28,219 thousand after capital increase.
October 2009	Cash capital increase of NTD1,514 thousand. The paid-in capital was NTD29,733 thousand after capital increase.
December 2009	Cash capital increase of NTD3,741 thousand. The paid-in capital was NTD33,474 thousand.
January 2010	Cash capital increase of NTD3,344 thousand. The paid-in capital was NTD36,818 thousand after capital increase.
May 2010	Capitalization of retained earnings and capitalization of additional paid-in capital of NTD217,000 thousand. The capital was NTD253,818 thousand after capital increase.

June 2010	Cash capital increase of NTD50,000 thousand. The paid-in capital was NTD303,818 thousand after capital increase.
July 2010	Approved by the MOEA for the indirect investment in TURVO International Co., Ltd through the third area.
August 2010	Merged with the wholly owned subsidiaries, Yule Investment Co., Ltd. and Yuba Investment Co., Ltd..
September 2010	Approved by the Financial Supervisory Commission, Executive Yuan for the Company's public-offering of shares.
October 2010	Approved by TOPIX for emerging stocks trading.
August 2011	Capitalization of retained earnings NTD37,512 thousand. The paid-in capital was NTD 341,330 thousand after capital increase.
August 2011	The Company's stock was approved for listing on the TOPIX.
November 2011	Cash capital increase of NTD33,350 thousand. The paid-in capital was NTD374,680 thousand after capital increase.
November 2011	The Company's stocks were listed on the TOPIX and traded on the OTC market.
January 2012	Expanded the Wu qi Plant in Chungking Branch, Export Processing Zone for business expansion.
September 2013	Capitalization of retained earnings of NTD37,468 thousand. The capital was NTD412,148 thousand after capital increase.
September 2014	Cash capital increase of NTD80,000 thousand. The paid-in capital was NTD492,148 thousand.
October 2018	Capitalization of retained earnings of NTD110,733 thousand. The capital was NTD602,881 thousand.
September 2019	Approved by TWSE for market listing.
January 2021	Started the construction of Wu qi Plant in Chungking Branch, Export Processing Zone.
March 2021	In accordance with the requirement of the Export Processing Zone Administration, the Chungking Branch, Export Processing Zone changed its name to Taichung Port Technology Industrial Park. The Company also updated the related signages of the Company's current location.

III. Organization Structure

(I) Organizational structure of the Company



(II) Major corporate functions

Departments	Functions
Chairman Office	(1) Arrange the schedule for chairman, and performed the assigned tasks (2) Assist in reviewing submitted documents and follow-up of ongoing cases
Auditing Office	(1) Plan and implement the annual audit plan (2) Inspect and evaluate the internal control system and the implementation of various rules and regulations (3) Evaluate the soundness, rationality, and effectiveness of the Company's internal control system
General Manager Office	(1) Make plan for the Company's medium and long-term strategic development (2) Plan, supervise and prepare the important investment projects, as well as implementing, supervising, and drafting of decision-making. (3) Plan and implement the board resolutions (4) The Company's core decision-making, operation optimization, target development, implementation, and business performance analysis suggestions (5) Formulate, plan, and supervise the Company's management policy and quality policy objectives (6) Plan and promote project items (7) Integrate the Company's human resources strategy and planning (8) Formulate and promote the internal control, management and systemic rules and regulations (9) Supervise and manage overseas subsidiaries
Safety and Health Office	(1) Statutory labor safety and health matters (2) Formulate, plan, supervise and promote the Company's safety and health management matters (3) Guide and assist each unit in implementing safety and health management matters
Business Division	(1) Comprehensive business management of expanding the business-related products' domestic and foreign sales (2) Responsible for coordinating the implementation of administrative matters of the business unit
Taiwan Factory	Overall manufacture, R&D, procurement, storage, quality management, product shipping, equipment maintenance, industrial safety and environmental protection, and annual budget execution and control matters
R&D Division	Overall management of the development, research, design and supervision of the implementation and performance of the R&D plan progress, control the integration and promotion of R&D resources, and assist the overseas factories with the research, improvement, development and application of original technology and new technology
Product Division	(1) Responsible for formulating and executing the annual marketing strategy for proprietary brands.

Departments	Functions
	(2) Responsible for product development, manufacturing, and marketing activities in international markets for proprietary brands.
General Administration Division	(1) Responsible for planning human resource strategies and systems (2) Train and organize development strategies and plans (3) Provide employee services and general affairs (4) The Company's information management system, Internet, and information security
Finance Management Division	(1) Coordinate and manage matters related to finance and accounting (2) Short-term financial management and long-term investment evaluation and management (3) Supervision and control of finance and accounting in overseas subsidiaries (4) Coordinate various stock-related matters (5) Plan and promote other significant financial projects (5) Financial risk management

IV. Profiles of Board Members

(I) Information on Directors and Supervisors

1. Information on Directors and Supervisors

4 May 2023 Unit: Shares %

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2021	13,000,000	21.56	14,444,000	23.95	-	-	-	-			None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Representative: LIU, CHUN-CHANG	Male 60-69	31 August 2022		29 December 1987	1,826,599	3.03	1,360,599	2.26	-	-	-	-	Master's degree, Institute of Business and Management, Feng Chia University President, TURVO INTERNATIONAL CO., LTD.	Chairman, HONG KONG XINFENG ENTERPRISE LIMITED Chairman and president, TURVO International Co., Ltd Chairman and president, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd Director, Ying Chang Investment Co., Ltd. Chairman, TIPO INTERNATIONAL CO., LTD. Director, T&M JOINT(Cayman) HOLDING CO., LTD. Chairman, TUF Technology Co., LTD. Director, Goodway Machine Corp.				
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,444,000	23.95	-	-	-	-			None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Representative: LIN, CHIH-CHENG	Male 60-69	31 August 2022		31 August 2022	-	-	-	-	-	-	-	-	Department of Industrial Engineering, Feng Chia University Executive Master of Business Administration-Corporate Leadership Team, National Chung Hsing University President, Zeng Hsing Industrial Co., Ltd.	Chairman, Zeng Hsing Industrial Co., Ltd. Chairman, Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang] Chairman, Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading] Chairman, Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)] Chairman, SHINCO TECHNOLOGIES CO., LTD. President, JETSUN VIETNAM TECHNOLOGY CO., LTD., Chairman, Mitsumichi Industrial Co., Ltd. Chairman, Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.				

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Nationality or place of registration</th><th rowspan="2">Name</th><th rowspan="2">Gender Age</th><th rowspan="2">Date Elected</th><th rowspan="2">Term (Years)</th><th rowspan="2">Date First Elected</th><th colspan="2">Shareholding when elected</th><th colspan="2">Current Shareholding</th><th colspan="2">Spouse & Minor Shareholding</th><th colspan="2">Shares Held in the Name of a Third Party</th><th rowspan="2">Major Work experience (Education)</th><th rowspan="2">Concurrent positions with the Company and other companies</th><th colspan="3">Other Officer or Director who is the spouse or kindred within the 2nd tier</th><th rowspan="2">Remarks</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Title</th><th>Name</th><th>Relation</th></tr>
<tr><td></td><td></td><td>Hongjhu Investment Co., Ltd</td><td>–</td><td>31 August 2022</td><td>3 years</td><td>31 August 2022</td><td>12,000</td><td>0.02</td><td>12,000</td><td>0.02</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td>None</td><td>None</td><td>None</td><td></td></tr>
</table>

Director	ROC	Representative: YANG, TE-HWA	Male 70-79	31 August 2022		17 June 2019	62,213	0.10	62,213	0.10	-	-	-	-	Provincial Taichung First Senior High School National Chung Hsing University, Department of Mechanical Engineering, Graduate National Chung Hsing University, Executive Master of Business Administration (EMBA) Graduate National Chung Hsing University, Honorary Doctorate in Engineering Chairman of Cheng Tai Machinery Co., Ltd. Chairman of National Chung Hsing University Alumni Association Founding Chairman of Xinbao Fund Association Chairman of Shalu Vocational High School Education Foundation Chairman of Juki Technology Co., Ltd. Chairman of Yashide Co., Ltd. Chairman of Hanhua Entrepreneurial Investment Co., Ltd. Executive Director of	Chairman of Cheng Tai Machinery Co., Ltd. Chairman of Awea Machinery Corporation Chairman of Yang Wen-hsu Charitable Foundation Executive Director of Precision Machinery Research and Development Center Executive Director of Machine Tool Development Foundation Chairman of the Industrial-Academic Collaboration Association of the National Science and Technology Development Program Chairman of Hong Ju Precision Machinery Co., Ltd.				

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Machinery Industry Association Convener of Machinery Industry Association Machinery Committee Chairman of Precision Machinery Development Association (CMD) Chairman of Taichung Industrial Zone Entrepreneurs Association Chairman of Taiwan Association of Machinery and Parts Industries Director of the National Association of Industrialists, Republic of China Supervisor of Taiwan Science Park Science and Technology Industry Association					
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,444,000	23.95	-	-	-	-			None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Representative: SZU, CHING-HSING	Male 60-69	31 August 2022		12 May 2010	710,780	1.18	717,780	1.19	-	-	-	-	Electronics Engineering, Nan Kai University of Technology Supervisor, TURVO INTERNATIONAL CO., LTD	Chairman CHIA TE WEI INDUSTRIAL CO., LTD.				
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,444,000	23.95	-	-	-	-			None	None	None	
		Representative: LIU, TUNG-LIANG	Male 60~69	31 August 2022		31 August 2022	-	-	-	-	-	-	-	-	Master, Department of Business Administration, Lunghwa University of Science and Technology Chief, Panasonic Taiwan Co., Ltd.	President, Zeng Hsing Industrial Co., Ltd. President, Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)] Director, Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang] Director, Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading] Director, SHINCO TECHNOLOGIES CO., LTD. Director, Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.				

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
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Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,444,000	23.95	-	-	-	-			None	None	None	
		Representative TSAI, CHUNG TING	Male 50-59	31 March 2023		31 March 2023	22,000	0.04	-	-	-	-	-	-	Master, Department of Business Administration, California State University, San Bernardino Manager, Marketing planning center, Zeng Hsing Industrial Co., Ltd.	Director, Canxin Investment Co., Ltd. Director, Zeng Hsing Industrial Co., Ltd. Vice President, Marketing Business Department, Zeng Hsing Industrial Co., Ltd.				

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	HUANG, LI-HEN	Male 60~69	31 August 2022	3 years	17 June 2019	-	-	-	-	-	-	-	-	Master's degree, EMBA, Feng Chia University Executive Vice President, Union Foods Co., Ltd. Chief Financial Officer, Yiding Optoelectronics Co., Ltd. Supervisor, HOLUX TECHNOLOGY, INC. Financial Officer, VIGOR KOBO COMPANY LIMITED	Independent Director, ROSSMAX INTERNATIONAL LTD.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	YI, CHANG-YUN	Male 40~49	31 August 2022	3 years	17 June 2019	-	-	-	-	-	-	-	-	Master's degree, EMBA, Feng Chia University Chief of Audit Team, KPMG Independent Director, TRANSART GRAPHICS CO., LTD.	Chief of ChangHua Office, EnWise CPAs & Co Chairman, Kai Yu International Co., Ltd. Independent Director, Merry Electronics Co., Ltd. Independent Director, Shuz Tung Machinery Industrial Co., Ltd Independent Director, UVAT TECHNOLOGY CO., LTD. Director, Dingwei Construction Development Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	LO, SHIH-MIN	Male 50~59	31 August 2022	3 years	31 August 2022	-	-	-	-	-	-	-	-	Ph.D., International Business, National Taiwan University Master, Department of Mechanical Engineering, National Taiwan University Bachelor, Department of Mechanical Engineering, National Taiwan University Director, Basso Industry Corp Chief, Chunghwa Picture Tubes, Ltd. Manager, Lumens Digital Optics Inc. Team Leader, UMAX Computer Corporation	Associate professor, Department of International Business Studies, National Chi Nan University	None	None	None	

2. Major Shareholders of Corporate Shareholders:

Name of Institutional Shareholders	Major Shareholders	Shareholding (%)
Zeng Hsing Industrial Co., Ltd.	HONG, RUI-YI	3.04
	HONG, QING-WEN	2.15
	LIN, CHIH-CHENG	1.55
	HE, MENG-ZONG	1.55
	TSAI, CHUNG-TING	1.50
	Canxin Investment Co., Ltd.	1.42
	LIAO, SHU-CHENG	1.27
	Longhuan Investment Co., Ltd.	1.19
	LI, YU-MEI	1.18
	LI, JIN-FONG	1.15
Hongjhu Investment Co., Ltd	YANG, TE-HWA	31.33
	YANG, SHU-HAN	12.50
	YANG, SHANG-RU	12.50
	JIANG, JIANG-BIN	8.33
	XIAO, SU-WAN	8.33
	JIANG, SHANG-HUA	5.00
	WU, QING-ZHANG	5.00
	Yu-en Investment Co., Ltd.	4.17
	Zonghan Investment Co., Ltd.	4.17
	TSAI ZHI-CHANG	3.33

3. If any Major Shareholder Listed in Form 2 is a Corporate/Juristic Person, List its Major Shareholders in this Form:

Name of Institutional Shareholders	Major Shareholders	Shareholding (%)
Canxin Investment Co., Ltd.	TSAI, CHUNG-TING	30.00
	TSAI, YI-JING	25.00
	TSAI, YI-FANG	25.00
Longhuan Investment Co., Ltd.	LIAO, SHUN-LING	47.50
	LIAO, MEI-LAN	47.50
Yu-en Investment Co., Ltd	YANG, SHU-HAN	100.00
Zonghan Investment Co., Ltd	YANG, SHANG-RU	100.00

V. Major Managers

(I) Information on the Management Team

4 May 2023 Unit: Shares: %

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Executive Officer	ROC	TSAI, MING-TUNG	Male	1 July 2021	130,000	0.22	-	-	-	-	Master of Finance Management from the Institute of Financial Management, San Bernardino, California, USA. TURVO INTERNATIONAL CO., LTD.	None.	None	None	None	
Vice President and spokesperson, Business Division	ROC	WU, CHIH-JUNG	Male	1 January 2019	-	-	-	-	-	-	EMBA, School of Management at National Central University Senior Director, Jabil Green Point	None.	None	None	None	(Note 1)
Vice President, Product Division	ROC	LIN, SHU-TA	Male	1 April 2011	-	-	-	-	-	-	Master's Degree, Mechatronics Engineering, National Changhua University of Education Manager of Solar Energy Department, Gallant Precision Machining	None.	None	None	None	
Vice President, Taiwan Factory (TURVO)	ROC	CHIANG, CHENG-CHI	Male	1 April 2022	-	-	-	-	-	-	Master's Degree, Business Administration, Tunghai University Factory Director, YI Jinn Industrial CO., LTD.	None	None	None	None	
Vice President, Thailand Factory (MSAT)	ROC	CHEN, PING-HO	Male	4 May 2010	549	0.00	-	-	-	-	Mechanical Engineering, National United University, Factory Director, Yu Shin Development Co., Ltd.	Director, T&M JOINT(Cayman) HOLDING CO., LTD. Responsible person, Matec Southeast Asia (Thailand) CO., LTD.	None	None	None	

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director, Zhejiang Factory (Yuzuan)	ROC	TSAI, CHENG-CHIH	Male	14 December 2015	-	-	-	-	-	-	Master of Mechanical Engineering, National Cheng Kung University Manager at the Chimei Optoelectronics CF Plant	None	None	None	None	
Chief Engineer and Head of R&D	ROC	CHANG, YU-TSUNG	Male	10 September 2004	7	0.00	707	0.00	-	-	Department of Machine Building, National Yunlin Institute of Technology Section Manager, TAKUMI Machinery Co., Ltd.	None.	None	None	None	
Director, Product Business Division	ROC	PAN, HUAI-CHI	Male	1 September 2014	-	-	-	-	-	-	Mechatronics Engineering, National Changhua University of Education Manager, Gallant Precision Machining	None.	None	None	None	
Director, R&D Division	ROC	LIN, CHING-HSUN	Male	1 September 2022	-	-	-	-	-	-	Department of Mechanical Engineering National Taipei University of Technology Manager, Manufacturing Department, wah mei enterprise co., ltd.	None	None	None	None	
Director, Finance Management Department, Finance supervisor	ROC	WU, HSIAO-JUI	Female	18 November 2010	-	-	-	-	-	-	Master's Degree. Accounting, National Cheng Kung University Manager, Audit Department, Deloitte & Touche	None	None	None	None	(Note 2、4)
Director, General Manager Office and Corporate Governance Supervisor	ROC	LEE, YI-YEN	Female	7 November 2022	-	-	-	-	-	-	Master, EMBA, Feng Chia University Assistant Vice President, and spokesperson, Cryomax Cooling System Corp. Manager of Business Management Department, Avertronics INC.	None	None	None	None	(Note 3)

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Manager, Auditing Office	ROC	LAN, MENG-CHEN	Female	3 March 2022	-	-	-	-	-	-	Master's Degree, Accounting and Information Technology, National Chung Cheng University Senior Accounting Officer, UNIVERSAL MICROELECTRONICS CO., LTD. Manager, President's Office, TURVO INTERNATIONAL CO., LTD	None	None	None	None.	
Manager, Finance and Accounting Supervisor	ROC	WU,PEI-JHEN	Female	20 March 2024	-	-	-	-	-	-	Graduated from the Department of Accounting at National Changhua University of Education Manager of the Tax Department at Ernst & Young Taiwan.		None	None	None.	(Note 5)

Note 1: WU, CHIH-JUNG will serve as spokesperson on May 4, 2023

Note 2: WU, HSIAO-JUI will be dismissed as head of corporate governance on November 3, 2023

Note 3: LEE, YI-YEN will take office as head of corporate governance on November 3, 2023.

Note 4: WU, HSIAO-JUI will be dismissed as accounting director on March 20, 2024.

Note5: WU, PEI-JHEN will take office as accounting director on March 20, 2024.

VI. Remuneration to Directors, Supervisors, Presidents and Vice Presidents

(I) Remuneration to Ordinary Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Unit: NTD (in thousands): Shares: %

Title	Name	Remuneration to Directors								(A+B+C+D) as a % of Net Income		Related payment in performing the duties as employees								(A+B+C+D+E+F+G) as a % of Net Income				Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Remuneration (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Remuneration to employees (G)								
																The Company		From All Consolidated Entities						
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	Cash	Stock	Cash	Stock	The Company	The Company	From All Consolidated Entities	FromAl Consoli Dated Entities	
Chairman	Zeng Hsing Industrial Co., Ltd. Representative-LIU, CHUN-CHANG	-	-	-	-	2, 007	2, 007	25	25	2,032	2,032	2,097	8,553	-	-	570	-	570	-	4,699	0. 88%	11, 155	2. 09%	None
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIN, CHIH-CHENG	-	-	-	-	1, 003	1, 003	25	25	1,028	1,028	-	-	-	-	-	-	-	-	1, 028	0. 19%	1, 028	0. 19%	None
Director	Zeng Hsing Industrial Co., Ltd. Representative-WU, CHIH-SHENG (Note 1)	-	-	-	-	223	223	10	10	233	233	-	-	-	-	-	-	-	-	233	0. 04%	233	0. 04%	None
Director	Zeng Hsing Industrial	-	-	-	-	1, 003	1, 003	20	20	1,023	1,023	-	-	-	-	-	-	-	-	1, 023	0. 19%	1, 023	0. 19%	None

	Co., Ltd. Representative-SZU, CHING-HSING																							
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIU, TUNG-LIANG	-	-	-	-	1,003	1,003	25	25	1,028	1,028	-	-	-	-	-	-	-	-	1,028	0.19%	1,028	0.19%	None
Director	Zeng Hsing Industrial Co., Ltd. Representative- TSAI, CHUNG TING(Note 2)	-	-	-	-	759	759	15	15	774	774	-	-	-	-	-	-	-	-	774	0.14%	774	0.14%	None
Director	Hongjhu Investment Co., Ltd Representative-YANG, TE-HWA	-	-	-	-	1,003	1,003	20	20	1,023	1,023	-	-	-	-	-	-	-	-	1,023	0.19%	1,023	0.19%	None
Independent Director	YI, CHANG-YUN	-	-	-	-	1,003	1,003	25	25	1,028	1,028	-	-	-	-	-	-	-	-	1,028	0.19%	1,028	0.19%	None
Independent Director	HUANG, LI-HEN	-	-	-	-	1,003	1,003	25	25	1,028	1,028	-	-	-	-	-	-	-	-	1,028	0.19%	1,028	0.19%	None
Independent Director	LO, SHIH-MIN	-	-	-	-	1,003	1,003	25	25	1,028	1,028	-	-	-	-	-	-	-	-	1,028	0.19%	1,028	0.19%	None

I. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: (1) According to the Company's Articles of Incorporation, after deducting accumulated losses, if there is a surplus based on the annual profitability (i.e., profit before tax, deducting employees and directors' remuneration), the remuneration to Directors should be no more than 1.7% of the annual profit. (2) The Company's remuneration to Independent Directors is based on the evaluation results of the annual performance evaluation of the Board of Directors in accordance with the performance evaluation measures of the Board of Directors. According to the regulation of the Company's Articles of Association and Director Remuneration Management Measures, the Remuneration Committee deliberates on the procedures of all Directors participating in the Company's operations and the value of their contributions and after considering the usual level of payment of domestic industry peers, put forward the suggestions and submit them to the Board of Directors for resolution. (3) The Company's Remuneration Committee stipulates and regularly reviews the remuneration level of the Company's Directors, Supervisors, Managers and put forward the suggestions to the Board of Directors for resolution. The Remuneration Measures have stipulated that the remuneration to Directors, Supervisors includes salary, transportation expense and allowances. 2. Further to the disclosure in the above table, the remuneration to the Directors from all companies included in the financial statements for the service rendered (such as consultant, which is not in the capacity as employee): None.

Note 1: Wu, Chih-Sheng resigned as the legal representative of Zeng Hsing Industrial Co., Ltd. on March 23, 2023.

Note 2: Zeng Hsing Industrial Co., Ltd. appointed CAI, CHONG TING as the representative on March 31, 2023

Remuneration Range Table

Payment to individual Directors along the payment scale	Name of Director			
	Sum total of the above 4 items (A+B+C+D)		Sum total of the above 7 items (A+B+C+D+E+F+G	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NTD1,000,000	WU, CHIH-SHENG, TSAI, CHUNG- TING	WU, CHIH-SHENG, TSAI, CHUNG- TING	WU, CHIH-SHENG, TSAI, CHUNG- TING	WU, CHIH-SHENG, TSAI, CHUNG- TING
NTD1,000,000 (inclusive)-NTD2,000,000 (exclusive)	LIN, CHIH-CHENG, LIU, TUNG-LIANG, LO, SHIH-MIN, YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN,SZU, CHING-HSING	LIN, CHIH-CHENG, LIU, TUNG-LIANG, LO, SHIH-MIN, YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN,SZU, CHING-HSING	LIN, CHIH-CHENG, LIU, TUNG-LIANG, LO, SHIH-MIN, YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN,SZU, CHING-HSING	LIN, CHIH-CHENG, LIU, TUNG-LIANG, LO, SHIH-MIN, YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN,SZU, CHING-HSING
NTD2,000,000 (inclusive)-NTD3,500,000 (exclusive)	LIU, CHUN-CHANG	LIU, CHUN-CHANG	—	—
NTD3,500,000 (inclusive)-NTD5,000,000 (exclusive)	—	—	LIU, CHUN-CHANG	—
NTD5,000,000 (inclusive)-NTD10,000,000 (exclusive)	—	—	—	—
NTD10,000,000 (inclusive)-NTD15,000,000 (exclusive)	—	—	—	LIU, CHUN-CHANG
NTD15,000,000 (inclusive)-NTD30,000,000 (exclusive)	—	—	—	—
NTD30,000,000 (inclusive)-NTD50,000,000 (exclusive)	—	—	—	—
NTD50,000,000 (inclusive)-NTD100,000,000 (exclusive)	—	—	—	—
More than NTD100,000,000	—	—	—	—
Total	10	10	10	10

(II) Remuneration to President(s) and Vice President(s) (Individual Disclosure of Names and Remuneration Items) Unit: NTD (in thousands); Shares

Title	Name	Remuneration(A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Remuneration to employee (D)				(A+B+C+D) as a % of Net Income		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	TSAI, MING-TUNG	9,154	9,706	514	514	5,900	7,720	1,810	-	1,810	-	17,378 3.25%	19,750 3.75%	None
Vice President	CHEN, PING-HO													
Vice President	WU, CHIH-JUNG													
Vice President	CHIANG, CHENG-CHI													
Vice President	LIN, SHU-TA													

Note 1: The remuneration to president and vice president includes bonus and employee remuneration. The remuneration to president and vice presidents based on the contribution to the Company's operation and reference to the level of our peers.

Remuneration Range Table

Remuneration to individual Presidents and Vice Presidents along the payment scale	Name of President and Vice President	
	The Company	All companies included in the financial statements (E)
Less than NTD1,000,000	—	—
NTD1,000,000 (inclusive)-NTD2,000,000 (exclusive)	CHEN, PING-HO	—
NTD2,000,000 (inclusive)-NTD3,500,000 (exclusive)	LIN, SHU-TA , CHIANG, CHENG-CHI ,WU, CHIH-JUNG	CHEN, PING-HO,LIN, SHU-TA , CHIANG, CHENG-CHI WU, CHIH-JUNG
NTD3,500,000 (inclusive)-NTD5,000,000 (exclusive)	—	—
NTD5,000,000 (inclusive)-NTD10,000,000 (exclusive)	TSAI, MING-TUNG	TSAI, MING-TUNG
NTD10,000,000 (inclusive)-NTD15,000,00 (exclusive)	—	—
NTD15,000,000 (inclusive)-NTD30,000,000 (exclusive)	—	—
NTD30,000,000(inclusive)-NTD50,000,000 (exclusive)	—	—
NTD50,000,000(inclusive)-NTD100,000,000 (exclusive)	—	—
More than NTD100,000,000	—	—
Total	5	5

(III) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:

Unit: NTD (in thousands); thousand shares

Title		Name	Stock	Cash	Total	The total amount in proportion to net income (%)
Managers	Chief Executive Officer	TSAI, MING-TUNG	-	4,010	-	0.75%
	Vice President	CHEN, PING-HO				
	Vice President	WU, CHIH-JUNG				
	Vice President	LIN, SHU-TA				
	Vice President	CHIANG, CHENG-CHI				
	Chief Engineer	CHANG, YU-TSUNG				
	Director	PAN, HUAI-CHI				
	Director	TSAI CHENG-CHIH				
	Director	LIN, CHING-HSUN				
	Director	WU, HSIAO-JUI				
	Manager	LAN, MENG-CHEN				
	Director	LEE, YI-YEN				
	Manager	WU,PEI-JHEN				

(IV) Comparison and Explanation of the Total Compensation of Directors, General Managers, and Deputy General Managers of the Company and all Consolidated Companies in the Past Two Years as a Percentage of the After-Tax Net Profit of Individual or Separate Financial Reports, and Explanation of the Policy, Standards, Composition, Procedures for Determining Compensation, and Relationship with Operational Performance and Future Risks of Compensation. The total payment from the Company and all companies included in the financial statements to the directors, supervisors, presidents, and vice presidents as remuneration in the last 2 years in proportion to the net income:

1.The Ratio of Total Compensation of Directors, Supervisors, General Managers, and Deputy General Managers Paid by the Company and all Consolidated Companies in the Past Two Years to After-Tax Net Profit:

Unit: %

Item	2022		2023	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	2.64	4.55	2.41	3.62
Supervisor (Note1)	-	-	-	-
President and Vice President	3.47	5.48	3.25	3.73

Note 1: There was no supervisor.

2. Policy, Standards, Composition, Procedures for Determining Compensation, and Relationship with Operational Performance and Future Risks of Compensation Paid by the Company:

(1) Policy, Standards, and Composition of Compensation:

The director's remuneration of the Company is according with Article 23 of the Company's Articles of Association, which states, "The remuneration of all directors shall be determined by the board of directors based on their degree of participation and contribution value to the Company's operations, taking into account the usual industry standards." Additionally, if the company is profitable in the fiscal year, according to Article 26 of the Company's Articles of Association, "The company shall allocate director's remuneration not exceeding 1.7% of the remaining profit after deducting the cumulative losses." The Company regularly evaluates director's remuneration by the "Board Performance Evaluation Method" and the "Method of Remuneration for Independent Directors, Directors, and Managers," and the relevance of performance assessment and compensation reasonableness are reviewed by the Compensation Committee and the Board of Directors.

The manager's remuneration of the Company is determined according to the "Method of Remuneration for Independent Directors, Directors, and Managers," and various rewards are set to recognize and reward employees' efforts in their work. Relevant bonuses are also awarded based on the company's annual operating performance, financial condition, operational status, and individual job performance. Additionally, if the company is profitable in the fiscal year, according to Article 26 of the Company's Articles of Association, "The company shall allocate employee compensation between 3.5% and 7% of the remaining profit after deducting the cumulative losses." The results of performance evaluation conducted under the "Performance Management Method" are used as a reference for the manager's bonus distribution, with performance evaluation items including departmental operational performance and comprehensive personal performance.

(2) Procedures for Determining Compensation:

To regularly evaluate the compensation of directors and managers, the evaluation results conducted under the Company's "Board Performance Evaluation Method" and the "Performance Management Method" applicable to managers and employees are used as references. The relevance of the director's and manager's performance assessment and compensation reasonableness are also reviewed by the Compensation Committee and the Board of Directors annually. Besides considering individual performance achievement rates and contributions to the company, the overall operational performance, industry future risks and trends, and the actual operating conditions are also taken into account for timely review of the compensation system to balance sustainable operation and risk management of the company.

(3) Relationship between Operational Performance and Future Risks:

The review of relevant standards and systems for compensation policy is mainly based on the overall operational situation of the company, with the determination of payment standards based on performance achievement rates and contributions to enhance the efficiency of the board of directors and the overall organizational team. The performance goals of the company's managers are integrated with risk management to ensure that risks within their scope of responsibility can be managed and prevented. Ratings are then linked to various relevant human resources and compensation policies based on actual performance results. Important decisions made by the company's management are made after balancing various risk factors, and the performance of such decisions is reflected in the company's profitability, thus correlating with the effectiveness of management compensation and risk control.

III. Corporate Governance

TURVO INTERNATIONAL CO., LTD. implements transparent operations, and pays attention to shareholders' rights and interests, and ensures the implementation of an efficient corporate governance foundation of the board of directors. The board of directors has authorized the established Audit Committee and the Remuneration Committee, with their Articles of Incorporation approved by the board. These committees assist the board in overseeing the exercise of responsibilities to achieve the ideal goal of corporate governance.

To fulfill corporate social responsibility, TURVO INTERNATIONAL CO., LTD ensures the human rights of every employee, customer, and stakeholder. The Company supports and abides by each fundamental principle that are disclosed by International Bill of Human Rights, and fully demonstrate respect and the of protecting obligation of human right. The Company committed to ensuring that both internal and external members of the Company are equally treated with dignity and has been actively promoting the policies.

I. Board of Directors

The Board of Directors of TURVO INTERNATIONAL CO., LTD. is composed of Directors who possess extensive experiences in corporate governance, financial field, or other professional fields. The Company’s Directors are knowledgeable, insightful, and professional judgment. The Company’s board members possess various professional backgrounds in each industry and academy. The Company’s Independent Directors are held by the chief of EnWise CPAs & Co, YI, CHANG-YUN, the Independent Director of ROSMAX INTERNATIONAL LTD, HUANG, LI-HEN, and an associate professor in the Department of International Business Studies, College of Management at National Chi Nan University, LO, SHIH-MIN.

(I) Professional qualifications and independence of the Directors and Supervisors and disclosure of information on the independence of Independent Directors:

Condition / Name	Professional Qualifications and Experience	Independent Status	Number of Independent Directors of other public companies
Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	Master's degree, Institute of Business and Management, Feng Chia University Currently serves as the chairman of HONG KONG XINFENG ENTERPRISE LIMITED, Chairman and president of TURVO International Co., Ltd Chairman and president of Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd. Chairman of TUF Technology Co., LTD. Director of Ying Chang Investment Co., Ltd. Chairman of TIPO INTERNATIONAL CO., LTD Director of T&M JOINT(Cayman) HOLDING CO., LTD. Director of Goodway Machine Corp.	None of any circumstances related to Article 30 of the Company Act.	—

Condition / Name	Professional Qualifications and Experience	Independent Status	Number of Independent Directors of other public companies
Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG	Department of Industrial Engineering, Feng Chia University Currently serves as the Chairman of Zeng Hsing Industrial Co., Ltd. Chairman of Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang] Chairman of Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading] Chairman of Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)] Chairman of SHINCO TECHNOLOGIES CO., LTD. President, JETSUN VIETNAM TECHNOLOGY CO., LTD., Chairman of Mitsumichi Industrial Co., Ltd. Chairman of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	None of any circumstances related to Article 30 of the Company Act.	—

Condition / Name	Professional Qualifications and Experience	Independent Status	Number of Independent Directors of other public companies
Zeng Hsing Industrial Co., Ltd. Representative: LIU, TUNG-LIANG	Master, Department of Business Administration, Lunghwa University of Science and Technology Curretnly serves as the president of Zeng Hsing Industrial Co., Ltd. President of Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)] Director of Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang] Director of Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading] Director of SHINCO TECHNOLOGIES CO., LTD. Director of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	None of any circumstances related to Article 30 of the Company Act.	—
Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	Graduated from Nanjing Industrial College with a major in electrical engineering and currently serves as the chairman of Jiadewei Industrial Co., Ltd.	None of any circumstances related to Article 30 of the Company Act.	—
Zeng Hsing Industrial Co., Ltd. Representative: TSAI, CHUNG TING	Master, Department of Business Administration, California State University, San Bernardino Currently serves as the director of Canxin Investment Co., Ltd. Director of Zeng Hsing Industrial Co., Ltd. Vice President of Marketing Business Department, Zeng Hsing Industrial Co., Ltd.	None of any circumstances related to Article 30 of the Company Act.	—

Condition / Name	Professional Qualifications and Experience	Independent Status	Number of Independent Directors of other public companies
Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA	Master, EMBA, National Chung Hsing University Currently serving as Chairman of Cheng Tai Machinery Co., Ltd., Chairman of Awea Machinery Corporation, Chairman of Yang Wen-hsu Charitable Foundation, Executive Director of Precision Machinery Research and Development Center, Executive Director of Machine Tool Development Foundation, Chairman of the Industrial-Academic Collaboration Association of the National Science and Technology Development Program, and Chairman of Hong Ju Precision Machinery Co., Ltd.	None of any circumstances related to Article 30 of the Company Act.	—

Condition / Name	Professional Qualifications and Experience	Independent Status	Number of Independent Directors of other public companies
HUANG, LI-HEN	Master's degree, EMBA, Feng Chia University Concurrently serves as the director of Rossmax International Ltd.	During the two years before being elected or during the term of office, none of any circumstances related to Article 30 of the Company Act. Without violating the provisions of Article 27 of the Company Act, the following independence assessment criteria apply for the election of government, judicial person, or representatives: 1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any of its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. 6. If a majority of the company's director	—

<table>
<tr><th>Condition
Name</th><th>Professional Qualifications and Experience</th><th>Independent Status</th><th>Number of Independent Directors of other public companies</th></tr>
<tr><td>YI, CHANG-YUN</td><td>Master’s degree,
EMBA,
Feng Chia University
Currently serves as the chief of Changhua Office, EnWise CPAs & Co,
Chairman of
Kai Yu International Co., Ltd.
Independent Director of Merry Electronics Co., Ltd.
Independent Director of Shuz Tung Machinery Co., Ltd.
Independent Director, of UVAT TECHNOLOGY CO., LTD.
Director of Dingwei Construction Development Co., Ltd.</td><td rowspan="2">seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NTD500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not a spouse, relative within the second degree of kinship with other directors.</td><td>3</td></tr>
<tr><td>LO, SHIH-MIN</td><td>Ph.D., International Business
National Taiwan University
Now: Associate professor, Department of International Business Studies, National Chi Nan University</td><td>—</td></tr>
</table>

(II) Diversity and independence of the board:

Diversity of the Board:

In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company's Board of Directors has passed the “Corporate Governance Best Practice Principles,” according to the Article 20 of which: The component of board members should take diversity into consideration and formulate an appropriate diversification policy based on its own operation, operation type and needs, which should include but not limited to fundamental condition and value (gender, age, nationality and culture) and professional knowledge and skills (law, accounting, industry, finance, marketing or technology), professional skills and industrial experience.

The nomination and selection of board members in accordance with the regulation of Company Act and has adopted nomination system. Aside from each candidate’s academic qualification, also comply with “Guidelines Governing Election of Directors” and “Corporate Governance Best Practice Principles” to ensure board members’ diversity.

Specific management objectives:

The Company's Board of Directors guides the Company's strategies and supervises various implementation results and is responsible to the Shareholders' Meeting. The various operations and arrangements of its corporate governance system aim at ensuring that the Board of Directors execute its powers in accordance with laws, regulations of the Company's Articles of Association or resolutions of the Shareholders' Meeting. All Directors of the Company possess necessary knowledge, skills, literacy, and industrial decision-making and management capabilities that are necessary for business execution. The Company continues to arrange multiple training courses for Directors to improve decision-making quality and supervision ability and further enhance the capabilities of the Board of Directors.

●Specific management objectives and achievement of the diversity policy for the Board of Directors:

Management Objectives	Achievement
More than half of the seats are for the Directors, and there should be no spouse or relatives within the second degree of kinship	Achieved
More than five directors	Achieved
The number of Independent Directors should be less than two people, and should not be less than one-fifth of the number of Directors	Achieved
Independent Directors should not serve more than three consecutive terms	Achieved

3. Implementation of diversity among board members:

Title	Director Name	Nationality	Gender	Serve as an employee	Age				Term/Seniority of Independent Director			Industry Experience				Professional capabilities							
					40-49	50-59	60-69	Over 70	Less than	3-9 years	Over 9 years	Electric Machinery	Commercial	Machining	Industry, Official and	Judgement in operation	Accounting and financial	Corporate management	Crisis management	Industry knowledge	International view of	Leadership	Decision-making
Chairman	Zeng Hsing	ROC	Male	v			v					v				v	v	v	v	v	v	v	v

	Industrial Co., Ltd. Representative: LIU, CHUN-CHANG																						
Director	Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	ROC	Male				v					v				v		v	v	v	v	v	v
Director	Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA	ROC	Male																				
Director	Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG	ROC	Male					v							v	v		v	v	v	v	v	v
Director	Zeng Hsing Industrial	ROC	Male				v					v	v			v	v	v	v	v	v	v	v

	Co., Ltd. Representative: CAI, CHONG TING																						
Independent Director	YI, CHANG-YUN	ROC	Male			v							v					v	v		v	v	v
Independent Director	HUANG, LI-HEN	ROC	Male		v					v			v			v	v	v	v		v	v	v
Independent Director	LO, SHIH-MIN	ROC	Male				v				v		v			v	v	v	v		v	v	v

Note: Please refer to the directors' profile for the director's term of office.

(III) Operation of the Board of Directors

The Board of Directors of the company convened a total of 7 meetings from 2023 to March 31, 2024. The attendance of the directors is specified below:

Title	Name	Number of Required Attendances (A)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIU, CHUN-CHANG	7	6	0	86%
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIN, CHIH-CHENG	7	7	0	100%
Director	Zeng Hsing Industrial Co., Ltd. Representative-WU, CHIH-	2	2	0	100%

	SHENG (Note 1)				
Director	Zeng Hsing Industrial Co., Ltd. Representative-SZU, CHING-HSING	7	5	0	71%
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIU, TUNG-LIANG	7	7	0	100%
Director	Zeng Hsing Industrial Co., Ltd. Representative-TSAI, CHUNG TING (Note 2)	5	5	0	100%
Director	Hongjhu Investment Co., LtdRepresentative-YANG, TE-HWA	7	6	0	86%
Independent Director	YI, CHANG-YUN	7	7	0	100%
Independent Director	HUANG, LI-HEN	7	7	0	100%
Independent Director	LO, SHIH-MIN	7	7	0	100%

Note 1: Wu, Chih-Sheng resigned as the legal representative of Zeng Hsing Industrial Co., Ltd. on March 23, 2023.
Note 2: Zeng Hsing Industrial Co., Ltd. appointed CAI, CHONG TING as the representative on March 31, 2023

Additional information:

I. If any of the following applies to the Board in session, specify the date, the session of the meeting, the content of the motions, the opinions of all Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(1) Particulars inscribed in Article 14-3 of the Securities and Exchange Act:

The Company has set up an Audit Committee, which is in accordance with the relevant matters of particulars inscribed in Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to "Operation of Audit Committee" of the annual report.

(2) Further to the aforementioned issues, any other adverse opinions, or qualified opinions from the

Independent Directors on record or in written declaration on the resolutions of the Board: None.

II. The recusal of the Directors from motions involving a conflict of interest. Specify the names of the Directors, the content of the motions, the reasons for recusal and the participation in voting:

Date	Name of Director	Session of the Board	Content of the Motions	Reasons for Recusal	Participation in Voting
12 January 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th term The 3rd meeting	Discussion on the year-end bonus distribution for managers in 2021.	The directors concurrently served as the Company's manager.	Chairman, LIU, CHUN-CHANG who is related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
9 March 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms The 4th meeting	Discussion on the salary adjustment for the manager.	The directors concurrently served as the Company's manager.	Chairman,LIU, CHUN-CHANG, who are related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms The 5th meeting	Discussion on the second distribution of year-end bonus for the managers in 2022.	The directors concurrently served as the Company's managers.	Chairman,LIU, CHUN-CHANG, who is related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing		Discussion on handling dissolution and liquidation of Thailand's	Relevant parties	Chairman, LIU, CHUN-

	Industrial Co., Ltd. Representative: LIU, CHUN-CHANG Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	The 15th terms The 5th meeting	subsidiary, Matec Southeast Asia (Thailand) Co., Ltd.	in this proposal.	CHANG and Director SZU, CHING-HSING, who are related to this proposal, did not participate in the voting due to the principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	The 15th terms The 5th meeting	Discussion on handling the cancellation of Cayman's subsidiary, T&M Joint (Cayman) Holding Co., Ltd.	Relevant parties in this proposal.	Chairman,LIU, CHUN-CHANG and director SZU, CHING-HSING, who are related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms The 5th meeting	Discussion on the distribution of employee remuneration for the managers in 2022.	The directors concurrently served as the Company's managers.	Chairman, LIU, CHUN-CHANG, who is related to this proposal, did not participate in the voting due to the principle of avoiding conflicts of interest. After the Chairman consulted all directors attending the meeting, the proposal was passed without objection.
7 August 2023	Zeng Hsing Industrial Co., Ltd. Representative:		The proposal is to update the discussion on the allocation of executive compensation for the fiscal year 2022 of the company, as approved during the 5th meeting of the 15th session of the Board of	Directors serving as executives of the company	In this case, Chairman LIU, CHUN-CHANG, abstained from voting due to

	LIU, CHUN-CHANG	The 15th terms, The 6th meeting	Directors, and to seek further discussion.		the principle of avoiding conflicts of interest. The decision was made by the remaining attending directors, and after no objections were raised, it was executed as approved.
11 January 2024	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms, The 8th meeting	Review the proposal for the allocation of year-end bonuses for executives of the company for the fiscal year 2023, and request deliberation.	Directors serving as executives of the company	In this case, Chairman LIU, CHUN-CHANG, abstained from voting due to the principle of avoiding conflicts of interest. The decision was made by the remaining attending directors, and after no objections were raised, it was executed as approved.

III. TWSE listed and TPEx listed companies should disclose the information on the evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation content of the self-assessment (or peer assessment) of the Board:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	January 2023 December 2023	The board of directors	Internal self-evaluation of board of directors	1. Participation in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the director 5. Internal control
Once a year	January 2023-December 2023	The board members	Self-assessment of board members	1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Internal relationship management and communication 5. The director's professionalism and continuing education 6. Internal control

	Once a year	January 2023-December 2023	Audit Committee	Internal self-evaluation of Audit Committee	1. Participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. Improvement of the quality of the functional committee's decision-making 4. Composition of the functional committee and election of its members 5. Internal control
	Once a year	January 2023-December 2023	Remuneration Committee	Internal self-evaluation of Remuneration Committee	1. Participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. Improvement of the quality of the functional committee's decision making 4. Makeup of the functional committee and election of its members 5. Internal control
	Once every three years	October 2022-September 2023	The performance evaluation of board of directors	External Evaluation Organization: Taiwan Investor Relations Institute	1. Composition and professional development of the Board of Directors 2. Quality of decision-making by the Board of Directors 3. Efficiency of the Board of Directors' operations 4. Internal control and risk management 5. Degree of the Board of Directors' participation in corporate social responsibility

IV. Measures taken to strengthen the functionality of the board of the current periods (such as, setting up an Audit Committee, improving information transparency, etc.) and implementation status assessment: In order to implement corporate governance, the Company has clearly defined performance goals. By this means, the Company can improve board function and operational efficiency. On 6 August 2020, the Company's Board of Directors passed the resolution to amend the "Rules for Performance Evaluation of Board of Directors." At the end of each year, the President's office collects relevant information on the activities of the board of directors, distributes and fills in relevant self-assessment questionnaires, and reports the result of assessment to the board for review and improvement. The Company's board of directors approved the appointment of senior manager of General Manager Office, Lee, Yi-Yen, who has served in a stock affairs position for at least 3 years in a public company, as corporate governance supervisor on 7 August 2023. The corporate governance supervisor handles matters related to board meetings, audit committee, remuneration committee and shareholders' meetings by law, assists in onboarding and continuing education of directors, provides information required for the performance of duties by directors and assists directors in complying with laws and regulations, etc.

The board of the Company abides by the operation and relevant regulations of "Rules of Procedure for Board of Directors Meetings." Accounting supervisors and audit supervisors also attend the board meetings and issue relevant reports for directors' reference. To improve the capabilities of board members, the Company also arranges external training or external lecturers for teaching classes.

(III) Remuneration Committee

1. Information on Remuneration Committee Members

Conditions Identity	Name	Professional qualification and work experience	Independence Status	Number of Other Public Companies in Which the Concurrently Serving as a Remuneration Committee member
Independent Director (Convenor)	HUANG, LI-HEN	The Company's Remuneration Committee consisted of three Independent Directors. For information on the members' professional experiences, please refer to "Profile of board members" in the annual report.	All the Remuneration Committee members comply with the following status: 1. Comply with particulars inscribed in Article 14-6 of the Securities and Exchange Act stipulated by Financial Supervisory Commission and the relevant rules of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange. 2. The person (or in the name of a third party), spouse and minor children do not hold more than 1% of the Company's total issued shares. 3. No business, legal, financial, and accounting services rendered to the Company or its affiliates in the last 2 years.	-
Independent Director	I, CHANG-YUN			3
Independent Director	LO, SHIH-MIN			-

Note 1: Employment period from 25 June 2019 to 30 June 2022.

II. Operation of the Audit Committee

(1) The Company's Remuneration Committee members consisted of 3 people.

(2) The term of the Compensation Committee for the 5th term is from November 3, 2022, to August 30, 2025. The Compensation Committee held 7 meetings for the fiscal years 2023 and 2024 ending on March 31.. The qualification and attendance of the members are as follows

Title	Name	Number of Required Attendances (A)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)
Convenor	HUANG, LI-HEN	7	7	0	100%
Member	YI, CHANG-YUN	7	7	0	100%
Member	LO, SHIH-MIN	7	7	0	100%

Date	Remuneration Committee	Content of the motions	Resolutions	The response of the Company to the opinions of Remuneration Committee
12 January 2023	The 5th Remuneration Committee The 1st meeting	Discussion on the salary adjustment for the managers.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
12 January 2023	The 5th Remuneration Committee The 1st meeting	Discussion on the Company's 2022 year-end distribution for the Managers.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
9 March 2023	The 5th Remuneration Committee The 2nd meeting	Distribution of employees' and directors' remuneration in 2022.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
9 March 2023	The 5th Remuneration Committee The 2nd meeting	Discussion on the salary adjustment for the managers.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on directors' and supervisors' remuneration in 2022	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on the second distribution of year-end bonus for the managers in 2022.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on the employee remuneration to the managers in 2022.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on salary adjustment for some managers in 2023.	After the chairman consulted all directors attending the meeting, the proposal was passed	Implemented as the content of motions.

			without objection.	
7 August 2023	The 5th session, 4th meeting	Review the proposed changes and amounts regarding executive compensation for the fiscal year 2023 of the company.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
7 August 2023	The 5th session, 4th meeting	The proposal is to update the discussion on the allocation of executive compensation for the fiscal year 2022 of the company, as approved during the 5th meeting of the 15th session of the Board of Directors.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
6 November 2023	The 5th session, 5th meeting	The proposal is to update the discussion on the allocation of executive compensation for the fiscal year 2022 of the company, as approved during the 6th meeting of the 15th session of the Board of Directors.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
11 January 2024	The 5th session, 6th meeting	Review the proposal for the allocation of year-end bonuses for executives for the fiscal year 2023 of the company.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
7 March 2024	The 5th session, 7th meeting	The allocation of employee and director remuneration for the fiscal year 2023 of the company.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
7 March 2024	The 5th session, 7th meeting	Review the proposal for salary adjustments for executives for the fiscal year 2024 of the company.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.

Other items required to be stated:

I. If the board turned down or revised the recommendation of the Remuneration Committee, specify the date, session of the board, the content of the motion, the resolution of the board and the response of the Company to the opinions of the Remuneration Committee (if the resolution on remuneration passed by the board is senior to the recommendation of the Remuneration Committee, explain the difference and the reason): None.

II. If there is any adverse opinion or qualified opinion on record or in written declaration on the resolutions of the Remuneration Committee, specify the date, session of the committee meeting, content of the motion, opinions of all members and response to the opinions of the members: None.

Note: (1) If specific member elected to resign within the fiscal year, put down the date of relief from office in the remark column. The actual attendance rate (%) will be calculated on the basis the actual frequency of attendance to the session of the Remuneration Committee and the frequency of the convention of the Remuneration Committee while the Director is still in office.

(2) If an election of directors has been held to fill the vacancy before the end of the fiscal year, put down the names of the newly elected members and the members of the previous term, and noted as new to office or reelected to office, and the date of the election. The actual attendance rate (%) will be calculated basis the actual frequency of attendance to the session of the Remuneration Committee and the frequency of the convention of the Remuneration Committee while the member is still in office.

(IV) The operation of the Audit Committee or the participation of the supervisor in the operation of the board of directors

I. The main points of the works of Audit Committee:

The Company's audit committee consists of 3 independent directors. The purpose of the Audit Committee is to assist the board with the execution of its duties to supervise the Company on accounting, internal audit, financial reporting progress and the quality and integrity of internal control.

Matters reviewed mainly listed below:

- Financial statements, auditing and accounting policies and procedures.
- Internal control system and related policies and procedures.
- Significant asset or derivative transaction.
- Significant fund lending and endorsements or guarantees.
- Place or issue securities.
- Derivatives financial instruments and cash investment.
- Regulatory compliance
- Matters involving directors' own interests.
- Fraud prevention plan and fraud investigation report.
- Corporate risk management.
- Appointment, dismissal, or remuneration of CPAs
- Appointment and removal of financial, accounting, or internal audit supervisors.
- Performance of Audit Committee's duties.
- Audit Committee's Performance Evaluation self-assessment questionnaire

II. Operation of Audit Committee:

The Audit Committee of the company held 7 meetings for the fiscal years 2023 and 2024 up to March 31st. The attendance of independent directors are as follows:

Title	Name	Number of Required Attendances (A)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)
Independent Director	YI, CHANG-YUN	7	7	100%	100%

Independent Director	HUANG, LI-HEN	7	7	100%	100%
Independent Director	LO, SHIH-MIN	7	7	100%	100%

Other items required to be stated:

I. If any of the following occurs during an Audit Committee meeting, the date and session of the Audit Committee meeting, the content of the proposal, any objections or reservations expressed at the meeting or material recommendations of the independent directors, the resolutions of the Company's handling of the opinions of Audit Committee should be stated.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date of the Audit Remuneration meeting (Term)		Content of the motions
12 January 2023	The 3rd Audit Committee The 2nd meeting	Subsidiary Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd's investment of USD5 million in TURVO International Co., Ltd to meet the qualification requirements for foreign enterprises entering Yaozhuang Economic Development Zone, Jiaxing, Zhejiang Province.
		Discussion on the acquisition of land by subsidiary TURVO International Co., Ltd and signing of investment contract.
		Discussion on the fees of CPAs for 2022.
		Discussion on the change of the Company's CPAs.
		Discussion on the Company's budget for 2023.
		Proposed amendment of the Company's" Procedures for Handling Material Inside Information"
		The Company proposed to loan of funds of THB30,000,000 to Matec Southeast Asia (Thailand) Co., Ltd.
		The change of the Company's manager.
9 March 2023	The 3rd Audit Committee The 3rd meeting	The Company's 2022 Statement of Internal Control System.
		The Company's new factory renovation.
		The Company's 2022 Business Report and Financial Statement.
		Proposal of establishing the process and general policies for obtaining prior approval for non-assurance services from EY Taiwan and its affiliated entities. Please proceed to discuss and approve.
		The Company's 2023 independence evaluation on the CPAs.
		The appointment of the Company's CPAs in 2023.
		Proposed amendment of the Company's "Property and Equipment Cycle" (FA).
		Proposed amendment of the Company's "Property Management Regulations".
		Proposed to apply for a short-term general financing limit of USD11 million and derivatives of USD1.5 million with HSBC Bank (Taiwan).
		The establishment of the Company's subsidiary.
		Distribution of employees' and directors' remuneration in 2022.
4 May 2023	The 3rd Audit Committee The 4th meeting	The amendment to certain articles of the Company's "Rules of Procedure for Shareholder Meetings".
		The amendment to certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets.".
		Amendment of the Company's management regulations.
		Formulation of the Company's "Approval Authority Regulations"
		Handling dissolution and liquidation of Thailand's subsidiary, Matec Southeast Asia (Thailand) Co., Ltd.
		Handling the cancellation of Cayman's subsidiary, T&M Joint (Cayman) Holding Co., Ltd.

		The Company’s Q1 2023 consolidated financial statement.
		The company intends to apply for a financing limit of USD7 million with DBS Bank (Taiwan) to meet the operational capital needs.
		The Company’s 2022 appropriation of earnings.
		The Company’s 2022 appropriation of earnings and cash dividends.
		The change of the Company’s manager.
7 August 2023	The 3rd Audit Committee The 5th meeting	Discussion on the second-quarter consolidated financial statements for the year 2023 of the company.
		Proposal to apply to Taiwan Bank for a total credit line of NTD 100 million.
		Due to operational turnover needs, the company proposes to apply to China Trust Commercial Bank for an annual maintenance: a short-term limit of NTD 200 million and a financial product trading limit of NTD 10 million. Authorize the Chairman to sign relevant contracts with China Trust Commercial Bank and carry out borrowing and various credit business transactions.
		Proposal for Zhejiang Yuzuan Precision Components Co., Ltd. to apply to China Agricultural Bank for a credit limit of RMB 500,000.
		Change in the management personnel of the company.
6 November 2023	The 3rd Audit Committee The 6th meeting	Proposal to establish the audit plan for the year 2024 of the Republic of China for the company.
		Proposal for the third-quarter consolidated financial statements for the year 2023 of the company.
		Proposal to apply to Mega International Commercial Bank for a total credit line of USD 4 million.
		Proposal for dealings with Citibank (Taiwan) for a line of credit.
		Proposal to apply to Taishin International Bank for financing of NTD 140 million (including derivative financial instruments - hedging limit of NTD 20 million).
		Proposal for the company to provide funds to its subsidiary, TIPO INTERNATIONAL CO., LTD. (SAMOA), with a limit of USD 2 million.
		Proposal for the company to provide funds to its invested company, T&M Joint (Cayman) Holding Co., Ltd., with a sum of USD 85,000.
		Proposal for the company to provide funds to Matec Southeast Asia (Thailand) Co., Ltd. with a sum of THB 3 million.
		Discussion on amending the "Regulations on Financial and Business Management among Related Parties" of the company.
		Change in the management personnel of the company.
11 January 2024	The 3rd Audit Committee The 7th meeting	Proposal to amend the "Organizational Structure" of the company.
		Proposal to amend certain articles of the "Risk Management Policy and Procedures" of the company.
		Proposal to establish the budget for the year 2024 of the company.
		Discussion on dealings with Cathay United Commercial Bank.
		Proposal for the company to provide funds to Matec Southeast Asia (Thailand) Co., Ltd. with a sum of THB 15 million.
		Discussion on Dongguan Xinfeng Hardware Machinery Plastics Industry Co., Ltd.'s acquisition of real estate usage rights.
		Proposal to implement an incentive plan for additional year-end bonuses starting from the year 2024 of the company.
7 March 2024	The 3rd Audit Committee The 8th meeting	Proposal for the company's Internal Control System Statement for the year 112 of the Republic of China.
		Proposal to amend certain articles of the "Internal Control System_RD Cycle" of the company.
		Proposal to amend certain articles of the "Decision-Making Authority Table" of the company.
		Proposal for the company's 2023 operating report and financial statements.
		Proposal for the distribution of employee and director compensation for the year 2023.
		Proposal for the distribution of profits for the year 2023 of the company.
		Proposal for the distribution of cash dividends for the year 2023 of the company.

		Proposal to apply for a short-term comprehensive financing limit from HSBC (Taiwan) Commercial Bank in the amount of USD 11 million and a derivative financial product limit of USD 1.5 million.
		Discussion on amending the "Articles of Association" of the company.
		Proposal for the change in the company's accounting supervisor.
Objections of Independent directors: None. Contents of reserved opinions or major suggestions: None.		
The resolution result of Audit Committee and the response of the Company to the opinions of Audit Committee: The members of Audit Committee passed all the motions without objections, and the board of directors approved all the motions in accordance with the Audit Committee's suggestions.		

(II) In addition to the above matters, matters resolved by over two-thirds of the board of directors but not yet resolved by the Audit Committee: None.

II. With respect to independent directors excusing themselves in the case of conflict of interest, the Independent Directors' names, contents of motion, reasons for conflict of interest and votes should be specified: None.

III. Independent communication status between independent directors, audit supervisors and CPAs (which should include major events, methods, and results of communication on the Company's financial and business conditions, etc.).

(I) In addition to sending various internal audit reports and the improvement on deficiencies in internal control systems and tracking table of each quarter to Independent Directors every month, the Audit Supervisor regularly convenes the Audit Committee meeting at least once a quarter to explain the audit business, audit results and follow-up status to the independent directors.

The communication status is as follows:

Date (Term) of the Audit Remuneration meeting	Communication Matters	Communication Result
12 January 2023 The 3rd Audit Committee The 2nd meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.
9 March 2023 The 3rd Audit Committee The 3rd meeting	* Internal Audit Report * 2022 Statement of Internal Control System	The Audit Committee passed the issue without objections and was submitted to the board. After being approved, the application was handled according to the regulations.
4 May 2023 The 3rd Audit Committee The 4th meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.
7 August 2023 The 3rd Audit Committee The 5th meeting	* Internal Audit Report	The independent director suggested implementing alert functionality in the ERP system. There was no objection to the rest and was submitted to the board for reporting.
6 November 2023 The 3rd Audit Committee The 6th meeting	* Internal Audit Report * 2024 Audit Plan	The Audit Committee passed the issue without objections and was submitted to the board. None. After being approved, the application was handled according to the regulations.
11 January 2024 The 3rd	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.

Audit Committee The 7th meeting		
7 March 2024 The 3rd Audit Committee The 8th meeting	* Internal Audit Report * 2023 Statement of Internal Control System	The Audit Committee passed the issue without objections and was submitted to the board. None. After being approved, the application was handled according to the regulations.

(II) The Company's CPAs' communication matters on corporate government unit and the executives:

1. The independent directors of the Audit Committee and the CPAs hold regular meetings annually for face-to-face communication, and if necessary, the CPAs also communicate and discuss in written form. The scope includes the independence and related responsibilities of CPAs to review the consolidated financial statements, review planning-related matters, review key issues, review the contents of the report and the review results of the interim consolidated financial statements.
2. The Audit Committee completed the audit report after referring to the consolidated financial statements and report reviewed by professional CPAs.

Note:(1) If specific independent director resigned before the end of the year, specify the date of relief from office, the actual attendance rate (%) calculated on the basis of the frequency of the convention of the Audit Committee and frequency of attendance to the session of the Audit Committee in the remark column.

(2) If there is an election of independent directors before the end of the fiscal year, specify the name of the newly elected and the previous Independent Directors, and note down if the independent directors are in office, newly elected or reelected, and the date of the election. The actual attendance rate (%) will be calculated on the basis of the frequency of the convention of the Audit Committee and the actual frequency of attendance to the sessions of the Audit Committee within the term of office.

II. Shareholders' Resolutions and the Implementation Status

(I) Shareholders' resolutions and the implementation status

Date	Type of Meeting	Major Resolutions	Implementation Status
27 June 2023	Regular Shareholders' Meeting	Acknowledged the Company's Business Report and Financial Statement for 2022.	Approved and voted by all the present shareholders. Acknowledged the Company's Business Report and Financial Statement of 2022. The consolidated revenue of the entire year was NTD3,350,323 thousand. The net income was NTD613,553 thousand. The Earnings Per Share was NTD10.32.mented.
		Acknowledged the Company's appropriation of earnings in 2022.	Approved and voted by all the present shareholders. as the ex-dividend date was set on 11 August 2023, and the appropriation was completed on 31 August 2023. (The appropriation of cash dividends was 6.0 per share).
		Approved the amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets."	Approved and voted by all the present shareholders and had been implemented.
		Approved the amendment to the Company's "Rules of Procedure for Shareholder Meetings".	Approved and voted by all the present shareholders and had been implemented.

(II)The major resolutions of the board

The summary of important resolutions of the board of directors for the fiscal year 2023 and up to March 31, 2024, is as follows:

Date of the Board Meeting (Term)		Proposals
12 January 2023	The 15th Board The 3rd meeting	Subsidiary Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd's investment of USD5 million in TURVO International Co., Ltd to meet the qualification requirements for foreign enterprises entering Yaozhuang Economic Development Zone, Jiaxing, Zhejiang Province.
		Discussion on the acquisition of land by subsidiary TURVO International Co., Ltd and signing of investment contract.
		Discussion on the fees of CPAs for 2022.
		Discussion on the change of the Company's CPAs.
		Discussion on the Company's budget for 2023.
		Proposed amendment of the Company's" Procedures for Handling Material Inside Information"
		The Company proposed to loan of funds of THB30,000,000 to Matec Southeast Asia (Thailand) Co., Ltd.
		The change of the Company's manager.
		Discussion on the salary adjustment for the managers.
		Discussion on the Company's 2022 year-end distribution for the managers.
9 March 2023	The 15th Board The 4th meeting	The Company's 2022 Statement of Internal Control System.
		The Company's new factory renovation.
		The Company's 2022 Business Report and Financial Statement.
		Proposal of establishing the process and general policies for obtaining prior approval for non-assurance services from EY Taiwan and its affiliated entities.
		The Company's 2023 independence evaluation on the CPAs.
		The appointment of the Company's CPAs in 2023.
		Proposed amendment of the Company's "Property and Equipment Cycle"(FA).
		Proposed amendment of the Company's "Property Management Regulations".
		Proposed to apply for a short-term general financing limit of USD11 million and derivatives of USD1.5 million with HSBC Bank (Taiwan).
		The establishment of the Company's subsidiary.

		Matters regarding the convening of the regular shareholders' meeting on 27 June 2023.
		Distribution of employees' and directors' remuneration in 2022.
		Discussion on the salary adjustment for the managers.
4 May 2023	The 15th Board The 5th meeting	The amendment to certain articles of the Company's "Rules of Procedure for Shareholder Meetings".
		The amendment to certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets.".
		Amendment of the Company's management regulations.
		Formulation of the Company's "Approval Authority Regulations"
		Handling dissolution and liquidation of Thailand's subsidiary, Matec Southeast Asia (Thailand) Co., Ltd.
		Handling the cancellation of Cayman's subsidiary, T&M Joint (Cayman) Holding Co., Ltd.
		The Company's 2023 consolidated financial statement in Q1.
		The company intends to apply for a financing limit of USD7 million with DBS Bank (Taiwan) to meet the operational capital needs.
		The Company's 2022 appropriation of earnings.
		The Company's 2022 appropriation of earnings and cash dividends.
		Matters regarding the convening of the regular shareholders' meeting on 27 June 2023.
		Discussion on directors' and supervisors' remuneration in 2022
		Discussion on the second distribution of year-end bonus for the managers in 2022.
		Discussion on the employee remuneration to the Managers in 2022.
		The change of the Company's manager.
		Discussion on salary adjustment for some managers in 2023.
7 August 2023	The 15th Board The 6th meeting	Approval of the consolidated financial statements for the second quarter of 2023.
		Proposal to apply for a credit line of 100 million New Taiwan Dollars from Bank of Taiwan.
		The Company plans to apply to China Trust Commercial Bank for an annual maintenance short-term limit of 200 million New Taiwan Dollars and a financial derivatives trading limit of 10 million New Taiwan Dollars per year to meet operational turnover needs. Authorization is granted to the Chairman to sign relevant contracts with China Trust Commercial Bank and engage in borrowing and credit transactions.
		Zhejiang factory(Yu zuan) intends to apply to Agricultural Bank of China for a credit line of 500,000 Chinese Yuan.
		Proposal for the change of "Corporate Governance Officer".
		Proposal for the change of management personnel.
		Deliberation on the content and amount of salary adjustments for executives for the year 2023, for discussion.
		Proposal to update the decision approved by the Fifteenth Fifth Board of Directors for the distribution of employee remuneration for the fiscal year 2022 of the Company.
6 November 2023	The 15th Board The 7th meeting	Proposal to establish the audit plan for the year 2024.
		Proposal for the third-quarter 2023 consolidated financial statements.
		Proposal to apply for a total credit line of 4 million US dollars from Mega International Commercial Bank.
		Application for credit line transactions with Citibank (Taiwan) Commercial Bank.
		Proposal to apply for financing of 140 million New Taiwan Dollars (including derivative financial products - hedge limit of 20 million New Taiwan Dollars) from Taishin Bank.
		Proposal to provide funding to subsidiary TIPO INTERNATIONAL CO., LTD. (SAMOA) with a limit of 2 million US dollars.
		Proposal to provide funding to invested company T&M Joint (Cayman) Holding Co., Ltd. with 85,000 US dollars.
		Proposal to provide funding to Matec Southeast Asia (Thailand) Co., Ltd. with several million Thai baht.
		Discussion on amending the "Financial Business Management Regulations between Related Parties".
		Proposal for the change of management personnel.
		Proposal to update the decision approved by the Fifteenth Sixth Board of Directors

		for the distribution of employee remuneration for the fiscal year 2022 of the Company.
11 January 2024	The 15th Board The 8th meeting	Amendment to the "Organizational Structure" proposal, for discussion.
		Amendment to certain articles of the "Risk Management Policy and Procedures" proposal, for discussion.
		Proposal to draft the budget for the year 2024, for discussion.
		Application for credit line transactions with Cathay United Bank, for discussion.
		Proposal to provide funding to Matec Southeast Asia (Thailand) Co., Ltd. in the amount of 1.5 million Thai baht, for discussion.
		Discussion on the acquisition of property usage rights by Dongguan factory (Xin feng), for discussion.
		Proposal to lift restrictions on directors and their representatives regarding non-competition, for discussion.
		Proposal to implement an incentive scheme for additional year-end bonuses starting from 2024, for discussion.
		Deliberation on the distribution of year-end bonuses for Company executives for the year 2023, for resolution.
7 March 2024	The 15th Board The 9th meeting	Proposal for the Internal Control System Declaration for the fiscal year 2023.
		Amendment to certain articles of the "Internal Control System - Research and Development Cycle (RD)" proposal.
		Amendment to certain articles of the "Decision-Making Authority Table" proposal.
		Proposal for the 2023 annual business report and financial statements.
		Allocation of employee remuneration and director remuneration for the fiscal year 2023.
		Distribution of profits for the fiscal year 2023.
		Cash dividend distribution for the fiscal year 2023.
		Proposal to apply for a short-term comprehensive financing limit of 11 million US dollars and derivative financial products of 1.5 million US dollars from HSBC Taiwan Commercial Bank.
		Discussion on amending the "Articles of Association".
		Setting matters related to the convening of the shareholders' meeting scheduled for June 13, 2024.
		Amendment of the Company's accounting supervisor.
		Deliberation on salary adjustments for Company executives for the fiscal year 2024.

(III) Directors or supervisors have different opinions on major resolutions passed by the board of directors in the most recent year and as of 31 March 2023, and there are records or written statements, the main contents of which are as follows: None.

III. Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
I. Does the Company formulate and disclose the Corporate Governance Best Practice based on "Corporate Governance Best Practice Principles for Listed Companies?"	✓		The Company has formulated Corporate Governance Best Practice in accordance with the "Corporate Governance Best Practice Principles for Listed Companies," and has disclosed on the Company's website.	No significant deviation.
II. Corporate equity structure and shareholders' equity				
(I) Does the Company formulate the internal operation procedure to handle shareholders' proposal, doubt, dispute and litigation and implements it in accordance with the procedure.	✓		(I) The Company has set up spokesperson system in accordance with the regulations. The spokesperson or acting spokesperson is responsible for issues such as shareholders' suggestions or disputes to ensure the rights and interests of shareholders.	No significant deviation.
(II) Does the Company master the principal shareholders actually controlling the company and the final controller list of principals shareholders?	✓		(II) The Company has entrusted a professional stock affairs agency, and a dedicated person is responsible for handling related matters. By this means, the Company can master the list of the principal shareholders actually controlling the Company.	No significant deviation.
(III) Does the Company establish and executes the risk control and firewall mechanism with the affiliated enterprise?	✓		(III) The Company has stipulated "Supervisory ures to the Subsidiary," "Measures for the Administration of Related Party Transactions" and internal control-related operating regulations to	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(IV) Does the Company formulate the internal specification to prohibit the corporate insiders to buy or sell negotiable securities by using the information undisclosed in market?	✓		prevent relevant matters. (IV) The Company has stipulated “Management on the Prevention of Insider Trade” to regulate the Company and insiders. Prohibit the behaviors that may involve insider trading to protect investors and safeguard the rights and interests of the Company and disclose it on the Company’s website.	No significant deviation.
III. Composition and responsibilities of the board of directors (I) Does the board of directors draft the diversification policy, specific management objective and implements it in terms of the member composition?	✓		(I) The Company's directors are selected through a strict process. The selection of the Company’s Directors not only considers diverse backgrounds, professional capabilities, and experience, but also emphasizes their personal reputation in ethical behavior and leadership. So far, the Company has six directors and three independent directors. The directors and independent directors possess various different professional backgrounds, which makes the Company's board of directors to perform the function of business decision-making and leadership supervision. (Please refer to “Diversity and Independence of the Board of Directors” on Page 44	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			of the annual report.)	
(II) Does the Company voluntarily set other functional committees apart from the Remuneration committee and Audit Committee?	✓		(II) The Company has set up a Remuneration Committee and an Audit Committee in accordance with the law, as well as a risk management team,	No significant deviation.
(III) Does the company formulate the performance evaluation method and evaluation way of the board of directors, and regularly carries out performance evaluation each year?	✓		(III) The company has established a Board of Directors Performance Evaluation Method, which has been approved by the Board of Directors. At the end of each year, an internal performance evaluation of the Board of Directors is conducted, including an assessment of the operational performance of the Board of Directors and self-assessment by individual directors. After summarizing, an evaluation report and improvement suggestions are submitted to the Board of Directors. The evaluation results are then reported by the end of the first quarter of the next year and used as a reference for the individual director's compensation and nomination for reappointment. The company conducted the evaluation of the directors/board and functional committees' performance for the fiscal year 2023, in December 2023, with the evaluation report presented at the Board of Directors meeting on	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			January 11, 2023.. The Board of Directors Performance Evaluation Method specifies that an external evaluation should be conducted at least once every three years. For the fiscal year 2023, the external evaluation of the Board of Directors' performance was entrusted to the "Taiwan Investor Relations Institute" to conduct the assessment. The association and its executing experts have independence from the company's business dealings. The assessment was conducted through questionnaires, on-site interviews, and online interviews, focusing on five dimensions: board composition and professional development, quality of decision-making by the board, operational efficiency of the board, internal control and risk management, and the board's participation in corporate social responsibility. The evaluation result was 4.57 points out of 5. Additionally, objective suggestions from directors were obtained through open-ended question interviews by the external evaluation organization, which the company considered and implemented improvement measures to continuously enhance the	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			effectiveness of the board and strengthen corporate governance mechanisms. The evaluation period was from October 1, 2022 to September 30, 2023, and the evaluation report was submitted to the Board of Directors on January 11, 2024. For evaluation results, improvement suggestions, and future improvement plans, please refer to the Corporate Governance section on the company's website.	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The company's Audit Committee evaluates the independence and suitability of the CPAs annually. In addition to requiring the CPAs to provide an "Independence Statement" and "Audit Quality Indicators (AQIs)," the evaluation is conducted based on the CPAs independence assessment criteria and 13 AQI indicators. It was confirmed that the CPAs and the firm had no financial interests or business relationships other than the fees for certification and taxation cases. Also, the family members of the CPAs did not violate independence requirements, and based on AQI indicator information, it was confirmed that the CPAs and the firm had audit experience and training hours comparable to industry averages.	

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			Furthermore, in the past three years, they have continued to introduce and strengthen digital audit tools to improve audit quality. The evaluation results for the most recent fiscal year were discussed and approved by the Audit Committee on March 9, 2023, and reported to the Board of Directors for resolution on March 9, 2023. (Please refer to the assessment of accountant independence in this annual report).	

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
IV. Does the Company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting Directors and Supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		The Company's board meeting approved the appointment of senior manager of General Manager Office, Lee, Yi-Yen as corporate governance supervisor on 7 August 2023. The corporate governance supervisor is responsible for matters related to corporate governance, including handling matters relating to board meetings, audit committee, remuneration committee and shareholders' meetings by law, assists in onboarding and continuing education of directors and Audit Committee, provides information required for the performance of duties by directors and audit committee and assists directors and audit committee in complying with laws and regulations, etc. The Company has set up corporate governance full-time (part-time) units or personnel to be responsible for corporate governance-related affairs. The Company designates senior executives to be responsible for supervision and corporate governance related matters, including handling matters related to meetings of the board of directors, Audit Committee, Remuneration Committee and shareholders' meeting by the law; Assisting directors and Audit Committee members in their appointment and continuing education; Providing directors, members of Audit Committee to comply with the law, etc.	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
V. Does the Company establish communication channels with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up a dedicated corner to stakeholders on the Company's website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	✓		Depending on the situation, the Company has set up a dedicated corner for stakeholders on the Company's website. Providing sound communication and contact information including employees, investors, customers, and suppliers to properly respond to related issues of concern to stakeholders, including corporate social responsibility.	No significant deviation.
VI. Does the Company commission a professional stock affair agency to manage shareholders' meetings and other relevant affairs?	✓		The Company has appointed a professional stock transfer agency, the department of stock transfer agent of CTBC Bank, to handle various stock affairs of the Company.	No significant deviation.
VII. Information Disclosure (I) Does the Company establish a public website to disclose financial and corporate governance information?	✓		(I)The Company has set up a website, and there is a dedicated person that is responsible for maintaining the website. The important financial, business information and corporate governance information will be updated to the website in a timely manner for the reference of shareholders and stakeholders. The Company's website: http://www.turvo.com.tw	No significant deviation. No significant deviation.

<table>
<tr><th rowspan="2">Items Evaluated</th><th colspan="3">Implementation Status</th><th rowspan="2">Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td>(II) Does the Company adopt other means of information disclosure (such as establishing an English version website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the Company’s website)?</td><td>✓</td><td></td><td>(II) The Company has set up the Chinese version website and is actively planning to build a multilingual official website. The Company designates a dedicated unit to be responsible for the collection of various financial and business information of the Company, which has been regularly and irregularly disclosed and reported on the Market Observation Post System in accordance with the regulations. According to the law, the Company has implemented spokesperson system.</td><td rowspan="2">Same as the contents of brief explanation.</td></tr>
<tr><td>(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly sales results, before the prescribed time limit?？</td><td></td><td>✓</td><td>(III) The Company announces and declares the Q1, Q2, and Q3 financial reports and the operating status of each month before the deadline in accordance with the relevant regulations. For the disclosure of relevant information, please refer to Market Observation Post System.</td></tr>
</table>

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
VIII. Does the Company disclose other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholders' rights, Director and Supervisor continuing education status, risk management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of Liability Insurance for its Directors and Supervisors)?	✓		(I) Employee rights and employee care: The Company do not have prejudice against the differences in gender, race, nationality, etc. while recruiting and appointing personnel. The Company spares no efforts to maintain employee rights. All the employees of our Company have taken out Labor Insurance, Health Insurance and Group Insurance in accordance with the laws. The Company allocates Retirement Reserves in accordance with the law to protect the rights and interests of employees and provides employees with good work environment. (II) Investor relations and stakeholders' rights: Regarding the Company's investor relations and stakeholders' rights, the Company maintains a smooth communication channel. The Company gives full play to the spokesperson system and upholds the principle of integrity. The Company releases public information in real time to safeguard investor relations and stakeholders' rights and interests. (III) For supplier relation, the Company and its subsidiaries have formulated "Supplier Management Measures." The Company requires close cooperation with suppliers, and suppliers are also evaluated	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			regularly to ensure the delivery and quality. The Company maintains a good interactive relationship with our suppliers. (IV) Director and Supervisor continuing education status: The Company actively encourages the Directors to engage in continuing education. For the relevant status of continuing education, please refer to the continuing education status of the Directors of the annual report. (V) Implementation of risk management policies, and risk measurement standards: The Company has implemented in accordance with relevant regulations, the Company's internal control system, and "Regulations Governing the Acquisition and Disposal of Assets," etc. (VI) The implementation of client policies: The Company and its subsidiaries have a sound customer complaint handling process, and have also established "Customer Complaint Management Measures" and "Customer Satisfaction Evaluation Management Measures." The Company regularly conducts customer satisfaction surveys every year,	

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			and the interaction and communication with customers have always been good. (VII) The Company's purchase of Liability Insurance for its Directors and Supervisors: The Company has enrolled all the directors for Liability Insurance from Cathay Century Insurance. The enrollment period was from 31 December 2023 to 31 December 2024.	
IX. Explain the corrective action taken in response to the evaluation result released by Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous period, and special attention and additional effort on issues that needed to be addressed to a top priority. After the annual evaluation results are announced, the Company will review the projects that have not yet reached the evaluation standards, and adjust and improvements successively. In terms of information disclosure, the Company adjusts and updates the annual report and discloses the contents on the Company's website. The Company is also invited to participate in institutional investors' conferences to make the company's information more transparent and reduce information asymmetry.				

■ Directors' continuing education:

Title	Name	Date	Organizer	Course title	Hours	Whether the course complies with the law
Chairman	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	23 August 2023	Taiwan Corporate Governance Association	How to enterprises strengthen their strategic execution capabilities	3	Yes
		13 October 2023	Securities & Futures Institute	2023 Annual Insider Trading Prevention Seminar	3	Yes
Director	Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG	9 May 2023	Securities & Futures Institute	Discussing the Role of the Board of Directors from the Perspective of Corporate Fraud Prevention	3	Yes
		9 November 2023	Securities & Futures Institute	Global Economic Outlook for 2024	3	Yes
Director	Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA	23 August 2023	Taiwan Corporate Governance Association	How to enterprises strengthen their strategic execution capabilities	3	Yes
		24 November 2023	Taiwan Corporate Governance Association	Exploration of Corporate Employee Compensation Strategies and Tool Utilization	3	Yes
Director	Zeng Hsing Industrial Co., Ltd. Representative: LIU, TUNG-LIANG	9 May 2023	Securities & Futures Institute	Discussing the Role of the Board of Directors from the Perspective of Corporate Fraud Prevention	3	Yes
		9 November 2023	Securities & Futures Institute	Global Economic Outlook for 2024	3	Yes
Director	Zeng Hsing Industrial Co., Ltd. Representative: TSAI, CHUNG-TING	9 May 2023	Securities & Futures Institute	Discussing the Role of the Board of Directors from the Perspective of Corporate Fraud Prevention	3	Yes
		9 November 2023	Securities & Futures Institute	Global Economic Outlook for 2024	3	Yes
Director	Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	23 August 2023	Taiwan Corporate Governance Association	How to enterprises strengthen their strategic execution capabilities	3	Yes
		23 September 2023	Securities & Futures Institute	Sustainable Development Practical Seminar	3	Yes
Independent Director	HUANG, LI-HEN	23 August 2023	Taiwan Corporate Governance Association	How to enterprises strengthen their strategic execution capabilities	3	Yes
		20 September 2023	Securities & Futures Institute	Analysis of Common Violations of Securities Trading Law	3	Yes
Independent Director	I, CHANG-YUN	23 March 2023	CPA Associations R.O.C.(Taiwan)	Supervision and Practices of Anti-Money Laundering for Accountants	3	Yes
		18 August 2023	Taiwan Academy Of Banking And Finance	Corporate Governance Forum	3	Yes

Title	Name	Date	Organizer	Course title	Hours	Whether the course complies with the law
Independent Director	LO, SHIH-MIN	22 September 2023	Taiwan Corporate Governance Association	Net Zero Sustainable Talent Development Program	9	Yes

IV. Circumstances of the company fulfilling ethical corporate management and the differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
I. Establishment of ethical corporate management policies and programs (I) Does the Company establish ethical corporate management policies approved by the board of directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board of directors and management level to implement the policies?	✓		(I) The Company has established the "Ethical Corporate Management Best Practice Principles", and "Codes of Ethical Conduct", which have been approved by the Board of Directors. These principles explicitly define the responsibilities of the Board of Directors and management level. Integrity in business operations is a core value of the Company. This code also applies to all directors, managers, employees, and individuals with substantial control within the company. The company discloses the ethical corporate management policy on internal websites, annual report, and the Company's official website to ensure that suppliers, customers, and other business-related institutions and individuals have a clear understanding of the Company ethical corporate management philosophy and standards.	Comply with the "Corporate Governance Best Practice Principles". No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(II) Does the Company establish risk assessment procedures of unethical conduct, analyze and assess operation activities more likely involving unethical conduct to accordingly establish policies to prevent unethical conduct which include but are not limited to the precautions stated in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/ TPEx Listed Companies? (III) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, commit to implementation of the policies, regularly review and revise the aforementioned policies?	✓ ✓		(II) The Company has formulated "Ethical Corporate Management Best Practice Principles" to establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs, which include preventive measures listed in the Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". (III) The Company strictly require the employees and management level to abide by corporate ethics. The Company upholds the principle of honesty and integrity, and has clearly defined reporting and appealing procedures, behavior guidelines, punishment and appeal system for disciplines following the internal regulations, "Corporate Governance Best Practice Principles" and "Codes of Ethical Conduct,". In addition, the Company will review regularly.	
II. Fulfill operations integrity policy (I) Does the Company evaluate business partners'	✓		(I) Before the Company starts a formal business	Comply with the "Corporate

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
ethical records and include ethics-related clauses in business contracts?			activity with our business partners, the Company will conduct various evaluations including integrity behaviors. And after confirming the cooperation, the Company will require the other party to sign a Letter of Commitment to show compliance with various integrity-related regulations set by the Company.	Governance Best Practice Principles". No significant deviation.
(II) Does the Company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity and report the ethical corporate management policies, policies to prevent unethical conduct and the implementation of supervision to the Board of Director at least once a year?	✓		(II) The Company designated the General Manager Office as the dedicated unit for promoting Ethical Corporate Management Best Practice Principles, and regularly report to the Board of Directors.	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(III) The Company has formulated the "Rules of Procedure for Shareholder Meetings" and "Codes of Ethical Conduct" in accordance with laws and regulations to deal with Directors' conflicts of interest. The Company disseminates the concept to the employees from time to time that when the conflict of interest in business occurs, the Supervisor should be informed in advance and recuse himself/ herself.	

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(IV) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and is the implementation of the policies to prevent unethical conduct audited by internal auditors who plan according to the assessment of risks of unethical conduct or by CPAs?	✓		(IV) The Company has formulated relevant accounting systems and internal control systems, and these systems are being managed in accordance with the requirements of accounting and internal audit legislations. By this means, the Company can ensure that the Company's daily operations are abide by Ethical Corporate Management Best Practice Principles, and the auditors of the Company regularly report the implementation of the inspection to the board of directors.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(V) To implement the policies of Ethical Corporate Management Best Practice Principles, the Company actively participates in external advocacy activities related to legal updates and stays vigilant about updates from regulatory authorities. Additionally, the Company incorporates the concept of Ethical Corporate Management into new employee training. A total of 212 hours have been allocated to the training for new recruits. Furthermore, the General Manager Office conducts internal courses on compliance with Ethical Corporate Management	

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			regulations annually. The content of these courses includes advocacy of business integrity policies, conflict of interest avoidance, confidentiality procedures for significant information, reasons for insider trading, identification processes, transaction examples, and explanations of reporting and complaint mechanisms. The Company also arranges internal and external training courses related to accounting systems and internal controls	
III. The functioning of the informing and complaint system of the Company (I) Has the Company established the informing and complaint system and channels for facilitating informing and complaint, and appointed designated personnel to appropriately handle the personnel accused of unethical practice? (II) Has the Company established the standard operation procedure for processing reports and complaints, the	✓ ✓		(I) The Company has stipulated “Ethical Corporate Management Best Practice Principles,” “Appeal and disciplinary measures related to the report of improper interests.” The Company has set up a hotline and mailbox for customers’ complaints. For violations of ethic related matters, employees may speak up their grievances through phone and mailbox, inform the human resources department or management level. (II) The Company has formulated “Ethical Corporate Management Best Practice Principles” that outlines	Comply with the “Corporate Governance Best Practice Principles”. No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
actions to be taken after the investigation, and the mechanisms of confidentiality. (III) Has the Company taken appropriate measures for the protection of the informants from undue treatment due to reporting on illegal or unethical practice?	 ✓		the management of reports regarding violations of integrity, the internal investigation procedures and corresponding confidentiality mechanisms. (III) There are measures for protecting whistleblowers from being improperly dealt with due to whistleblowing in the Company's "Ethical Corporate Management Best Practice Principles", and these measures are included in the management regulations for implementation.	
IV. Strengthening information disclosure Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles and the result of implementation at its official website and MOPS?	✓		The Company discloses the " Ethical Corporate Management Best Practice Principles " and "Code of Ethical Business Conduct" on its official website to ensure transparency in corporate governance information. Regular advocacy efforts are made and channels for reporting misconduct are kept open. The Company also discloses information on the Taiwan Stock Exchange Corporation's Market Observation Post System in a timely manner. As of now, there have been no incidents of breaches of integrity in business operations.ations.	Comply with the "Corporate Governance Best Practice Principles". No significant deviation.
V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies", specify the practice and variation from the principles: The Company has stipulated "Rules of Procedure for Shareholder Meetings and Operation Management", "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct" and "Work Rules." All the above-mentioned rules will be updated and revised according to the Company's practices				

<table>
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<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td colspan="5">and regulations. The Company advocates that the personnel of the Company should comply with the regulations from time to time. There has no significant difference between operating status and the established guidelines and has been implemented normally.</td></tr>
<tr><td colspan="5">VI. Any other vital information that help to understand the practice of ethical corporate management better:
(I) The Company abides by the relevant regulations of TWSE/ TPEx Listed Companies, which is viewed as the basis of implementing ethical corporate management.
(II) The Company has stipulated good handling and disclosure mechanisms for material inside information in “Procedures for Handling Material Inside Information,” which may prevent improper information disclosure and also avoid improper disclosure of information and ensure the consistency and accuracy of information published to the public.
(III) The explanation on the Company’s “Ethical Corporate Management Best Practice Principles ethical corporate management and has been implemented on internal management and business activities.</td></tr>
</table>

V. Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
I. Has the Company built up a governance framework for the advocacy of sustainable development, and established a full-time (part-time) body for the advocacy of sustainable development led by a senior officer at the authorization of the Board and under the supervision of the Board?	V		In August 2022, the Company communicated with the Board of Directors about establishing a "Sustainability Committee" and formulated an annual implementation policy. The committee is supervised by the Chairman and chaired by the General Manager. It consists of relevant departments, and the General Manager's Office collaborates with the heads of each department to convene the Corporate Governance, Sustainable Environment, and Social Welfare Cross-Functional Team, based on the types of risks. This team is responsible for identifying stakeholder issues, prioritizing major issues, and proposing sustainable-related policies, systems, and annual implementation plans to the Board of Directors. The committee reports the results of its work execution and subsequent directions to the Board of Directors at least once annually. On November 6, 2023, the committee reported to the Board of Directors. The	Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”

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<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td>Board of Directors listened to the Sustainability Committee's sustainability report, reviewed the relevant execution content and direction, and assessed the potential success of these strategies. When necessary, they supervise the management team to make adjustments.</td><td></td></tr>
<tr><td>II. Has the Company conducted assessment on the risks inherent to the operation environment, social context, and issues of corporate governance under the principle of materiality, and mapped out the risk management policy or strategy?</td><td>V</td><td></td><td>The Company has formulated risk management policies. The implementation of risk management policies is jointly promoted by the board of directors, Audit Committee, President and President’s Office, various risk management units, and all departments. Through risk assessment and analysis of relevant issues, sustainable risk identification and management related to the Company's operating issues of environmental, social, and corporate governance are conducted. A summary of the related content is as follows:
<table><tr><th>Material topic</th><th>Risk</th><th>Countermeasures for risk</th></tr><tr><td>Environment</td><td>Waste disposal management</td><td>1. Advocate the concept of resource recycling, enhance the recycling and reuse of process waste, and strengthen the recycling loop system.
2. Install waste oil recovery equipment and</td></tr></table></td><td>Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”</td></tr>
</table>

Items Advocated	Implementation Status				Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation		
				promote the recycling of waste oil. 3. Optimize the process of wastewater treatment equipment and improve the equipment to reduce the payment of usage fees and chemical expenses.	
			Supply chain management	1. Supplier Management Policy, specifying requirements for suppliers to adhere to issues such as environmental protection, occupational safety and health, and labor rights, etc. 2. Encourage suppliers not only to possess quality and on-time delivery capabilities but also to fulfill corporate social responsibility, thus constructing a sustainable supply chain.	
			Meeting stakeholders' expectations	Since 2023, our company has been actively participating in the Carbon Disclosure Project (CDP) surveys, responding to stakeholder expectations. Through the investigation of climate change-related risks during the survey process,	

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<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>we aim to understand and address these issues step by step, enhancing our management performance.</td></tr>
<tr><td rowspan="2">Society</td><td>Friendly workplace, occupational safety and health</td><td>1. Continuously promote awareness of workplace safety and health, as well as conduct regular fire self-defense drills, to ensure the personal safety of employees in the working environment.
2. Conduct periodic operational environment monitoring to understand the actual conditions of the work environment, ensuring the safety and health of workers and preventing occupational accidents.</td></tr>
<tr><td>Talent recruitment and development</td><td>Engage in diverse and open recruitment channels and establish industry-academic cooperation agreements with universities, colleges, and vocational training centers.</td></tr>
</table></td><td></td></tr>
</table>

Items Advocated	Implementation Status					Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation			
			Governance topic	Compliance	The company has established an 'Ethical Corporate Management Code of Conduct,' which is publicly available on the company's internal website for employees to consult at any time. Additionally, external professionals are hired to conduct compliance training courses within the company, fundamentally fostering employee integrity and preventing unethical behavior in the workplace. This approach aims to establish a strong sense of legal consciousness among the staff.	
				Material price	The prices of raw materials are susceptible to international market fluctuations. We continuously assess market conditions and monitor the supply and demand of raw materials based on order situations. Through diversified procurement strategies, we aim to mitigate risks associated with	

Items Advocated	Implementation Status				Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation		
				fluctuating raw material prices.	
			Information security management	1. Strengthen information security management and confidentiality principles to safeguard customer data and rights. 2. Ensure the sustainable operation of systems by conducting daily backups and utilizing two leased data lines as redundant measures, ensuring uninterrupted network signals. 3. Information security promotion and educational training.	
			Financial risk	1. Foreign Exchange Rate Fluctuation Risk: The company's major receivables and payables are denominated in the same currencies, resulting in a natural hedge. When there is an insufficient position in payables, the company observes trends in the international foreign exchange market and may selectively	

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			engage in currency exchange or utilize surplus foreign currency positions through market spot transactions to timely mitigate risks. 2. Interest Rate Fluctuation Risk: (1) Short-term Funding Needs: Monitor changes in central bank interbank rates and rates of transferable time deposits with various maturities closely. Adjust borrowing maturities appropriately to effectively reduce costs and meet short-term funding needs. (2) Medium to Long-term Funding Needs: Obtain medium to long-term credit lines from financial institutions and reduce the cost of capital through project-based borrowing.	
III. Environmental Issues (I) Has the Company established appropriate environmental management system by nature of its industry?	V		(I) Promote the concept of recycling to reduce the load on the environment. The Company has acquired Environmental management systems ISO 14001 and Occupational health and safety	Comply with the "Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"

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<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td>management systems certificate, and handling matters in accordance with the abovementioned Environmental management systems. The Company abides by the requirements of environmental regulation, and report and monitor regularly.</td><td></td></tr>
<tr><td>(II) Has the Company made effort in upgrading energy efficiency and using regenerated materials for mitigating the impact on the environment?</td><td>V</td><td></td><td>(II) The Company has established occupational safety and health brochure, which regulates the utilization of various resources, internationally banned substances, etc. By the means of inconsistent advocacy to reach the effect of implementing. The Company and its subsidiaries produce energy-saving products. The waste generated during the manufacturing process is transferred to the waste-treatment facilities for recycling and reuse. The sum of volume of waste disposed and volume of recyclables in the most recent year was 40.34 tons.</td><td></td></tr>
<tr><td>(III) Has the Company assessed the potential risk and opportunity to the enterprise brought about by climate change, and taken appropriate measures in responding to climate change issues?</td><td>V</td><td></td><td>(III) The Company actively responds to the risks associated with climate change by implementing relevant countermeasures. Summary of these measures is as follows:
<table><tr><th>Type</th><th>Evaluation</th><th>Countermeasures</th></tr></table></td><td></td></tr>
</table>

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<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Carbon reduction management</td><td>Greenhouse Gas Emission Reduction Responsibility</td><td>Establish an emission data management system, implement data management, and find improvement opportunities.</td></tr>
<tr><td>Energy efficiency</td><td>Improve the working environment and enhance energy efficiency</td><td>Strengthen energy efficiency evaluation, invest in energy controls, and promote energy transition to achieve carbon reduction</td></tr>
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</td><td></td></tr>
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Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			goals.	
(IV) Does the Company record the amount of greenhouse gas emissions, water usage and the total weight of waste for the last two years and formulate policies on reducing greenhouse gas emissions, water usage reduction or other waste management?	V		(IV) The statistics of the last two years of the Company: 1. Greenhouse gas: None. 2. Water usage: 14834 cubic meters, 14290.1 cubic meters 3. Waste: (1) Hazardous waste: 87.87 cubic meters, 40.34 cubic meters (2) Non-hazardous waste: 313 cubic meters. 319 cubic meters. The Company has formulated waste management procedures and noise management procedures. hazardous substances management procedures, chemicals management procedures and wastewater treatment procedures to conduct relevant control and minimize contamination.	Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company supports and adheres to the spirit and fundamental principles of human rights protection as advocated in various international human rights conventions such as the Universal Declaration of Human Rights, the United	Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			Nations Global Compact, and the International Labour Organization. We have formulated the Company's human rights policy to implement the aforementioned commitments and fully embody the responsibility to respect and protect human rights, ensuring that all members, both internally and externally, receive fair and dignified treatment. The Company is committed to upholding the rights of its employees, respecting workplace equality, providing equal employment opportunities for both men and women, striving to provide comprehensive and excellent benefits, and signing written labor contracts with each employee in accordance with the law to safeguard labor rights. Additionally, we have established accessible channels for complaints. Should any colleague encounter issues within the company, they can file complaints through these channels, thereby creating a diverse, inclusive, and friendly working environment.	
(II) Does the company formulate and implement	V		(II)1. The Company promotes Act of Gender	Comply with the “Sustainable

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
reasonable employee benefit policies (including remuneration, leave and other benefits), and properly relate operating performance or results to employee remuneration?			Equality. The Company's female employees accounted for 55%, and the female managers accounted for 30%. 2. The Company safeguards employees' lawful rights and interests in accordance with labor regulations and allocates funds for retirement benefits. We establish a Employee Welfare Committee to handle various welfare matters, and in accordance with Article 26 of the Company's Articles of Association, "After deducting accumulated losses from the profits of the current year, if there is still a surplus, the surplus shall be allocated to employee compensation at a rate of 3.5% to 7%." The Company, based on the achievement of actual operational results, determines compensation proportions from management indicators, departmental objectives, and individual performance evaluations, calculated according to performance management regulations. Reasonable remuneration is provided to appropriately reflect operational performance or	Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			achievements in employee salaries.	
(III) Does the Company offer a safe and healthy working environment for its employees and conduct safety and health education for employees on a regular basis?	V		(III)1. The Company regularly conducts employee health checkups every year, and regularly implement safety and health education for employees. 2. The Company promotes 6S movement. We provide our employees with a clean and tidy environment and provide safety protection equipment required for employee safety and health. The executives and Safety and Health Office of the Company inspect the working environment regularly. 3. In the most recent year, there was 0 internal significant occupational accident in the workplace. The Company continuously focuses on promoting on-site work safety and the right operating procedures. 4.During the recent fiscal year, there were zero fire incidents, resulting in no casualties. The Company continues its fire prevention training, formulates fire protection plans, and implements fire and electricity management, maintenance of fire safety equipment and fire	Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			evacuation facilities, fire suppression, notification, and evacuation training according to the plan.	
(IV) Does the Company provide its employees with career development and training sessions?	V		(IV) The Company plans an annual education and training plan every year to provide relevant training for employees' job capabilities, including new employee orientation, on-the-job training, and training for management level. The total number of employee education and training classes is 159, and the total number of participants is 5,696. The total hour is 10,764. The total training expenses are NTD246,055.	
(V) Does the Company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?	V		(V) The Company has acquired ISO9001, ISO14001, ISO45001 and IATF16949 certificate. Based on the conditions of quality, ability and environmental protection policy, the Company cooperates with high-quality suppliers for long-term cooperation to fulfill corporate social responsibilities. Meanwhile, the Company complies with the regulations of RoHS. The Company maintains a good communication channel with customers and has stipulated the customer complaint management	

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			measures for the products and services provided. By this means, the Company can effectively handle customer complaints.	
(VI) Does the Company formulate supplier management policies, require the suppliers to comply with relevant rules regarding the environment, occupational safety and health, labor rights or other issues, and report the results of the implementation?	V		(VI) The Company has established a Supplier Management Department and formulated clear and comprehensive supplier management policies. Through these policies and suppliers' commitments to social responsibility, the Company ensures that suppliers adhere to high standards in environmental protection, occupational health and safety, and labor rights. In terms of policy implementation, the Company employs measures such as self-assessment, guidance, and performance evaluations to ensure that suppliers not only understand but also actively practice these policy requirements. This strengthens the management of suppliers, and the Company may discontinue unnecessary dealings with suppliers found to violate corporate social responsibility.	Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”

<table>
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<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td>V. Does the company refer to international compilation standards or guidelines to prepare the report on Corporate Social Responsibility and other reports which disclose information other than financial information? Were the disclosed reports assured or verified by a third party?</td><td>V</td><td></td><td>The Company has not reached the legitimate capital of NTD2,000,000 thousand. According to the regulations and the laws, the Company should prepare and disclose non-financial information. The Company will abide by the regulations and the laws step by step. Also, the Company will disclose information on corporate social responsibility of sustainable development on the Company’s website, annual report.</td><td>No deviation.</td></tr>
<tr><td colspan="5">VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” (“Principles”), please describe any discrepancy between the “Principles” and their implementation:
The Company formulated the “Corporate Social Responsibility Best Practice Principles” of the Company in 2017 by the relevant operation of corporate governance and has implemented according to the relevant regulations. Additionally, the revised version of the principles was approved by the board of directors in April 2020, and it was renamed the “Sustainable Development Best Practice Guidelines.” This renaming reflects the Company's commitment to strengthening the implementation of sustainable development and ensuring strict compliance with principles.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices
(I) Safety & Health: The Company and our subsidiaries have set up dedicated personnel for environmental management. The Company regularly holds environmental-related education courses and is committed to the promotion of safety & health policies. Also, the Company has consistently improved manufacturing process and working environment. With the efforts made by employees, the Company improves occupational safety & health performances.
(II) Provide equal employment opportunity: The company and its subsidiaries employ employees regardless of race, gender, age, political affiliation, or religious belief. The Company takes professional knowledge, skills, etc. into consideration for employment, providing candidates equal employment opportunities.
(III) Social Welfare: The Company encourages employees to engage in social welfare and care activities. In 2023, through tangible actions, including donating 50% of the proceeds from Thanksgiving dinner interactive game activities, we supported the Garden of Hope Foundation to promote social service care for women and children. We actively backed local cultural events, donating to support the Wuci Yongtian Temple and Chaoyuan Palace</td></tr>
</table>

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<tr><td colspan="5">Mazu Pilgrimage Blessing activities, offering employees the chance to participate in spiritual activities. We organized a Yulong employee blood donation event, inviting colleagues and other companies within the park to promote blood donation, saving lives, and spreading love. Regular scholarships are provided to support economically disadvantaged students, enhancing their development; and we organize factory visits to help youth understand the workplace and find their future career direction.
(IV) Industry-Academia Collaboration: The Company has signed industry-academia collaboration agreements with various universities and vocational training centers to provide employment and learning opportunities in the workplace.</td></tr>
</table>

VI. Internal Control System

(I) Statement of Internal Control System

TURVO INTERNATIONAL CO., LTD.

Statement of Internal Control System

7 March 2024

Based on the findings of a self-assessment, TURVO INTERNATIONAL CO., LTD. states the following with regard to its internal control system during the year 2023:

1. TURVO INTERNATIONAL CO., LTD.' s board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and TURVO INTERNATIONAL CO., LTD. takes immediate remedial actions in response to any identified deficiencies.
3. TURVO INTERNATIONAL CO., LTD. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. TURVO INTERNATIONAL CO., LTD. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, TURVO INTERNATIONAL CO., LTD. believes that, on 31 December 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of TURVO INTERNATIONAL CO., LTD.'s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal

liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This Statement was passed by the Board of Directors in their meeting held on 7 March 2024, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

TURVO INTERNATIONAL CO., LTD.

Chairman: LIU, CHUN-CHANG

Chief Executive Officer: TSAI,MING-TUNG

(II) If a CPA is appointed to conduct a special audit on the internal control system, disclose the Auditor’s Report: None.

(III) The Company and insiders were punished under law or punished due to the violation of internal control system by insiders in the previous period to the date this report was printed, the major defect and the status of rectification: None.

VII. Information on CPA Fees

(I) Information on CPA (External Auditor) Professional Fees:

1. The amount of payment to the CPAs of the Company and the CPA firm for audit and non-audit services and the content of the services specified as follows:

Unit: NTD (in thousands)

<table>
<tr><th>Name of CPA firm</th><th>Name of CPA</th><th>Period covered by CPA’s Audit</th><th>Audit Fees</th><th>Non-audit fees (Note)</th><th>Total</th><th>Remark</th></tr>
<tr><td rowspan="2">EY Taiwan</td><td>MING-HUNG,CHEN,</td><td>1 January 2023 ~ 31 December 2023</td><td rowspan="2">2,700</td><td rowspan="2">368</td><td rowspan="2">3,068</td><td rowspan="2"></td></tr>
<tr><td>WEN-CHEN,LO</td><td>1 January 2023 ~ 31 December 2023</td></tr>
</table>

Note: Transfer Pricing Report was NTD190thousand. Other covered expenses were NTD178 thousand.

II. If the payment for CPAs audit services in the year of replacement of CPAs firm was less than the amount paid for the audit services of the previous year, disclose the amount of auditing fee reduced, the ratio of reduction and the reason: Not applicable.

III. If the auditing fee reduced by more than 10% from the same period of the previous year, disclose the amount reduced, the ratio and the reason: Not applicable.

VIII. Replacement of CPA

If there was CPA being replaced in the last two years and thereafter: Yes.

Due to regulatory requirements and the internal rotation mechanism of the executing accounting firm, starting from Q1 of 2023, the CPAs for the Company's financial statements have been changed from Huang, Tzu-Ping and Huang, Yu-Ting to Chen, Ming Hung and Lo, Wen Chen.

1. Information regarding the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="3">First quarter of 2023</td></tr>
<tr><td>Reason and Explanation for the Replacement</td><td colspan="3">Due to regulatory requirements and the internal rotation mechanism of the executing accounting firm</td></tr>
<tr><td rowspan="2">whether it was the certified public accountant that voluntarily ended the</td><td>Parties involved
Situation</td><td>CPA</td><td>Company</td></tr>
<tr><td>voluntarily ended the engagement</td><td colspan="2">N/A, due to the internal rotation in the accounting firm</td></tr>
</table>

<table>
<tr><td>engagement or declined further engagement or the company that terminated or discontinued the engagement</td><td colspan="3">declined further engagement</td><td></td></tr>
<tr><td>Opinion and reason of issuing an audit report expressing other than an unqualified opinion during the 2 most recent years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Whether there were any different opinions with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Financial report disclosure</td></tr>
<tr><td></td><td colspan="2">auditing scope or procedure</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>No</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Other disclosure items (Disclosure required for the Item 1-4 to 1-7, Subparagraph 6, Article 10 of the regulations)</td><td colspan="4">None</td></tr>
</table>

2. Information Regarding the Successor CPAs

Name of the accounting firm	EY Taiwan
Name of the certified public accountant	Chen, Ming Hung, Lo, Wen Chen
Date of engagement	From Q1 of 2023
Prior to the engagement of the successor certified public accountant, the consultations and the consultation results of the Company consulted the newly engaged accountant regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial report	None
The written views from the successor certified public accountant regarding the matters on which the company did not agree with the	None

former certified public accountant	

3. The reply letter from the former certified public accountant pursuant to Item 1 and 2-3, Subparagraph 6, Article 10 of the regulations: N/A

(III) If the Company's Chairman, Director, President, manager in charge of financial or accounting affairs, worked in the CPA firm or its affiliated companies in the most recent year: None.

(IV) CPA's independence evaluation:

Items Evaluated	Evaluation Result	Independence Status
1. There has no direct or indirect material financial interest relationship between the CPAs and the Company.	Yes	Yes
2. There has no material and close business relationship between the CPAs and the Company.	Yes	Yes
3. There has no potential employment relationship during the period of auditing the Company.	Yes	Yes
4. The CPAs have no money loan situation with the Company.	Yes	Yes
5. The CPAs did not accept gifts or gifts of great value from the Company and its Directors and Manager. (The gifts' value is beyond social etiquette standards)	Yes	Yes
6. The CPAs did not provide the Company audit service for seven consecutive years.	Yes	Yes
7. The CPAs did not hold any of the Company's shares.	Yes	Yes
8. The CPAs, their spouses or dependent relatives, and their audit team did not serve as Directors, Managers or hold positions that have a significant impact on audit cases during the audit period or in the past two years.	Yes	Yes
9. Whether the CPAs have complied with the independence regulations of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China Bulletin No.10 and has acquired "Declaration of Independence" from the CPAs.	Yes	Yes

IX. The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year

(I) Summary of Resignations and Dismissals of Key Personnel of the Company:

31 March 2024

Title	Name	Date of Taking Office	Date of Dismissal	Reasons for resignation or dismissal
Accounting Supervisor	WU, HSIAO-JUI	8 November 2010	20 March 2024	Discharge of accouting supervisor

(II) The relevant personnel of the Company and the transparency of financial information have obtained the relevant certificates and licenses designated by the competent authority:

Name	The relevant certificates and licenses designated by the competent authority
WU, HSIAO-JUI	CPA certificate of R.O.C.

(III) In case the chairman, president, financial or accounting manager of the Company who has been employed by the CPA firm retained for services or its affiliates within the most recent year, disclose the name, occupational title, and the duration of employment by the CPA firm or its affiliates. The "affiliates" of the CPA firm refers to the accountants of the CPA firm holding more than 50% of the shares or obtaining more than half of the directors' seats, or the companies or institutions listed in the information released or published by the CPA firm: None.

(IV) The Company abides by the formulation or revision of relevant laws and regulations of the securities authority. The Company has formulated "Rules Governing the Prohibition of Insider Trading" and "Procedures for Handling Material Inside Information" and are served as the basis for the Company's material information processing and disclosure. The Company reviews the measures from time to time to meet current laws and practical management needs. These measures have been announced on the internal website for managers and employees to review at any time and notices the insiders of the Company the matters they have to pay attention to that is related to material inside information from time to time.

(I) The query method of the Company's formulation of its Guidelines of Corporate Governance and relevant regulations:

The Company's website has established a corporate governance corner, providing investors to download and inquire relevant regulations on corporate governance. And it will be disclosed on Market Observation Post System.

The website address of Market Observation Post System: http://newmops.tse.com.tw
The Company's website: http://www.turvo.com.tw

(II) Other important information sufficient to enhance the understanding of the operation status of corporate governance:

In response to the Company's operation need and in accordance with the formulation and revision of the laws, the Company has formulated the procedure of relevant measures and internal operating regulations to improve operational efficiency and risk control mechanism. And further improve the implementation on corporate governance.

The Company also encourages the Directors to participate in the relevant courses of corporate governance. Every year, the Company arranges corporate governance and professional knowledge courses according to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." For details on content of courses, please refer to Directors' continuing education status on page 78 of the annual report.

IV. Capital Overview

I. Capital and Shares

(I) Sources of Capital

1. Capital formation process

15 April 2024 Unit: 1,000 shares; NTD thousands

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
December 1987	1,000	2	2,000	2	2,000	Established at 2,000	None.	Letter (76) Qi-Liu-Jian-San-Jia-Zi No. 377962 dated 29 December 1987
March 1995	1,000	5	5,000	5	5,000	Raising capital of 3,000 through offering new shares	None.	Letter (84) Ba-Si-Jian-Er-Zi No. 377962 dated 30 March 1995
July 1999	1,000	15	15,000	15	15,000	Raising capital of 10,000 through offering new shares	None.	Letter (88) Zhong-Ban-San-Zi No. 652718 dated 28 July 1999
December 2003	1,000	20	20,000	20	20,000	Raising capital of 5,000 through offering new shares	None.	Letter (92) Jing-Shou-Zhong-Zi No. 09233222820 dated 30 December 2003
December 2005	1,000	22	22,400	22	22,400	Capitalization of retained earnings into new shares amounting to 2,400	None.	Letter (94) Jia-Shou-Gang-Zi No. 09424000590 dated 27 December 2005
December 2006	10	15,000	150,000	2,380	23,800	Capitalization of retained earnings into new shares amounting to 1,400	None.	Letter (95) Jia-Shou-Gang-Zi No. 09524000830 dated 19 December 2006
July 2008	10	15,000	150,000	2,680	26,799	Capitalization of retained earnings into new shares amounting to 2,999	None.	Letter (97) Jia-Shou-Gang-Zi No. 09724000680 dated 11 July 2008
July 2009	10	15,000	150,000	2,822	28,219	Capitalization of retained	None.	Letter (98) Jia-Shou-Gang-Zi No.

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						earnings into new shares amounting to 1,420		09824000450 dated 6 July 2009
October 2009	99.03	15,000	150,000	2,973	29,733	Raising capital of 1,514 through offering new shares	None.	Letter (98) Jia-Shou-Gang-Zi No. 09824000650 dated 7 October 2009
December 2009	210	15,000	150,000	3,347	33,474	Raising capital of 3,741 through offering new shares	None.	Letter (98) Jia-Shou-Gang-Zi No. 09824000890 dated 16 December 2009
January 2010	210	15,000	150,000	3,682	36,818	Raising capital of 3,344 through offering new shares	None.	Letter (99) Jia-Shou-Gang-Zi No. 09900500040 dated 8 January 2010
May 2010	10	50,000	500,000	19,200	191,999	155,181 Capitalization of additional paid-in capital into new shares amounting to 155,181	None.	Letter (99) Jia-Shou-Gang-Zi No. 09900500360 dated 28 May 2010
May 2010	10	50,000	500,000	25,382	253,818	Capitalization of retained earnings into new shares amounting to 61,819	None.	Letter (99) Jia-Shou-Gang-Zi No. 09900500360 dated 28 May 2010
June 2010	50.5	50,000	500,000	30,382	303,818	Raising capital of 50,000 through offering new shares	None.	Letter (99) Jia-Shou-Gang-Zi No. 09900500460 dated 21 June 2010
August 2011	10	50,000	500,000	34,133	341,330	Capitalization of retained earnings and employee bonuses into new shares amounting to	None.	Letter (100) Jia-Shou-Gang-Zi No. 10000500750 dated 7 August 2011

Month/ Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						37,512		
November 2011	63	50,000	500,000	37,468	374,680	Raising capital of 33,350 through offering new shares	None	Letter (100) Jia-Shou-Gang-Zi No. 10000500960 dated 29 November 2011
September 2013	10	50,000	500,000	41,215	412,148	Capitalization of retained earnings into new shares amounting to 37,468	None	Letter (102) Jia-Shou-Gang-Zi No. 10200500930 dated 18 September 2013
September 2014	92	50,000	500,000	49,215	492,148	Raising capital of 80,000 through offering new shares	None	Letter (103) Jia-Shou-Gang-Zi No. 10300500760 dated 17 September 2014
October 2018	10	80,000	800,000	60,288	602,881	Capitalization of retained earnings into new shares amounting to 110,733	None	Letter (107) Jia-Shou-Gang-Zi No. 1074003067 dated 17 October 2018

2. Type of Stock

15 April 2024 Unit: shares

Share Type	Authorized Capital			Remarks
	Shares Outstanding (Note)	Un-issued Shares	Total Shares	
Common shares	Issued shares 60,288,089	19,711,911	80,000,000	

Note: Specify if the shares are listed at TWSE or TPEx (specify if the shares are restricted for repurchase from TWSE or TPEx).

3. Information for Shelf Registration: Not applicable.

(II) Shareholder Composition:

15 April 2024 Unit: persons; shares; %

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	2	281	29,879	105	30,267
Shareholding (shares)	-	263,427	27,863,653	22,707,240	9,453,769	60,288,089
Proportion of shareholding	-	0.44%	46.22%	37.66%	15.68%	100.00%

(III) Distribution of Shareholding

1. Dispersion of shareholding in common shares

15 April 2024

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Proportion of shareholding
1-999	25,100	377,795	0.63
1,000-5,000	4,415	7,351,801	12.19
5,001-10,000	366	2,808,435	4.66
10,001-15,000	107	1,321,199	2.19
15,001-20,000	66	1,206,694	2.00
20,001-30,000	71	1,820,269	3.02
30,001-40,000	37	1,304,834	2.16
40,001-50,000	19	874,819	1.45
50,001-100,000	34	2,415,216	4.01
100,001-200,000	21	3,070,279	5.09
200,001-400,000	18	4,808,328	7.98
400,001-600,000	4	2,016,400	3.34
600,001-800,000	2	1,333,780	2.21
800,001-1,000,000	-	-	-
1,000,001 and above	7	29,578,240	49.07
Total	30,267	60,288,089	100.00

2. Dispersion of shareholdings in preference shares: The Company has not issued preference shares.

(IV) List of Major Shareholders

The names, number of shares held and shareholding ratio of the top 10 shareholders or shareholders with a shareholding ratio of 5% or mor

15 April 2024 Unit: shares; %

Shares / Shareholder's Name	Shareholdings (shares)	Proportion of shareholding
Zeng Hsing Industrial Co., Ltd.	14,444,000	23.95%
Goodway Machine Corp.	6,066,216	10.06%
Awea Mechantronic Co., Ltd.	2,873,000	4.77%
Hongli Investment Co., Ltd.	2,014,410	3.34%
Merrill Lynch International Company investment account custodies by HSBC.	1,459,000	2.42%
Morgan Stanley International Limited investment account custodies by HSBC.	1,361,015	2.26%
LIU, CHUN-CHANG	1,360,599	2.26%
SZU, CHING-HSING	717,780	1.19%
CHAO,FANG-YANG	616,000	1.02%
UBS (Luxembourg) Securities fund custodies by HSBC- Asian Smaller Companies USD	544,000	0.90%

(V) Movement in shareholdings of directors, supervisors, managers and shareholders with more than 10% shareholding

Changes in Shareholding Percentages by Directors, Supervisors, Management and Shareholders with 10% Ownership or More

Unit: shares

Title	Name	2023		As of 15 April 2024	
		Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged
Director	Zeng Hsing Industrial Co., Ltd.	331,000	–	–	–
	Representative: LIU, CHUN-CHANG				
	Representative: LIN, CHIH-CHENG				
	Representative: LIU, TUNG-LIANG				
	Representative: SZU, CHING-HSING				
	Representative: TSAI, CHUNG TING				
Shareholders with shareholding exceeding 10%	Zeng Hsing Industrial Co., Ltd.	331,000	–	–	–

Title	Name	2023		As of 15 April 2024	
		Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged
Shareholders with shareholding exceeding 10%	Goodway Machine Corp.	30,000	—	—	—
Director	Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA	—	—	—	—
Independent Director	HUANG, LI-HEN	—	—	—	—
Independent Director	I, CHANG-YUN	—	—	—	—
Independent Director	LO, SHIH-MIN	—	—	—	—
Chief Executive Officer	TSAI, MING-TUNG	—	—	—	—
Business Division Vice President spokesperson	WU, CHIH-JUNG(Note 1)	—	—	—	—
Product Division Vice President	LIN, SHU-TA	—	—	—	—
Vice President, Taiwan Factory (Turvo)	CHIANG, CHENG-CHI	—	—	—	—
Vice President, Thailand (MAST)	CHEN, PING-HO	—	—	—	—
Director, Zhejiang factory (Yuzua	TSAI, CHENG-CHIH	—	—	—	—
Director, Zhejiang factory (Yuzua	HUANG, CHEN-LING (Note 2)	—	—	—	—
Director R&D Division	LIN, CHING-HSUN	—	—	—	—
Director,	PAN, HUAI-CHI	—	—	—	—
Chief engineer and R&D supervi	CHANG, YU-TSUNG	—	—	—	—
Director , Head Office	CHANG, PU-CHING(Note 3)	—	—	—	—
Director,Finance Management Department,Finance supervisor	WU, HSIAO-JUI (Note 4)	—	—	—	—
Director,General Manager Office and Corporate Governance Supervisor	LEE, YI-YEN(Note 5)	—	—	—	—
Manager, Auditing Office	LAN, MENG-CHEN	—	—	—	—
Manager, Finance and Accounting Supervisor	WU, PEI-CHEN (Note 6)	—	—	—	—

Note 1: WU, CHIH-JUNG assumed the role of spokesperson on 4 May 2023.
Note 2: HUANG, CHEN-LING resigned on 3 March 2023.
Note 3: CHANG, PU-CHING resigned on 10 September 2023.
Note 4: WU, HSIAO-JUI was removed from the position of corporate governance officer on 3 November 2023, and was dismissed as accounting officer on 20 March 2024.
Note 5: LEE, YI-YEN assumed the position of corporate governance officer on 3 November 2023.
Note 6: WU, PEI-CHEN assumed the position of accounting officer on 20 March 2024.

(VI) Information on the transfer of shareholding where the counterparty is a related party: None.

(VII) Information on the pledge of shares where the counterparty is a related party: None.

(VIII) Market value, book value, earnings, dividends per share and related information for the last two years

Unit: NTD; thousand shares

Item/ Year			2022 (Note 1)	2023	31 March 2024
Market Value per Share	Highest		127.00	154.00	148.00
	Lowest		88.00	98.00	125.00
	Average		110.92	131.21	136.51
Book Value per Share	Before Distribution		56.96	59.27	63.40
	After Distribution		50.96	(Note 2)	—
Earnings per Share	Weighted Average Shares (thousand shares)		60,288	60,288	60,288
	Earnings per Share	Before Retroactive Adjustment	10.32	8.86	2.48
		After Retroactive Adjustment	10.32	8.86	2.48
Dividends per Share	Cash Dividends		6.00	5.30 (Note 2)	N/A
	Stock Dividends	Dividends from Retained Earnings	-	-	N/A
		Dividends from Additional Paid-in Capital	-	-	N/A
	Accumulated Undistributed Dividends		-	-	N/A
Analysis of return on investment (ROI)	Price / Earnings Ratio		10.75	14.81	N/A
	Price / Dividend Ratio		18.49	24.76	N/A
	Cash Dividend Yield Rate		5.41%	4.04%	N/A

Note 1: The appropriation of earnings for 2022 was approved by the board of directors on 4 May 2023 to distribute a cash dividend of NTD6 per shar.

Note 2: The appropriation of earnings for 2023 was approved by the board of directors on 7 March 2024 to distribute a cash dividend of NTD5.3 per share.

(IX) The Information show Name and Relationship between the Companies Top Ten Shareholders, or Spouses or Relatives within Two Degrees

15 April 2024; Unit: shares; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Title (Name)	Relationship	
Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG	14,444,000	23.95%	-	-	-	-	LIU, CHUN-CHANG	Institutional shareholder director representative	
							SZU, CHING-HSING	Institutional shareholder director representative	
Goodway Machine Corp Representative: YANG, TE-HWA	6,066,216	10.06%	-	-	-	-	Awea Mechantronic Co., Ltd.	The Chairman is the same person	
							LIU, CHUN-CHANG	The Director of the Company	
Awea Mechantronic Co., Ltd. Representative: YANG, TE-HWA	2,873,000	4.77%	-	-	-	-	Goodway Machine Corp	The Chairman is the same person.	
Hongli Investment Co., Ltd. Representative: WANG CHENG XUAN	2,014,410	3.34%	-	-	-	-	None.	None.	
Merrill Lynch International Company investment account custodies by HSBC.	1,459,000	2.42%	-	-	-	-	None.	None.	
Morgan Stanley International Limited investment account custodies by HSBC.	1,361,015	2.26%	-	-	-	-	None.	None.	
LIU, CHUN-CHANG	1,360,599	2.26%	-	-	-	-	Zeng Hsing Industrial Co., Ltd.	Institutional shareholder director representative	
							Goodway Machine Corp	The Director of the Company	
SZU, CHING-HSING	717,780	1.19%	-	-	-	-	Zeng Hsing Industrial Co., Ltd.	Institutional shareholder director representative	
CHAO,FANG-YANG	616,000	1.02%	-	-	-	-	None.	None.	
UBS (Luxembourg) Securities fund custodies by HSBC-Asian small business USD investment account.	544,400	0.90%	-	-	-	-	None.	None.	

(X) The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and any Companies Controlled either Directly or Indirectly by the Company

31 December 2023 Unit: thousand shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
TIPO International Co., Ltd.	31,133	100%	-	-	31,133	100%
Hong Kong Xinfeng Enterprise Limited	(Note 1)	100%	-	-	(Note 1)	100%
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	(Note 1)	100%	-	-	(Note 1)	100%
TURVO International Co., Ltd	(Note 1)	100%	-	-	(Note 1)	100%
T&M Joint (Cayman) Holding Co., Ltd.	4,913	35.71%	1,842	13.39%	6,755	49.10%
Matec Southeast Asia (Thailand) Co., Ltd.	216	99.99%	-	-	216	99.99%
TUF Technology Co., LTD.	90	100%	-	-	90	100%

Note 1: The Company is registered as a limited company and therefore no shares were issued.

(XI) Dividend Policy and Implementation Status

1. Dividend policy as set out in the Articles of Incorporation

If earnings are available for distribution at the end of a year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The board of directors will consider the above-mentioned factors when making the dividend distribution proposal. Dividends will be distributed in accordance with the resolution approved by the board of directors and at the annual shareholders' meeting.

In accordance with Paragraph 5, Article 240 of the Company Act, a company may, by a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares of the company, have the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares to be issued by the company for such purpose as stipulated in Paragraph 1, Article 241 of the Company Act, and reported to the shareholders' meeting.

The Company is growing and in view of its capital expenditure, business expansion and sound financial planning for sustainable development, the Company's dividend policy is to appropriate 20% or more of the available earnings for dividend distribution in accordance with the Company's future budget for capital expenditure and funding requirements. The distributable earnings of the year shall be distributed to shareholders in the form of stock dividends and cash dividends, based on the retained earnings of the year as stipulated in the first paragraph, with the cash dividend ratio of not less than 30% of the total dividends to shareholders. However, the type and rate of distribution of such earnings may be adjusted by resolution of the shareholders' meeting after the board of directors has prepared a proposal for distribution, which is subject to the actual profitability and capital position of the year.

2. Proposal of/ Proposed Distribution of Dividend

The board of directors' meeting resolved on 7 March 2024 to distribute cash dividends of NTD5.3 per share from earnings for 2023, amounting to NTD319,527 thousand. The chairman is authorized to determine the ex-dividend date, distribution date and other related matters.

(XII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(XIII) Compensation of employees, directors, and supervisors

1. Information on Compensation of employees, directors and supervisors as set out in the Articles of Incorporation

As stipulated in the Company's Articles of Incorporation, the Company shall appropriate 3.5% to 7% of compensation to employees and no more than 1.7% of compensation to Directors based on the profitability of the year (i.e., profit before tax less compensation to employees and directors) after deducting accumulated deficits. A 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, have the profit distributable as employees' compensation and submitted to the shareholders' meeting. Employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, are required to meet certain requirement to be entitled to receive shares or cash.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

   The compensation to employees and directors for 2023 was made in accordance with the provisions of the Company's Articles of Incorporation and was approved by the board of directors on 7 March 2024.. If the actual amount of distribution differs materially from the amount resolved by the board of directors, the change in accounting estimate is accounted for and the effect of such change is recognized in profit or loss in the following year.

3. Distribution of compensation of employees, directors, and supervisors approved by the board of directors

   (1) Distribution of cash bonuses or stock bonuses to employees, and remuneration to directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, reasons therefor, and how it is treated shall be disclosed.

   The proposed distribution of compensation to employees and remuneration to directors by the board of directors on 7 March 2024 is as follows and there is no discrepancy with the estimated amount in the year in which the expense is recognized.

   A. Compensation of employees (Cash): NTD21,805,411.
   B. Compensation of employees (Stocks): NTD0.
   C. Remuneration of directors: NTD10,010,667.

   (2) The amount of any proposed distribution of employee stock bonuses, and as a percentage of the sum of the current after-tax net income and total employee bonus.

   The distribution of the Company's 2023 earnings is not to be distributed to employees in the form of stocks and therefore is not applicable.

4. The actual distribution of employee bonus and remuneration to directors/supervisors for the previous fiscal year (including the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonus and director/supervisor compensation, additionally the discrepancy, reasons therefor, and how it is treated.

   The Company's board of directors resolved on 9 March 2023 to distribute employees' compensation and remuneration to directors for 2022. The actual amounts distributed are as follows and are not materially different from the amounts posted to the account.

   A. Compensation of employees (cash): NTD27,591,816.
   B. Compensation of employees (stocks): NTD0.

C. Compensation of directors: NTD12,727,172.

(XIV) Buy-back of stock: None.

II. Corporate Bonds

None.

III. Preferred Shares

None.

IV. Global Depository Receipts

None.

V. Employee Share Subscription Warrants

None.

VI. New Restricted Employee Shares

None.

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

None.

VIII. Financing Plans and Implementation

The company has no such issues or placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits.

V. Operational Highlights

I. Business Content

(I) Business Scope

1. The main business content of the Company

The Company's main business activities are processing, manufacturing, and trading of precision metal parts such as automotive industry, medical industry, industrial industry, household application industry and optical industry. The product scope of the Company's business includes:

1. CE01030 Optical Instrument Manufacturing
2. CB01010 Machinery and Equipment Manufacturing
3. F113010 Machinery Wholesale Industry
4. F213080 Retail Sale of Machinery and Equipment
5. CB01990 Other Machinery Manufacturing (Machine Parts)
6. F106010 Wholesale of Ironware
7. F206010 Retail Sale of Ironware
8. CP01010 Hand Tool Manufacturing
9. F401010 International Trade
10. CD01030 Automobiles and Parts Manufacturing
11. CC01080 Electronic Parts and Components Manufacturing
12. F113030 Wholesale of Precision Instruments
13. F199990 Other Wholesale Trade
14. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

2. Operating Ratio

Unit: NTD (in thousands); %

Year / Main Product	2023	
	Sales Amount	Operating Ratio
Precision metal parts	3,337,485	100.00%
Other	-	-
Total	3,337,485	100.00%

3. The Company's current merchandise (service) items

The Company mainly produces automotive engine systems, drivetrain systems, brake systems, fuel cells, bicycles, medical equipment, connectors, sensors, temperature control equipment for aerospace and industrial communication applications, and other processed and manufactured precision metal parts.

4. New products (services) planned for development

Provide complete module machining solutions, including surface treatments, turning, milling, drilling, grinding, forging, stamping, injection, press and assembly, etc. high value-added products and services.

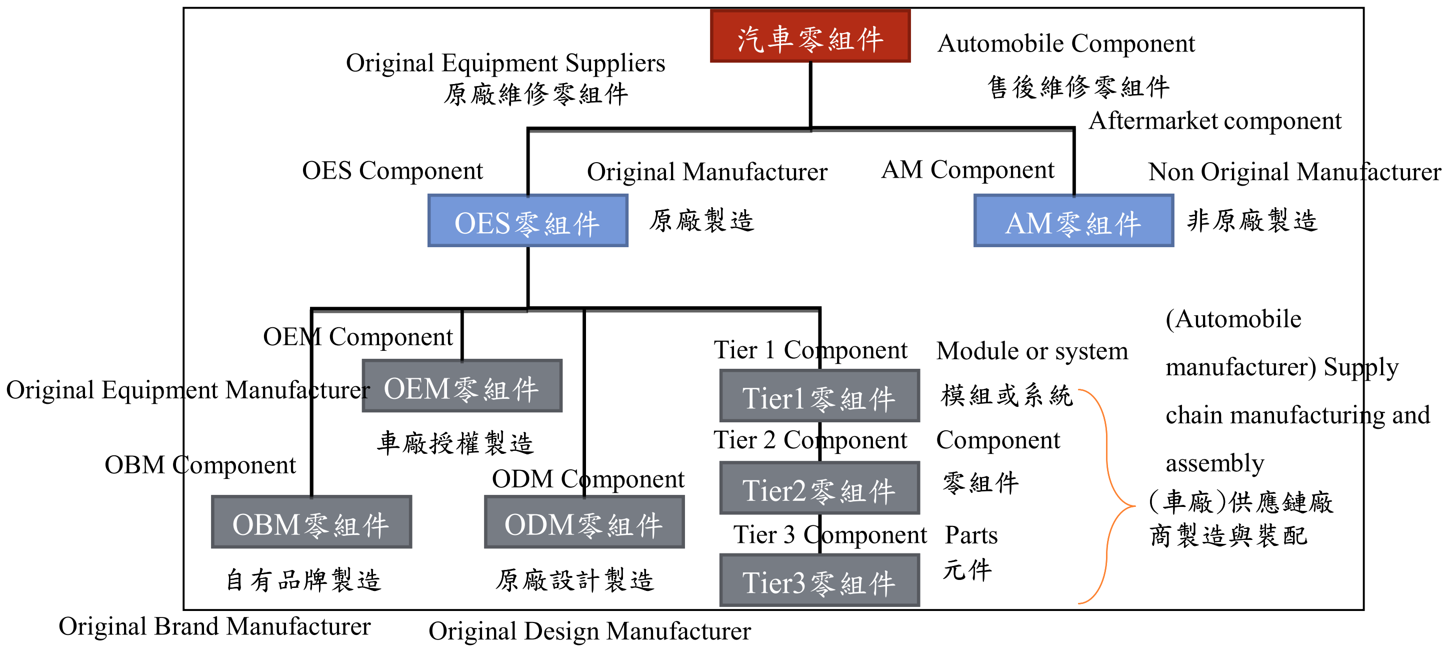
(II) Industry Outlook

1. Current status and development of the industry

The Company’s main business contents are automotive industry, medical industry, industrial industry, family application industry, optical industry, etc. processed products of precision metal parts. Automotive parts, bicycles, and medical equipment components account for a higher proportion of operating ratio. Therefore, the Company is highly related to the automotive industry, bicycle components and medical industry. The Company’s current status and development of the industry are further demonstrated through the development of automotive parts, bicycle parts and medical equipment.

(1) Automotive parts market overview

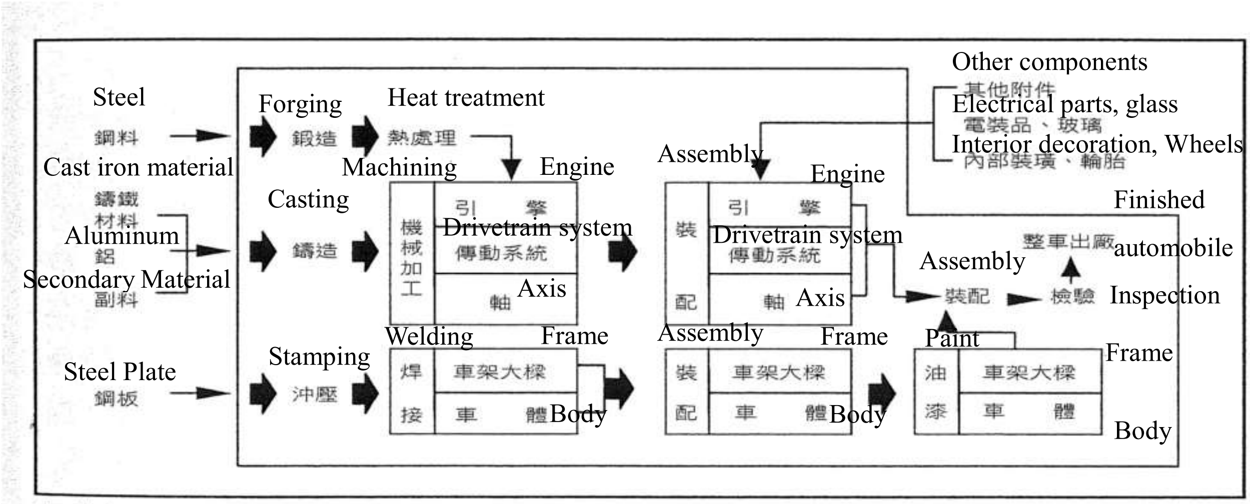
Types of international division of labor in the automobile components industry



Data source: IEK of Industrial Technology Research Institute (May 2013)

The automotive industry is a high-precision, technical, and highly integrated comprehensive industry. The product development cycle is relatively long, typically lasting around three to four years, involving processes from market research, product research and development, and manufacturing, to sales and feedback. The production process is very complex and wide-ranging, requiring coordination among hundreds of satellite suppliers, and involves collaboration from various sectors to ensure smooth operations. The automotive industry requires a multitude of components, with the number of required components typically ranging between 8,000 to 15,000, depending on the complexity of the equipment. These components utilize various materials, including steel, non-ferrous metals, rubber, glass, asbestos, ceramics, fibers, and petrochemicals. The manufacturing processes for these components involve casting, stamping, forging, machining, and tempering. Once the components pass quality inspection, they are transported to central factories for assembly. The assembly process of automobiles at central factories involves multiple stages, including body welding, painting, pre-assembly of certain components, and final vehicle assembly. Before leaving the factory, automobiles must undergo various inspections and testing based on different criteria and standards. Only after meeting the required standards and being confirmed as qualified, can a safe and reliable vehicle be considered fully manufactured.

The manufacturing process of automobiles



資料來源：汽車產業調查報告；工研院 IEK(2003/06)

Data source: Automotive Industry Research Report; IEK of Industrial Technology Research Institute (June 2003)

In general, the structure of an automobile can be roughly divided into five systems: power system, drivetrain system, electrical and electronic system, chassis, and body. If categorize based on the functional characteristics of each part, they can be further divided into seven components: power unit, transmission, controlling, steering, safety unit, frame and chassis, suspension. Each component is composed of thousands of individual components, making a highly complex structure.

Names and functional characteristics of various automobile parts

Functional characteristics	Explanation	Major item
power unit	Included the engine and its devices such as fuel, ignition, cooling, charge, lubrication, start, exhaust, etc.	Engine, Fuel, Ignition, Cooling, Charge, lubrication, Start, Exhaust, etc.
transmission	The power generated by the engine is transmitted through this device to rotate the wheels and propel the vehicle forward.	Clutch System, Transmission, Drive Shaft
controlling	Mainly could be divided into the steering system and the brake system.	Turning block, brake
steering	A device located inside the driver's cabin and operated by the driver.	Light, Horn, dashboard

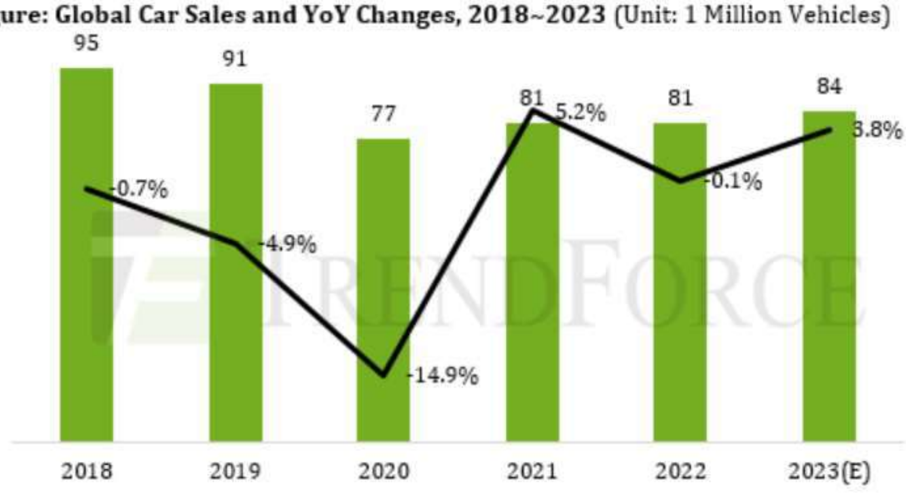
safety unit	Devices designed to maintain traffic order and ensure road safety.	Light, Horn, dashboard
frame and chassis	The majority of the devices mentioned above are fixed to the frame. The frame serves as the backbone of the vehicle, assembling the chassis, and the body is then installed on top of it, forming a complete vehicle.	Body, frame
suspension	A device designed to protect various components of a vehicle from damage caused by impact or rough road conditions.	Shock Absorber, Wheel

Data source: Compilation from the Metal Industries Research & Development Centre's ITIS project.

a. Overview of the market in major countries in 2023

In 2023, with the easing of the global chip supply situation, economic activities in various countries began to recover amidst a decrease in the severity of the pandemic, benefiting the performance of key car markets such as China, the United States, and Japan. Despite the ongoing conflict between Ukraine and Russia, car manufacturers have partially shifted their supply chain production capacity away from the region, which has helped stabilize production capacity and increase inventory of branded models, thus driving a resurgence in the automotive market. Global car sales in 2023 rebounded to the level of 84 million units, with the top five car markets including China, the United States, India, Japan, and Germany all showing growth.

Figure: Global Car Sales and YoY Changes, 2018~2023 (Unit: 1 Million Vehicles)



Source: TrendForce, Feb. 2023

China market

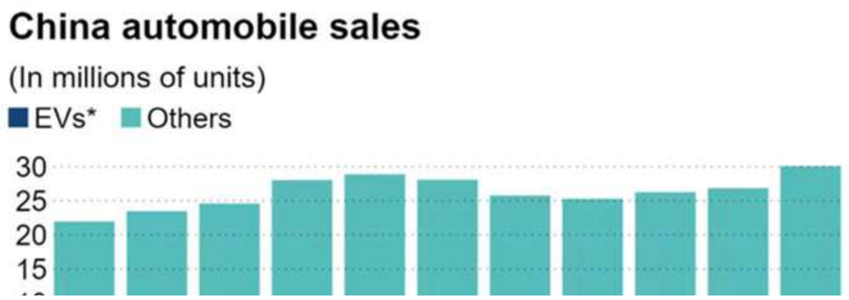
In 2023, China secured the top spot in car sales with a total of 30.09 million units, marking a 12% increase compared to the same period in 2022. Observing the sales trends in China, the sales of electric vehicles (including BEV and PHEV) reached a combined total of 9.49 million units in 2023, showing a remarkable growth of 35% compared to the same period in 2022, with a market share approaching 30%. Overseas exports saw a significant increase of 58%, reaching 4.91 million units, including exports to Belgium and Thailand, which drove a 77% increase in overseas demand for Chinese electric vehicles, totaling 1.2 million units.

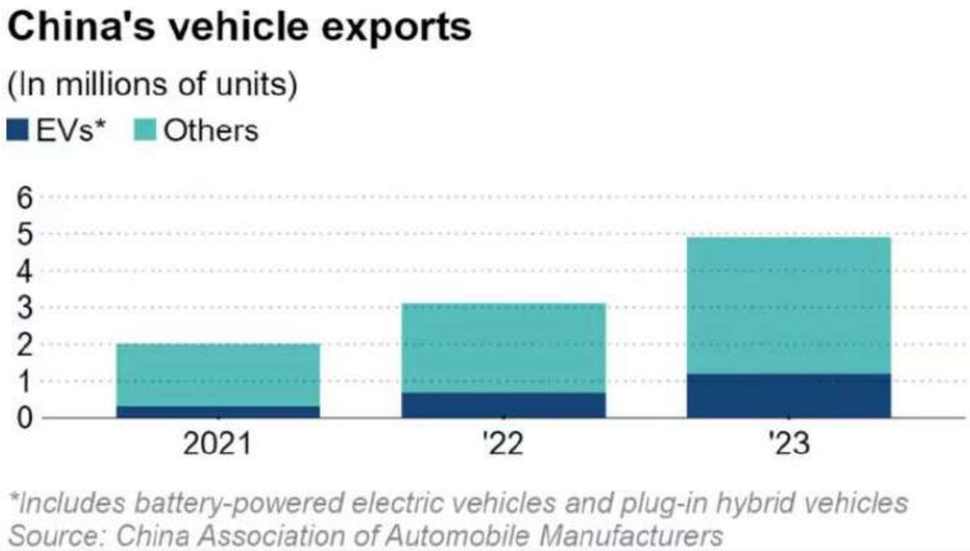
U.S. market

In 2023, the United States secured the second position in car sales, totaling 15.57 million units, representing a 13% growth compared to the previous year. General Motors' car sales in the United States grew by 14% in 2023, reaching approximately 2.6 million units, maintaining its position as the leader in total U.S. car sales. Toyota experienced nearly a 7% growth in sales in the United States, reaching approximately 2.3 million units. Honda saw a remarkable 33% growth in sales in 2023, achieving double-digit percentage growth. Electric vehicle sales in the United States continued to grow in 2023, with a 48% increase in the first eleven months, although the growth rate slowed compared to 2022.

European market

In 2023, the European car market saw its first increase in four years, totaling 12.84 million units, representing a 14% growth compared to the previous year. The growth drivers in the most important markets throughout the year included Italy (+18.9%), the United Kingdom (+17.9%), Spain (+16.7%), and France (+16.1%), while Germany maintained a more moderate growth momentum (+7.3%). In 2023, the market share of electric vehicles in Europe reached 15.7% (compared to 13.9% in 2022), surpassing diesel vehicles for the first time, which accounted for 11.9% (down from 14.5% the previous year). This makes electric vehicles the third largest source of power in Europe, after gasoline vehicles and hybrid vehicles. In terms of fuel structure in 2023, the market share of gasoline vehicles decreased from 36.6% in 2022 to 35.7% last year. Mild hybrid and full hybrid vehicles, which continued to grow, maintained their growth momentum, reaching a sales share of 26.4% (compared to 23.4% in 2022).





b. The overview of global vehicle manufacturers

Toyota Group has emerged as the leader in the global car market. All brands under the Toyota Group have shown growth, with Toyota and Lexus together delivering a total of 10.3 million vehicles, marking a 7.7% increase compared to 2022. Daihatsu delivered over 790,000 vehicles, growing by 3.2%. Ranking second, Volkswagen Group achieved sales of 9.24 million vehicles, representing a significant increase of 12% compared to 2022. The third-ranked Hyundai-Kia Group, which includes Hyundai, Kia, and the luxury brand Genesis, achieved a global total sales of approximately 7.32 million vehicles, marking a growth of 6.7%.

c. Global Automotive Industry Development Trend

As governments around the world announce bans on internal combustion engine vehicles and with strict carbon dioxide emission targets in the European region, the trend towards electrification is becoming increasingly prominent. The electric vehicle market is steadily growing, and it is expected that in the coming years, the proportion of electric vehicle sales in global automotive sales will continue to increase. Therefore, car manufacturers that successfully transition to electrification will also gain a competitive edge in the global market.

Facing the rise of electric vehicles in China and the competition and transformation challenges brought by the EU's Euro 7 proposal (regulating greenhouse gas emissions), European car manufacturers have been dedicating efforts to accelerate CASE (Connected, Autonomous, Shared, and Electric) transformation in recent years. They have been actively setting electrification goals and investing heavily in the development of electric vehicle powertrain systems to accelerate the introduction of more electric vehicle models, in order to achieve the electrification targets set by each manufacturer and the EU.

At the current stage, European car manufacturers have clearly defined electrification goals, with most aiming to achieve a considerable level of electrification transformation by 2040. For example, Audi plans to cease the production of internal combustion engines altogether by 2033 and achieve 100% electrification of its sales models. BMW hopes to achieve 50% electrification of its sales models by 2030. Mercedes-Benz has announced a goal of carbon-neutral supply chains and aims to achieve 100% electrification of its new models by 2030. Volkswagen has stated that all electric vehicle models sold by 2040 will be fully electrified.

To efficiently achieve these goals, European car manufacturers are focusing on the development of shared chassis platforms, which not only saves development costs but also shortens the development time of electric vehicle models. Examples include Audi's PPE platform, Mercedes-Benz's MMA platform, and Volkswagen's SSP platform.

Batteries are critical components of electric vehicles, and European car manufacturers are investing heavily in research and development and expanding battery factories to increase battery capacity, pursue higher capacity and durability, and address consumer range anxiety. Examples include Audi's battery cell stacking technology (increasing energy density by 20%), BMW's sixth-generation 4680 cylindrical battery pack (increasing range by 30%), and Volkswagen's collaboration with QuantumScape to develop new solid-state lithium batteries.

(2) Bicycle parts and components

Due to the impacts of the pandemic, war, and inflation, the international bicycle industry experienced slow destocking in the market, with significant declines in orders in 2023. The industry's output in 2023 amounted to 188.173 billion yuan, reflecting a decline of 37.79%. However, there has been a notable trend towards higher quality development. The average export price of traditional bicycles has reached $1,045, marking a growth of 26.16%, while the average price of electric-assisted bicycles (E-Bikes) stands at $1,767, showing a growth of 17.5%.

According to a report by Fortune Business Insights, the global E-Bike market reached $43.32 billion in 2023, with an estimated increase to $119.72 billion by 2030, reflecting a compound annual growth rate (CAGR) of 15.6%. In contrast, the overall bicycle market is expected to grow at a CAGR of 11.0%. This indicates a stronger growth momentum for the E-Bike market compared to the overall bicycle market.

The diagram of various parts of a bicycle

Parts and function description

Main parts system	Description	Main item
Frame	The basic structure of the bicycle, with light weight and high intensity as the main demand. Common frame materials include aluminum alloy, titanium alloy, carbon fiber and synthetic steel, etc.	Headtube, top tube, down tube, seat tube, seat stay, chain stay, fork, saddle, seat post, seat post clamp
Steering system	The main part of controlling a bike.	Handlebar, brake lever, head parts, stem cap, stem
Brake system	Take control of the front and rear wheels, slow the bike down and stop the bike safely.	Caliper brake, brake blocky, brake cable
Drivetrain	The heart of a bike, which drives the bike forward.	Pedals, crank, chainwheel, bottom bracket, chain, freewheel, front derailleur, rear derailleur, derailleur cable
Wheelset	The bike moves or stops by the friction between the tires and the ground.	Rim, hub, spoke, nipple, cassette body, quick release, drop out, tire, valve

Data source: Internet data compilation

According to the research firm Statista Market Insight, after the peak during the pandemic period from 2020 to 2021, sales volume is predicted to remain roughly stable over the next five years. It is expected that sales will not recover to the levels seen in 2020 until before 2028.

At the same time, it's worth noting that the revenue scale of the bicycle industry has maintained a compound annual growth rate (CAGR) of 8.5% over the ten-year period from 2018 to 2028 (f). However, for the period from 2023 to 2028 (f), the CAGR drops to 1.9%. This suggests that the growth of the bicycle industry has traditionally relied on increasing unit prices, highlighting a structural issue. Therefore, it's unlikely that the future trajectory of the industry will deviate significantly from the past, barring exceptional circumstances such as the pandemic.

(3) Medical equipment

The continuous global aging population trend is driving an increase in demand for medical care, prompting countries to actively seek more efficient healthcare solutions. They are promoting the development of precision health, digital healthcare technologies, and related policies, hoping to achieve the goal of enhancing medical efficiency and extending healthy life expectancy by accelerating the advancement of advanced medical technologies.

The medical equipment market is expected to experience significant growth in the coming years. It is projected to grow at a compound annual growth rate (CAGR) of 8.6% to reach $1,077.6 billion by 2028. The anticipated growth during the forecast period can be attributed to the rapid growth of the elderly population, the increasing prevalence of chronic diseases, and government support. Major trends expected during the forecast period include the development of new technological solutions, emphasis on expanding medical equipment manufacturing facilities, fostering partnerships and collaborations, focusing on cardiovascular equipment manufacturing, and concentrating on hybrid imaging technologies.

The rising prevalence of cardiovascular diseases (CVD) is expected to drive the growth of the medical equipment market. Cardiovascular disease encompasses conditions affecting the heart and blood vessels, often associated with the accumulation of fatty substances such as atherosclerosis and an increased risk of blood clots. The prevention, diagnosis, and treatment of cardiovascular diseases require a variety of medical equipment. For example, according to a report from the Centers for Disease Control and Prevention, approximately 695,000 deaths occurred in the United States in 2021, with one-fifth attributed to heart disease. Therefore, the expected increase in the incidence of cardiovascular diseases is projected to fuel the expansion of the medical equipment market.

The surge in sedentary jobs, hectic lifestyles, and evolving consumer preferences are influencing the global disease landscape, particularly the rise of non-communicable diseases such as cancer, diabetes, and cardiovascular diseases. Prolonged periods of work, reduced physical activity, and unhealthy dietary habits are primary contributors to chronic diseases like diabetes, increasing the demand for medical equipment used in diagnosis, prognosis, and treatment. In January 2023, a report from the National Library of Medicine found that by 2050, the number of individuals aged 50 and above in the United States with one or more chronic diseases is projected to increase by 99.5% from the 71,522,000 individuals in 2020, reaching 142.66 million people. It is expected that these factors will expand the global patient population and drive the development of the medical equipment market during the forecast period.

The overall outlook for the medical equipment industry is highly optimistic, with global revenue projected to reach $595 billion in 2024. The healthcare specialties that are expected to drive the fastest growth in the medical equipment market include:

- Cardiovascular
- Orthopedics
- Neurovascular
- Urology
- Diabetes

The increasing prevalence of chronic diseases, including cancer, diabetes, and infectious diseases, is driving an increase in diagnosis, testing, and monitoring, necessitating not only more medical equipment but also greater product innovation. Here are six major trends in the medical equipment industry for 2024.

① Trend #1: Rise of Digital Therapeutics and Home Diagnostics

The popularity of digital therapeutics (software-based medical devices) has surged during the pandemic and shows no signs of slowing down. These devices, often based on artificial intelligence, are used by clinicians to virtually treat, manage, and prevent various diseases and conditions. The compound annual growth rate (CAGR) for the U.S. digital therapeutics market is expected to reach 29.8% from 2020 to 2025. Similarly, home diagnostics, allowing patients to take control of their health, have gained traction, specifically designed for diagnosing potential conditions or diseases. Many have become accustomed to testing for COVID-19 at home, and beyond COVID testing, there's an opportunity for home diagnostics to expand. We may see widespread adoption of these self-testing methods to assess various health conditions. This trend is directly related to the second trend we anticipate for 2024.

The prevalence of chronic diseases continues to rise, driving an increase in diagnosis, testing, and monitoring, necessitating not only more medical equipment but also greater product innovation. A close-up shot of a woman wearing a vest with diagnostic wires connected to a monitor she holds, illustrating home diagnostic devices allowing remote diagnosis and assessment of patients' health status.

② Trend #2: Adoption of Biometric Devices and Wearables

Advancements in miniaturization have enabled companies in the medical equipment industry to develop a wider range of wearable and biometric devices, catering to the growing demand for Remote Patient Monitoring (RPM). RPM technology tracks patients' vital signs and provides real-time data, facilitating better healthcare services through non-invasive diagnostics, treatment, and accurate prognosis during medical emergencies. The increasing adoption of alternative data investments, such as real-world data, provides healthcare companies with more information on biometrics, further accelerating growth in the wearable space. Leading wearable applications in healthcare include audiology, health sciences, sports performance, nursing, occupational therapy, pharmacy, and physical therapy.

The increasing popularity of biometric and wearable devices will lead to more participants in the medical equipment industry procuring Electronic Manufacturing Services (EMS) alongside engineering teams. As manufacturing processes become more complex and we enter the era of smart factories, internal engineering teams will help EMS providers increase production speed and quality, giving them a competitive edge.

③ Trend #3: Greater Emphasis on Sustainability and ESG Goals

The healthcare industry accounts for over 4.6% of global greenhouse gas emissions, with the medical equipment industry being a significant contributor due to supply chain emissions, disposable equipment, and consumables. Therefore, it's not surprising that regulatory agencies and investors are urging medical equipment manufacturers to reduce their products' environmental impact and prioritize sustainability throughout the product development and manufacturing process.

The medical equipment industry is increasingly focusing on Environmental, Social, and Governance (ESG) priorities and implementing comprehensive sustainability initiatives to achieve carbon neutrality. When surveyed by Ernst & Young, nearly 80% of life sciences CEOs planned to adjust their global operations or supply chains to address sustainability issues. Approximately 55% of respondents indicated that mergers and acquisitions would be a key strategic initiative to gain ESG expertise and promote sustainability.

To achieve ESG goals, more medical equipment manufacturers are adopting Design for Sustainability (DFS) best practices. DFS considers the environmental, economic, and social impacts of products throughout their lifecycle and promotes the development of easily recyclable equipment. This is particularly important as post-processing of medical equipment can significantly reduce medical waste, leading to cost reductions of up to 50% for hospitals and reducing ozone consumption by nearly 90%.

④ Trend #4: AI-driven Industry 4.0 in the Medical Equipment Industry

The list of trends for 2024 cannot exclude artificial intelligence - and our list certainly doesn't. Like many other industries during the global pandemic, the medical equipment industry has been deeply affected by supply chain challenges. Since then, the industry has been seeking ways to streamline factory operations and manufacturing processes. Generative AI enables machines to autonomously create and innovate, rapidly becoming the preferred tool for efficiency improvement.

Generative AI combined with Digital Twins (virtual replicas of physical assets or systems) allows manufacturers to quickly analyze vast amounts of data and create highly accurate models of their supply chain processes, manufacturing constraints, and factory operations. These simulations are valuable for risk reduction, predicting maintenance needs, and optimizing design, manufacturing, and distribution processes.

⑤ Trend #5: Increased Focus on Network Security Controls in the Medical Equipment Industry

The explosive growth of smart connected medical devices has prompted the medical equipment industry to adopt multi-layered network security best practices common in other industries. With the passage of the 2023 Consolidated Appropriations Act, the law requires the FDA to incorporate network security into the review of medical devices containing software and connected to networks, such as pacemakers and continuous glucose monitors (CGM).

Federal oversight of medical device security is deemed crucial for patient safety and protection of personal information. To fulfill its new mandate, the FDA now requires updates to its network security guidance every two years, meaning device manufacturers must keep up to ensure the content submitted for approval is acceptable.

Guiding principles in the network security guidance provided by the FDA to manufacturers include the following: Network security is part of device safety and Quality System Regulation (QSR). This can be met through the Security Product Development Framework (SPDF), covering all aspects of the product lifecycle, including development, deployment, support, and retirement. The FDA will assess the adequacy of device security based on the device's ability to provide and implement the following security objectives throughout the system architecture:

- Authenticity, including integrity
- Authorization
- Availability
- Confidentiality
- Secure and timely updates and patches

Device users must have access to information related to network security controls, potential risks, and other relevant information for maximum transparency.

Device network security design and documentation are expected to be commensurate with their risks. For example, if a thermometer is used for safety-critical control loops or connected to networks or other devices, the device's network security risks are greater, and the submitted content should include more substantive design controls and documentation.

⑥ Trend #6: Improvements in Medical Equipment Design through 3D Printing

Advancements in 3D printing technology, increased investments, and the growing use cases of 3D printing in the medical equipment industry are driving rapid growth of the technology. A recent analysis found that the market for 3D printed medical devices is expected to reach \$6.9 billion by 2028. Medical devices that can be 3D printed include external wearable devices, clinical research equipment, implants, and even tissues.

For medical equipment manufacturers, 3D printing presents an opportunity to produce more personalized products, such as prosthetics. Specifically, medical device companies can integrate anatomical and pathological structures into their product designs using 3D printing, enabling customization. 3D printing is also more cost-effective for manufacturing. Researchers at Michigan Technological University state that on-site 3D printing of a single part can reduce energy consumption for manufacturing, storing, and transporting parts by up to 64%.

3D printing enables greater customization of prosthetics and other medical devices. It also allows rapid prototyping of medical equipment, enabling manufacturers to quickly test design manufacturability and performance, thereby closing the supply-demand gap. For example, life sciences company Fluicel uses Biopixlar high-resolution 3D printing technology to produce bio-composite materials simulating pancreatic islet function, enabling the company to test new products accurately treating Type 1 diabetes.

Novo Nordisk

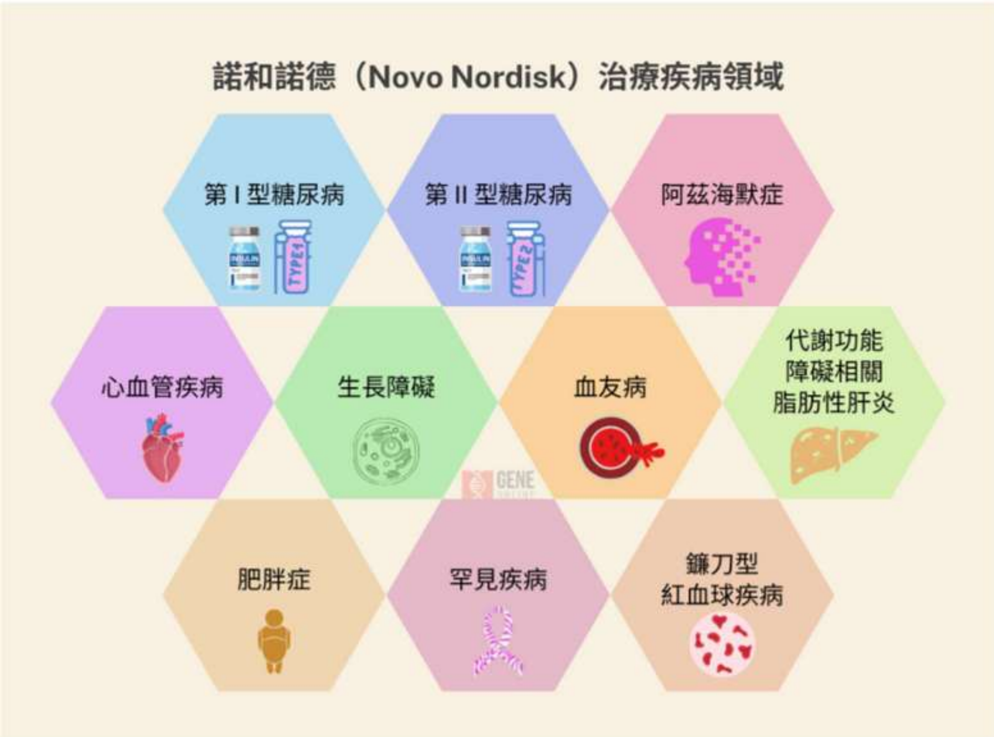
Headquartered in Denmark, Novo Nordisk is a global biopharmaceutical company focused on obesity and diabetes. The company has recently shown excellent operational performance, ranking first in market value in the pharmaceutical industry, surpassing Eli Lilly. Novo Nordisk has been actively engaged in multiple acquisitions and collaborations to expand its therapeutic areas and product lines, driving market dynamics. Particularly noteworthy is the remarkable sales performance of GLP-1 drugs, especially Ozempic and Wegovy. These drugs have gained widespread acceptance in the U.S. market, leading to significant sales growth of 36% and operating growth of 31% for the company overall in 2023.

In addition to performance, Novo Nordisk's products have had a significant impact on the market. Particularly in the U.S., the sales of Ozempic and Wegovy have significantly disrupted the weight loss drug market, making the company a disruptor in revenue and one of the most influential companies in 2023.

As a multinational biopharmaceutical company, Novo Nordisk has 16 production sites globally, spanning 9 countries, including Denmark, the United States, Japan, China, Russia, France, Brazil, and Algeria, to meet production demands. In terms of research and development, Novo Nordisk has established 10 research centers in Denmark, the United States, the United Kingdom, China, and India, advancing the development of new drugs and innovative technologies. Through these research centers, the company is committed to maintaining its leading position and innovative energy in the field of biopharmaceuticals.

Currently, Novo Nordisk employs over 59,000 people globally and sells its products in more than 170 countries and regions. The company's products and services cover a wide geographic area, providing appropriate medical solutions for patients in different regions. With its extensive international market presence and continuous research and development investment, Novo Nordisk has gained a certain market position in the global biopharmaceutical industry.

Clinical Market Demand and Drug Development, Deep Plowing Obesity Metabolism Expansion Cardiovascular



Novo Nordisk is also actively innovating in clinical trials and drug development. In 2021, it acquired Dicerna's Ribonucleic Acid Interference (RNAi) platform and subsequently initiated clinical trials for non-alcoholic fatty liver disease (NASH). This disease is an increasingly serious global health problem, with prevalence rates ranging from 15% to 30% in Western countries and rising annually in regions such as Taiwan, Japan, Korea, China, and Southeast Asia, reaching approximately 15% to 45%, closely associated with obesity and diabetes. These trials not only help expand Novo Nordisk's research in liver disease treatment but also provide new directions for future interdisciplinary treatments.

Furthermore, its new drug Semaglutide 2.4mg showed significant results in the SELECT trial, reducing the risk of major adverse cardiovascular events by 20% in overweight or obese adults. This result demonstrates the drug's potential in prevention and treatment of diabetes and cardiovascular diseases, providing strong support for Novo Nordisk's consolidation in this market segment.

Novo Nordisk is also actively engaged in collaborations with other companies and research institutions to facilitate drug development and clinical trials. For example, the company collaborates with organizations such as Gilead Sciences and Lumen Bioscience to explore the development of oral medications for cardiovascular and metabolic diseases.

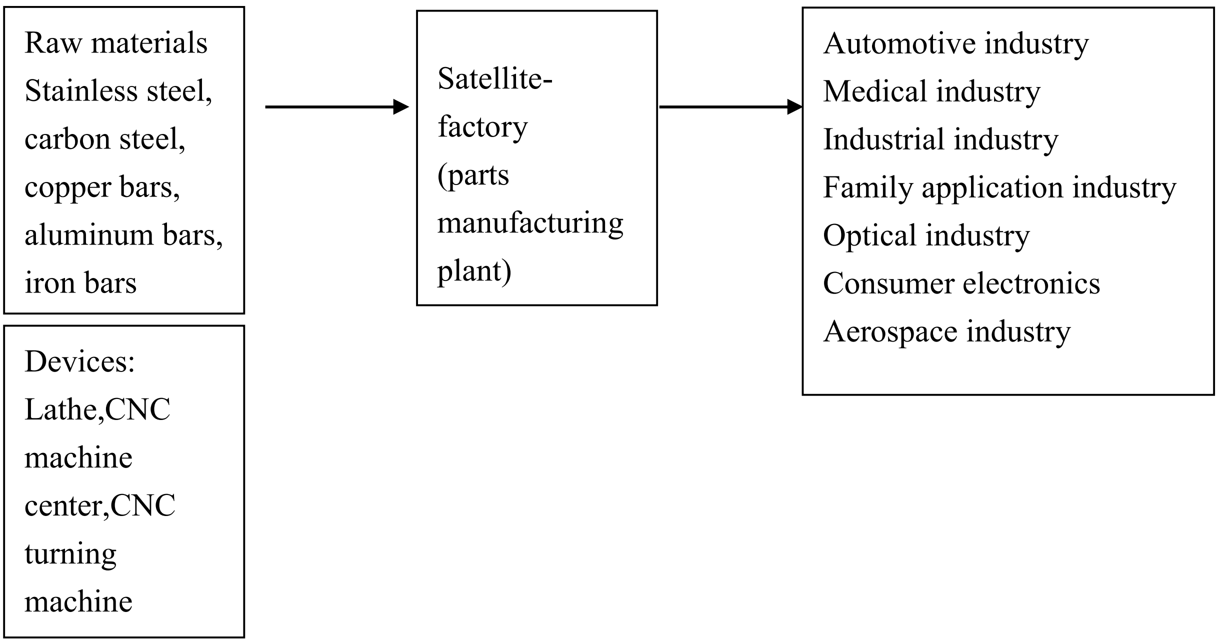
In terms of future prospects, Novo Nordisk expects a small sales and operating profit growth of 13% to 19% in 2024. This forecast reflects a positive attitude towards business growth and demonstrates its competitiveness in the global healthcare market. It is noteworthy that Novo Nordisk is also expanding into other areas such as hemophilia and growth disorders. These efforts not only help diversify its business portfolio but also provide more flexibility to respond to potential market changes in the future.

Overall, Novo Nordisk has not only successfully developed and marketed a range of effective drugs but also, through proactive market strategies and collaboration, has helped broaden its product lines and pharmaceutical areas, reflecting the company's ambition in innovation and research and development, making it an indispensable player in the global healthcare field. Novo Nordisk has established a certain position in existing therapeutic areas and continuously explores and develops new treatment methods and strategies to consolidate its market share and address future challenges.

2. Relations with industries upstream, midstream, and downstream

The raw materials and related production facilities purchased by Stryker to produce related products are upstream of the industrial supply chain. The main purchases include various metal bars, such as stainless steels bars, carbon steel bars, aluminum bars, copper bars and other metal bars. The manufactured products include auto parts, medical device parts, industrial application parts and aerospace related fastenings are the midstream of the industrial supply chain. The parts products produced by the Company are the key parts necessary for the products of downstream and have a wide range of applications. The application range covers vehicles, medical, optical lenses, consumer electronics, aerospace industry, etc. The relations with industries upstream, midstream, and downstream are as follows:

Upstream, midstream, and downstream



3. Various trends of product development and competition status

(1) Auto parts

The automotive industry is a technology-intensive and capital-intensive comprehensive industry. The overall industry chain is vast, involving a wide range of industries related to automobile manufacturing. A single automobile is composed of over 30,000 different components, which include various industries such as steel, plastics, petrochemicals, electronics, etc. Automobile production also drives the development of many peripheral industries, earning it the nickname “locomotive industry”. The manufacturing of automobile components in Taiwan could be divided into two parts: “factory original car parts” and “aftermarket component” The factory original car parts parts include Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM). Taiwan primarily engages in OEM manufacturing. However, some companies are actively enhancing their technology for research, development, and design to attract contracts from major automakers, thereby transitioning towards ODM. The aftermarket component includes Original Equipment Suppliers (OES) and After Market (AM) parts. Taiwan primarily focuses on AM. While AM parts have the advantage of lower prices, their quality is often questioned. Therefore, some countries required specific certifications for the sale. Additionally, the market demand for AM relies on the wear and tear of automobile components, which is easily affected by the factors such as vehicle ownership period and retention rate. Moreover, Taiwan's AM components are mainly exported, making them vulnerable to the external environment and resulting in a less stable market source. Unlike OEM and ODM, AM components do not receive orders in conjunction with automotive production.

Generally, the demand for ODM and OEM components is from the new vehicle production orders. However, the main demand for AM components is from the repair of worn-out vehicle components. Therefore, compared to ODM and OEM, the AM market is less impacted by the COVID-19 pandemic. In the short term, the continued decline in new car sales can be beneficial for the development of the AM market.

Currently, international automotive manufacturers are facing a period of transformation, aggressively accelerating the development of electric vehicles. Supply chains are also actively engaged in the research and production of components related to electric vehicles. To optimize resource utilization and reduce the cost of replacing and maintaining old car parts, these manufacturers are turning to Taiwanese aftermarket (AM) suppliers due to their flexible production and small-batch, diversified production capabilities. This shift from original equipment manufacturer (OEM) and original equipment supplier (OES) orders to Taiwanese AM suppliers represents an opportunity for Taiwanese businesses to transition into and enter the international automotive supply chain system, aiding in the gradual transformation of Taiwanese automotive parts suppliers from AM to OEM and advancing the industry's technological upgrade.

The automotive industry is undergoing significant technological changes, with developments such as electric vehicles and autonomous driving leading to paradigm shifts. Supply chains are also breaking past boundaries, presenting new opportunities for emerging players to enter the industry. The following outlines the key trends in the current development of the automotive and its component manufacturing industries.

The electric vehicle industry differs significantly from the traditional automotive industry structure, with differences in key core technologies leading to the loosening of relationships between primary and secondary suppliers. This has redrawn the boundaries of the industry, with an increasing number of former technology, electronics, and panel manufacturers collaborating with automotive manufacturers or automotive parts factories to enter the field of automotive parts manufacturing. Previously, Taiwan was unable to grasp certain components such as internal combustion engines that are no longer used in electric vehicles. However, with the addition of new software and hardware components in electric vehicles, including driving information systems, motors, electronic control units, sensors, batteries, etc., Taiwan specializes in these areas, creating a significant opportunity. Taiwan possesses leading high-tech manufacturing industries and top-quality automotive parts manufacturing, and the integration of these two industrial clusters will lay a solid foundation for Taiwan's entry into the electric vehicle industry. Additionally, Taiwan continues to leverage its accumulated experience in electronic manufacturing services (EMS) to enter the electric vehicle manufacturing field. For instance, Hon Hai's creation of the "MIH Electric Vehicle Open Platform," a joint venture between Hon Hai and the Yulon Group, has allied with 1,500 manufacturers. This initiative fully leverages Hon Hai's EMS advantages to provide comprehensive solutions for vehicle design and manufacturing in the electric vehicle sector.

In addition, the global car dealerships and automotive component industry have been developing towards the reducing number of enterprises, the expanding business scale, and the rapid development of internationalization. The overall development trend is as follows:

Large-scale development of industry: Carmakers have been working on the innovation of products and technologies. To cut down on development costs and component costs, car dealerships are expanding the economic scale of a single platform or model through common platforms, modular designs, and global strategy cars.

Specialization of production: To shorten the process of developing new cars, and ensure their quality, cost and delivery, automotive components factories could not only produce parts from car design drafts provided by the car factory and provide simply online loading parts. Instead, it is necessary to engage in the entire value chain of the automobile and raise the level of professionalism by R&D, sales, after-sales service, etc.

Internationalization of operation: To follow the path of the OEMs' global layout, the scope of multinational business of automotive components factories has been increasing. Some of their main purposes are to cooperate with OEMs overseas, to develop new markets, or to seek low-cost production. As a result, the internationalization of the production and operation of automotive components factories has been achieved.

Complicated relations among cooperation: In the past, OEMs and component suppliers were inseparable through the operation of cooperative systems. However, with the fierce competition in automotive industry, OEMs not only require existing third-party manufacturers to reduce their costs every year, but also looking for component factories that meet the specifications and possess competitive supply prices to replace the third-party manufacturers that cannot cooperate with price cuts.

Upgrade on technology of finished vehicles: Another pressure that component suppliers have to face is the upgrading of application technology of finished vehicles, including miniaturization, light weight, energy saving and other technologies. Suppliers also need to work on R&D in response to the need of new technologies.

Domestic auto parts manufacturers will invest more actively in the Chinese market: Developing countries will become the focus of future investment layout of major car dealerships. In addition to value activities such as manufacturing, the value activities such as design and engineering will also be introduced simultaneously. The scale of China's automotive market continues to grow and has become the world's largest auto sales country. The domestic demand market is why car dealerships manufacture their cars in local area. So far, the number of cars per 1,000 people is still relatively low. Accordingly, it creates business opportunities to car dealerships and provides tremendous business opportunities to auto parts manufacturers. Furthermore, as the Chinese automotive market has grown over the years, the demand for auto parts industry in the auto maintenance market will increase. Nonetheless, to seize and enter the huge auto parts market, domestic auto parts companies will expand investment in China and actively cooperate with local component manufacturers to strive for business opportunities.

Energy efficiency and low carbon emissions have become inevitable trends in the development of automotive products: Due to high oil prices and environmental protection issues, the proportion of energy-efficient cars and hybrid electric vehicles is gradually increasing. At present, government policies and related fiscal and tax incentives are the most important impetus. In addition to changes in automobile power system, car dealerships have put more efforts into developing small, energy-efficient vehicles. In addition to meeting the requirements of laws and regulations, it can also provide customers with more choices while purchasing vehicles under tough economic environment. Therefore, electric vehicles will still be one of the focuses of the development of car dealerships.

(2) Bicycle industry

Technology never stands still, and like any other industry, the bicycle industry is no exception. Significant progress has occurred in the past year: the aesthetics of seatposts seem to mimic those of household hairdryers, electronic shifting has reached its lowest prices ever, and the fitting concept prioritizes aerodynamics above all else.

① Lower Cost Electronic Shifting

Electronic drivetrain systems will continue to exist. They improve shifting speed and quality, increasingly proving to be as reliable as cable kits. However, even after years of incremental technological development, they still remain expensive.

For example, SRAM's cheapest AXS kit, Rival eTap, priced at £1268, is still more expensive than most entry-level road bikes currently on sale. Meanwhile, Shimano's 105 Di2 is priced at £1730. Inevitably, this cost will decrease over time, with electronic shifting technology expected to trickle down into lower-tier kits by 2024. The acceptance of electronic shifting will continue to rise as SRAM plans to expand its presence across more price points and platforms.

In addition to major brands competing in the lower end, new players emerged in the low-end market in 2023, causing a stir. In March of this year, L-Twoo's eRX wireless electronic kit, equipped with hydraulic disc brakes, priced at around $650.

For those looking to upgrade their bikes with quality components, low-cost kits may not be the preferred choice, but it indicates that achieving electronic shifting at lower prices is possible, and such market disruption may emerge in 2024.

② Forked Seatposts

Olympic years mean track bike technology will see a lot of action, historically often quickly adopted in road bike racing. Look, TOOT, and the recent collaboration between Hope x Lotus for track bikes all have peculiar forked seatpost designs—reminiscent of Dyson's popular Airblade hand dryers. Cycling Weekly columnist and expert Dr. Michael Hutchinson believes they could become a "fairly normal feature" in the cycling world. Romolo Stanco, design director at TOOT Racing, says the "double-barreled" seatpost design enhances aerodynamics, stability, and control.

Stanco says, "More complex aerodynamic fluid management can produce greater advantages in high-speed and steady-state projects, such as time trials and peloton racing, or when athletes want to remain undisturbed in airflow for long periods, such as during sprint breakthroughs."

"In such scenarios, our analogs suggest that the acceleration of airflow under the athlete's body reduces aerodynamic pressure and significantly reduces resistance." Similar examples seen on Look P24 and Hope x Lotus track bikes suggest that different engineers have thought alike—but will your next road bike be acceptable with a forked seatpost design?

Its most apparent drawback is aesthetic—it does look a bit odd, but those more interested in thorough performance rather than appearance may embrace it, as aerodynamic efficiency often trumps slight weight loss, and it may soon enter the road bike market.

③ The End of Cables

The term wireless brakes might scare most riders. The idea of entrusting our safety to a computer system isn't always easy to accept, but electronic brakes have been on Shimano's radar for over a year now. The Japanese component giant has secured a patent for a control system that uses brake lever action as electronic signal input and sends it to a motor, thus controlling hydraulic fluid and brakes.

Shimano's diagrams show that there will still be a hydraulic chamber in the brake lever, indicating that the brake lever will connect to the brake caliper, but the technology does indeed add an additional tube inside the frame.

A fully wireless system would require a hydraulic chamber to be installed next to the brake caliper, a structure that has been present on TRP Hy/Rd disc brakes for many years, using a cable/hydraulic hybrid structure. Wireless communication between the brake lever and caliper is also possible, as SRAM has proven for many years.

Aside from aesthetics, wireless brakes could end internal routing, which brings much new complexity; the path to excellent design is usually simplification. With fewer things to go wrong, you can focus on doing things as efficiently as possible. You can create simpler, safer, and lighter designs because there are not as many variables to deal with.

④ New Transmission Systems

Bicycle gears have been present in various forms in cycling for over 100 years, but since the birth of Campagnolo's Grand Sport derailleur in 1949, the functionality of transmission systems has hardly changed fundamentally. The number of gears has increased, and cables have become electronic, but the basic parallelogram shifting design has remained almost unchanged. However, this long-standing design lineage may become the true battleground for new technological developments in 2024.

In recent years, many new systems aimed at replacing or supplementing existing transmission systems have emerged, drawn from other industries. One particularly interesting one is the planetary gearbox from "Driven Technologies." Showcased for the first time earlier this year at the European Bicycle Expo, the new Orbit Drive is a fully enclosed conical gearmotor system. The system can automatically change input from the motor and rider at a given speed. This means that for a given speed, you can choose the pedaling force you want and even set a preferred cadence, adjusting speed based on your power input.

Shimano also delves into automatic shifting in its electric mountain bike division, but it still relies on changes in freewheel gears rather than continuous shifting based on motor and pedaling input.

⑤ Energy Recovery Brakes

In addition to wireless brakes, there is more in the world of electronic bicycles. Closed transmission systems allow designers to use energy recovery brakes to harness some gravitational potential and kinetic energy. With a direct connection between the motor and the rear wheel, systems like those from "Driven Technologies" can recover energy every time we need to decelerate.

At 70% system efficiency, a 100kg system has 0.02 kWh of gravitational potential energy on top of a 100m hill. While recovering this much energy is still not enough to charge an electric bike battery to usable levels, it is enough to charge a powerful bike light twice, which is very worth having.

⑥ Self-Adjusting Suspension Forks for Mountain Bikes

As early as 2016, SRAM released ShockWiz. ShockWiz is a mountain bike suspension adjustment system that combines high-tech hardware with an intuitive smartphone app powered by button batteries, lightweight, durable, and capable of recording and evaluating the performance of each ride. ShockWiz is suitable for all types of mountain bikes and different styles of riders. Through the app's intuitive adjustment interface, riders can make corresponding settings based on terrain, their riding style, and level. Through ShockWiz's assessment of suspension performance, riders can also make corresponding adjustments based on data to optimize the suspension for the best condition.

While this may not suddenly appear on your next road bike, the application scope of mountain biking is much broader. Some mountain bikes will use suspension forks without relying on 50mm wide tires, undoubtedly benefiting many of us, but for riders and terrains with personality, finding the perfect balance is difficult. If SRAM applies the platform to the next generation of XPLR mountain bike forks, we believe that self-adjusting suspension forks will become more popular in off-road cycling.

Furthermore, such a system makes us start thinking about whether we can start to see self-adjusting damping technology on mountain bikes in the coming years. In the automotive industry, they are commonplace, especially for models that encounter various road conditions. If this technology can be made light enough, it will be a better suspension system compared to simple front fork lockout structures. Even if it's in 2024 or later, it will bring real benefits to amateur riders and mountain bike racers.

⑦ Fitness Metrics at Your Fingertips

In every sport, athletes' data is invaluable, and cycling is no exception. Just a decade ago, heart rate monitors and power meters were not essential equipment in professional settings, but now team staff are monitoring a plethora of real-time metrics to make tactical decisions and squeeze the best out of riders in training and racing. Blood glucose level monitoring is the latest technology that allows riders to monitor their data in real time and elucidate what powers them through their training.

(3) Medical device

Medical devices are mostly used in hospitals or medical institution. However, with the rising medical expenditure, the place of medical care has also extended to houses. By developing a simple self-testing device, it allows us to send the detected physiological information or images back to hospital for evaluation or management through the Internet. Through early diagnosis and treatment, the mortality and recurrence rate of patients can be reduced. With the concept of aging in place, the home care service has become very prosperous.

At present, there are numerous manufacturers in Taiwan entering electrical medical industry. Aside from electrical medical manufacturers, a lot of manufacturers from other industries are highly interested in the field. The development of existing Taiwanese electrical medical manufacturers can be roughly divided into three major types including developing niche products, extending core technologies, or through mergers and acquisitions. The introduction on each of the abovementioned is as follows:

① Based on niche products, further providing an overall solution

It is suitable to develop niche products and become market leaders, for the business size of most Taiwanese manufacturers are small or medium. Many core manufacturers and world-leading corporations in Taiwan have adopted the strategy of providing overall solutions.

② Extend core technologies and enter international medical device value chain by providing key components

Medical devices involve a wide range of related technologies and require a high degree of precision and accuracy. Many components are the key point that may affect the quality of products. Nevertheless, most of the medical devices are still in an oligopolistic market. As a result, the manufacturers from other industries can adopt the derivative application method of core technology, entering medical device industry through developing or providing key components.

③ Familiar with product verification and quality management processes through merger and acquisition strategies to shorten the learning curve

With the fast changes in technology, medical device industry has been developed rapidly. Many cooperate with other manufacturers to create new products which facilitates the enactment of worldwide medical devices regulations. Medical devices need to go through many regulatory restrictions and various laboratory, animal, or human clinical trials to ensure the safety, reliability, and effectiveness of the devices. Those restrictions and clinical trials often lead to high operating costs during the initial start-up of small manufacturers; thus, it is difficult for small companies to enter medical device industry. Therefore, to successfully pass the regulatory verification, those manufacturers familiarize themselves with product verification and quality management processes. Also, they may enter electrical medical manufacturers through mergers and acquisitions.

(4) Medical device - Novo Nordisk Development Trends

Primary Areas: Diabetes, Obesity, Growth Hormone, Chronic Rare Diseases

Diabetes Treatment: One of the core businesses is diabetes treatment. The company develops, manufactures, and sells various forms of insulin, including injections and oral medications, to meet the needs of different types and severity of diabetes patients.

Obesity Treatment: This includes drug therapy and other supportive measures to help patients manage weight and improve overall health.

Growth Hormone Therapy: Providing growth hormone products for the treatment of growth hormone deficiency, especially in children and adolescents.

Other Chronic Disease Treatment Areas: In addition to the above three main areas, Novo Nordisk is also involved in the research and production of other chronic disease treatment areas. This may include cardiovascular diseases, inflammatory diseases, etc.

Novo Nordisk's "miracle weight loss drug" Wegovy and the same ingredient diabetes drug Ozempic have been selling well, driving last year's revenue growth by 36%, and profits exceeded expectations, with a market value surpassing the $500 billion mark, firmly sitting on the throne of Europe's most valuable company. It is expected that this year's market demand will also be huge, after all, currently only millions of obesity patients and over 40 million diabetes patients worldwide use Novo Nordisk's drugs, and the potential market is still quite large.

The size of the weight loss drug market is expected to reach $140 billion by 2030, and this market is currently dominated by Novo Nordisk and the American pharmaceutical company Eli Lilly. The reason why Novo Nordisk's Wegovy weight loss drug is selling well is that it can effectively help patients lose 15% of their weight and reduce the probability of cardiovascular, liver, and other organ diseases. Wegovy can reduce the risk of death for obesity patients by 18%.

Novo Nordisk hopes that the latest clinical trial results will convince US insurers to include Wegovy in their insurance coverage, so that more patients can afford this drug. Preliminary clinical trial data shows that the highly anticipated new drug "Amycretin" developed by the Danish pharmaceutical giant Novo Nordisk may be more effective than the current "miracle weight loss drug" Wegovy. In a phase I clinical trial, the promising new drug "Amycretin" showed excellent results, helping subjects lose 13.1% of their weight in 12 weeks, which is better than Wegovy's average weight loss result of 6% in a 12-week trial. Amycretin is a once-daily oral medication that will begin phase II trials in the second half of 2024, with results expected to be announced in early 2026.

Novo Nordisk's weight loss miracle drug Wegovy is expected to be approved for sale in China this year (2024) and will be launched to self-pay customers; Wegovy has already landed in Japan in February, marking its first Asian market. Clinical data shows that in trials involving diabetes patients with chronic kidney disease, Ozempic can reduce the risk of kidney disease progression and death from kidney and cardiovascular complications by 24%, indicating that the use of Ozempic may expand beyond weight loss and diabetes.

As the demand for weight loss drugs continues to grow, long-term shortages in the upstream supply chain have led to a supply-demand imbalance in drugs. Therefore, Novo Nordisk is expanding its production capacity globally, and future supply expansion, coupled with entry into new markets, is expected to further drive high-speed growth in performance.

4. Competition status

The prices of auto parts and medical devices have been sharply reduced due to fierce market competition. In recent years, major manufacturers in the world are eager to seize the business opportunities such as the huge automotive market in China and the emerging medical device market. Furthermore, under the pressure of being unable to effectively reduce production costs, those products are gradually entrusted to other countries for OEM production or local procurement, which has benefited companies in Taiwan and China. The increasing number of medical devices or auto parts makes Taiwanese OEMs have the opportunities to compete with the OEMs in other countries. Accordingly, those manufacturers of medical device and auto part are not only seeking orders from the world-leading manufacturers, but they are also seeking OEM opportunities from component assembly companies or the OEMs.

At present, the Company's main competitor in the field of processed precision metal parts has no related manufacturers among other quasi-TWSE/ GTSM Listed Companies and TWSE/ GTSM Unlisted Companies in Taiwan. On the whole, due to the wide range of uses of products of the industry, the current competition is not as aggressive as that of electronic products. However, with the wide application of products, the future market of auto parts and medical devices will be valued, which suggests that the future competition will be more intense.

(III) Technology and research & development summary

I. R&D expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Unit: NTD (in thousands); %

Item \ Year	2023	As of 31 March 2024
R&D expenditures(A)	224,708	59,603
Net operating revenues (B)	3,337,485	865,410
Proportion of R&D expenditures (A)/(B)	6.73%	6.89%

II. Technologies and products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Year	Technologies or products
2011	Automatic deburring machine
2012	Automatic measurement device, auto. Gluing machine, robot
2013	Deburring marking height inspect machine, ultra-sonic washing machine
2014	Horning, heat treatment, Bosch Drain socket deburring machine, NN laser-cutting machine
2015	Inner hole grinding, cleanliness required process,
2016	Electric chemical machine, appearance inspect machine, cutting grove machine
2017	Multi-function machine, reaming machine, working station, precise washing process, metal structure analysis, precise grinding and honing technology upgraded
2018	Tool chamfering machine, automatic unloading equipment of turning, leakage inspection, precise step horning, tool chamfering process
2019	Punching machine, center bolt press pin machine
2020	Turning and grinding combine, center bolt welding ball machine, high pressure water deburring machine, laser welding machine
2020	Anti-drop of motor device
2020	Lubrication system of Gear reducer
2021	Appearance inspect machine by AI technology
2022	Inspect online of grinding machine
2023	Electro chemical machining

(IV) Long-term and short-term development

I. Short-term development plan

(1) Marketing strategy

A. Improve communication with customers, discover market’s demand, and emphasize product quality and technological capability.

B. Proactively develop qualified customers and maintain the quality of customer service.

C. Expand new customer base in the medical and bicycle industry.

D. The overall policy of increasing revenues and boosting profits will change due to external factors and will be timely reviewed and adjusted.

E. Introducing high precision planetary reducer which caters to applications in machining machinery and automation systems.

(2) Production strategy

A. Improve procurement efficiency, follow the progress of raw materials, and reduce inventory.

B. Establish a satellite processing system to strengthen the cooperation with suppliers.

C. Advocate and implement Total Quality Management (TQM), cut down on production costs, and improve product competitiveness.

D. Proactively expand the production capacity of TURVO International Co., Ltd and Taiwan plant in response to short-term business growth and needs for new product development.

(3) R&D strategy

A. Improve the production technology and efficiency of processed products and shorten the delivery time.

B. Continue to invest in R&D manpower, actively develop technology, and design new equipment, and expand new application markets.

C. Improve existing technological capabilities, introduce key technologies and equipment, and assist customers in developing customized products to improve customers' profits and competitiveness.

(4) Operations management

A. Build up a sound information system, including product system, enterprise resource planning (ERP) system, information security system and comprehensive knowledge management system.

B. Regularly arrange internal and external training to improve the quality of technology and development, business and the management.

(5) Financial management

A. Establish close relationships with financial institutions and follow the progress of the financial market, which will improve the performance of financial operation.

B. According to the medium and long-term capital plan, implement short-term financial planning under the principle of safety and stability.

2. Long-term development plan

(1) Marketing strategy

A. Provide one-stop service and solutions with advanced technology and equipment.

B. Proactively develop integrated design and manufacture to gain higher profits.

C. Increase different types of customer base and move towards global services.

D. Continue to promote the application of high precision planetary reducer and catering to the needs of customers requiring precise positioning.

E. Recruit outstanding personnel, organize a complete and harmonious team with capabilities of advanced product technology and active business development.

(2) Production strategy

A. Integrate raw material suppliers to ensure that all processes from raw material procurement to quality inspection, delivery date and other processes can be carried out smoothly.
B. Focus on the mode of OEM, improve product development capabilities, and enhance the integration of customers, manufacturers, and related industrial resources to create a win-win situation.
C. Enhance Total Quality Management (TQM) systems to make sure the product processing is safe, to ensure that follow-up process can run smoothly, and the products can be shipped on time in accordance with the delivery date.

(3) R&D strategy

A. Enhance the capability of design and integrated processing, and provide customized products and services.
B. Focus on OEM and adjust to the OEM mode of product modularity to improve product development capabilities.

(4) Operations management

A. Establish flat organization, effective management and reasonable performance assessment system for employees.
B. Regularly provide internal and external training for employee to enrich their professional and technical capabilities and improve communication efficiency in the workplace.
C. Strengthen the management of operational headquarters, enhance the operating performance of invested companies and improve financial planning capabilities.
D. Advocate the mindset of global competition and life-long learning, and achieve the goals to become multinational corporations.
E. Establish quality, efficient, and innovative corporate culture, and boost workplace cohesion.

(5) Financial management

A. The Company supplements the operating capital with net income, loans from financial institutions and cash capital increase to acquire funds needed for future development.
B. Appropriately arrange the Company’s financial planning to decrease operating risks.

II. Market and Sales Overview

(I) Market Analysis

1. Sales region of the Company's main products

Unit: NTD (in thousands); %

Area		2022		2023	
		Amount	%	Amount	%
Domestic market		641,087	19.14	321,605	9.64
Overseas market	Asia	1,748,566	52.19	1,924,628	57.67
	America	196,982	5.88	164,284	4.92
	Europe	763,688	22.79	926,968	27.77
	Others	-	-	-	-
	Subtotal	2,709,236	80.86	3,015,880	90.36
Total		3,350,323	100.00	3,337,485	100.00

2. Market Share

OEM is the Company's target goal in the automotive industry. The Company's customer base is the world's largest automotive component suppliers (Tier 1). Take Bosch as an example, it is the Company's best-selling customer at present. Products that sell to Bosch include spray nozzle of the engine system, high-pressure oil pumps, transmission controllers, Anti-lock brake system (ABS) and other components. Moreover, the Company's business scope has extended to many other world-renowned Tier 1 from Europe, the U.S. and Japan, such as Delphi, BorgWarner, Denso, Hitachi and so on. After accumulating years of mutual trust and cooperation and experiences of obtaining certification, the Company is deeply trusted by customers with its quality and price of the products, which further increases the Company's operating revenues over the years. For bicycle industry, the Company's successful business strategy for American customers in recent years has made the revenue of related products steadily increase year by year. For medical industry, the Company mainly supplies core metal components to world-renowned brands, and expands its business scope to orthopedic instruments and emergency room supplies and other fields.

3. Future supply, demand, and growth of market

The application of precision metal part processing industry is wide-ranging in the Company. At present, the Company's shipments mainly consist of automotive components, bicycle industry, medical equipment, industrial connectors, and optical products, etc. The analysis of the overview on automotive industry and medical device industry is as follows:

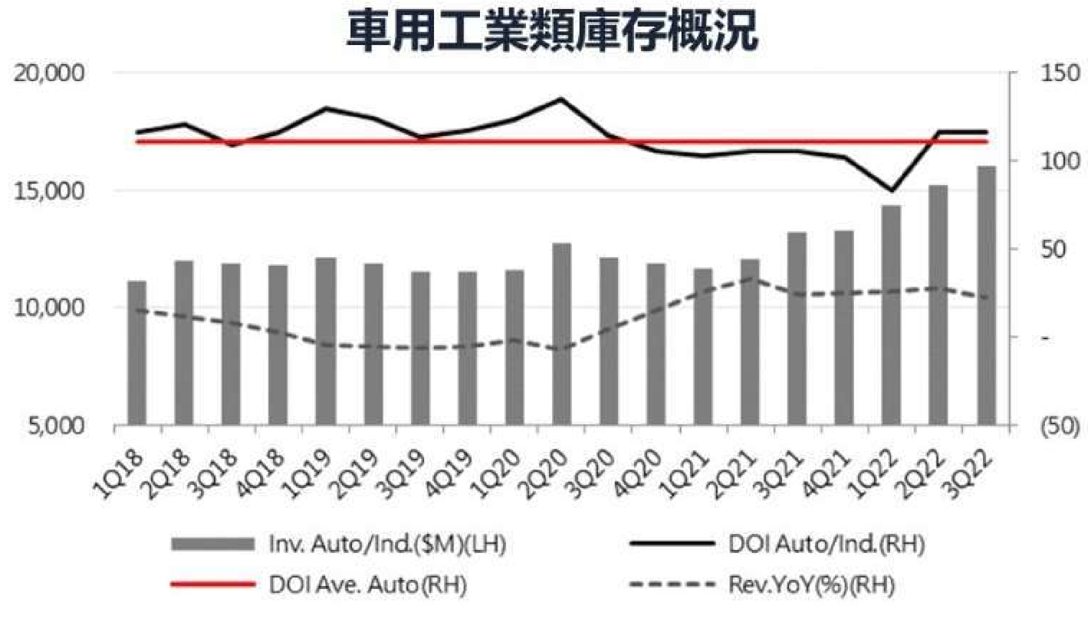
(1) Automotive industry

In 2024, the growth rate of the automotive market slowed down, while the supply chain further recovered, and manufacturers' production tended to normalize. With inventory turnover days returning to normal levels, it can be confirmed that the material shortage has eased to some extent. Against the backdrop of a low base period and upstream material shortage relief, this helps the automotive industry return to growth. Although consumer demand will be constrained by economic headwinds, single-digit growth is still expected. The uncertainty lies in the overall economic uncertainty, which may affect consumer willingness in the market.

Global Passenger Car Estimated Sales (Millions)

source：Bloomberg，永豐投顧整理及預估 Source: Bloomberg; compiled and estimated by SinoPac Inv. Service

Inventory Status in the Automotive Industry



source：《永豐投顧半導體產業報告：解鈴還須繫鈴人》，永豐投顧整理

Source: "SinoPac Inv. Service Semiconductor Industry Report: The only one who can fix the problem is the one who created the problem." Complied by SinoPac Inv. Service

In the automotive industry, there are primarily two categories: fuel vehicles and new energy vehicles. However, currently, the most significant momentum lies with new energy vehicles, which is also highly correlated with the policies promoting new energy implemented by various countries. The organized table is as follows:

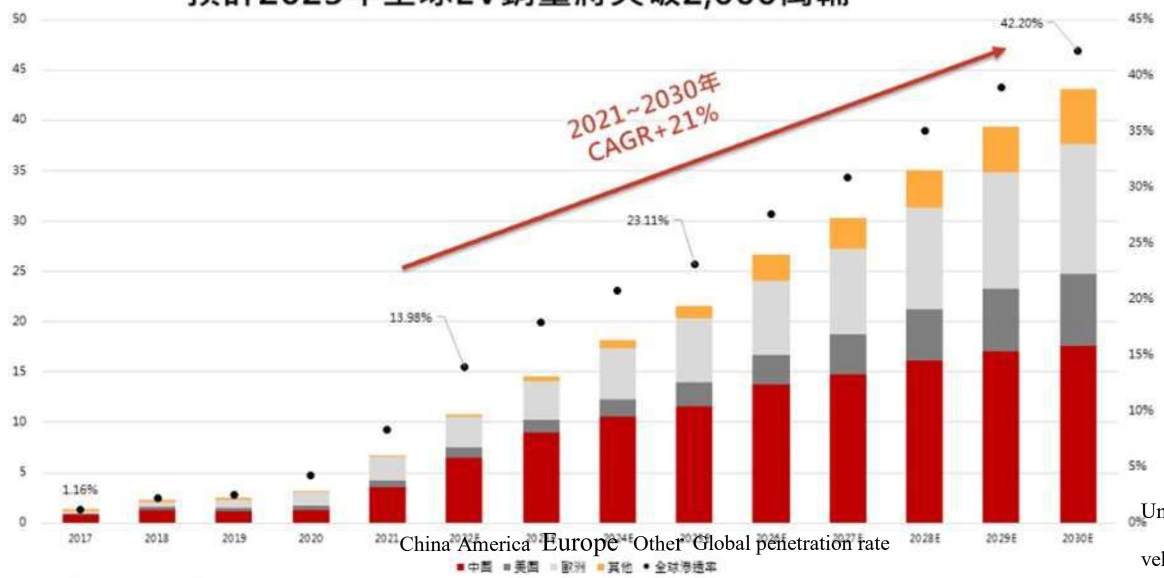
新能源車發展正向 各國政策一覽

主要汽車市場	推動環保、新能源車政策內容
美國	1.拜登政府上台後簽署行政令要求到2030年電動車占比達50%。 2.2022/8/26《2022年抗通膨法案》正式立法生效，修訂和擴大新能源車稅收抵免。
中國	1.目標到2025年，純電動乘用車新車平均電耗降至12.0kwh/百公里。 2.新能源汽車新車銷售量達到汽車新車銷售總量的20%左右，高度自動駕駛汽車實現限定區域和特定場景商業化應用。
歐洲	1.歐盟地區銷售的乘用車新車的CO2排放標準日趨嚴格。目標到2025年相比2021年降低15%，到2030年相比2021年降低37.5%，乘用車碳排放空間壓縮超過一倍。 2.歐盟27個會員國於2022/10/27正式協議2035年起禁售燃油車，實現100%淨零碳排放。

Corporate institutions estimate that by 2025, electric vehicle (EV) sales will surpass 20 million units, with a compound annual growth rate (CAGR) from 2021 to 2030 reaching 21%. The global number of electric vehicles is expected to increase nearly tenfold, with sales accounting for 35% of the market. Among these, China stands out as the most significant sales region for electric vehicles, driven by policies and market forces. It currently holds the highest penetration rate globally, and policy guidance has led to the emergence of numerous domestic brands, intensifying competition among manufacturers. Electric vehicles have become a trend of the times, prompting active involvement from various companies and automakers and creating related business opportunities and innovations. This surge also influences the entire supply chain associated with electric vehicles.

It is estimated that the global electric vehicle (EV) sales will surpass 20 million units by 2025.

預計2025年全球EV銷量將突破2,000萬輛



Unit: Million vehicles /%

資料來源：永豐投顧研究處整理，Nov. 2023 Source: Compiled by the research department of SinoPac Inv. Service Service

單位：百萬輛/%

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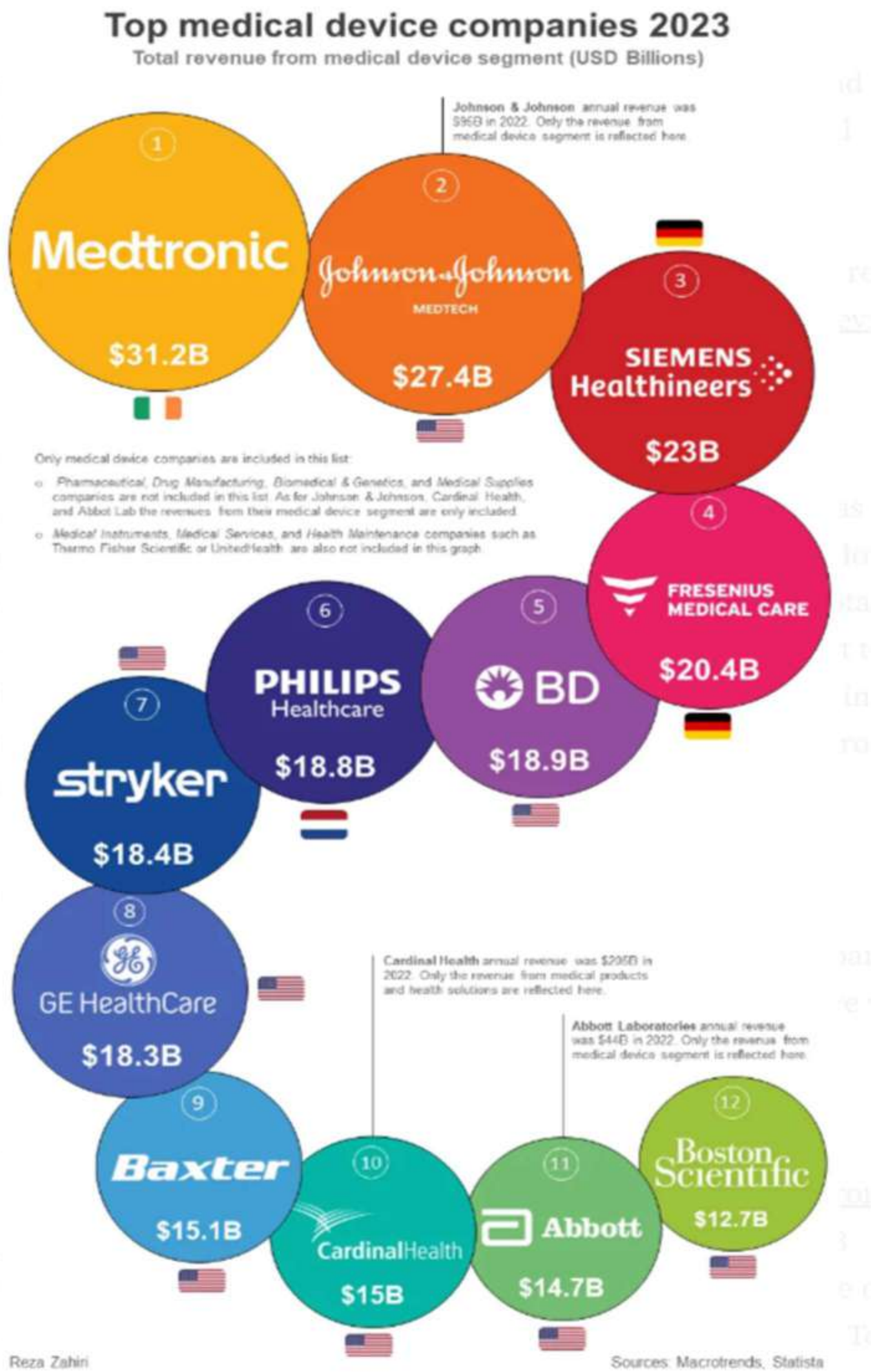
(2) Bicycle industry

The major driver of the global bicycle market is the growing preference for cycling as a convenient way of exercise. People have started to realize the importance of staying healthy and maintaining a healthy life, and regular cycling can also avoid diseases such as obesity. As growing number of people view cycling as a regular exercise way, it is expected that bicycle market will continue to grow.

Furthermore, electrical power assist bicycle is the new product that has drawn people's attention in the market. It is expected that E-bikes are expected to grow at a higher rate during the forecast period. The growth is attributable to several factors including rising disposable income and the benefits offered by e-bikes in terms of operation over traditional variant. Comparing with traditional bicycles, E-bikes also shorten the travel time during journeys.

(3) Medical equipment

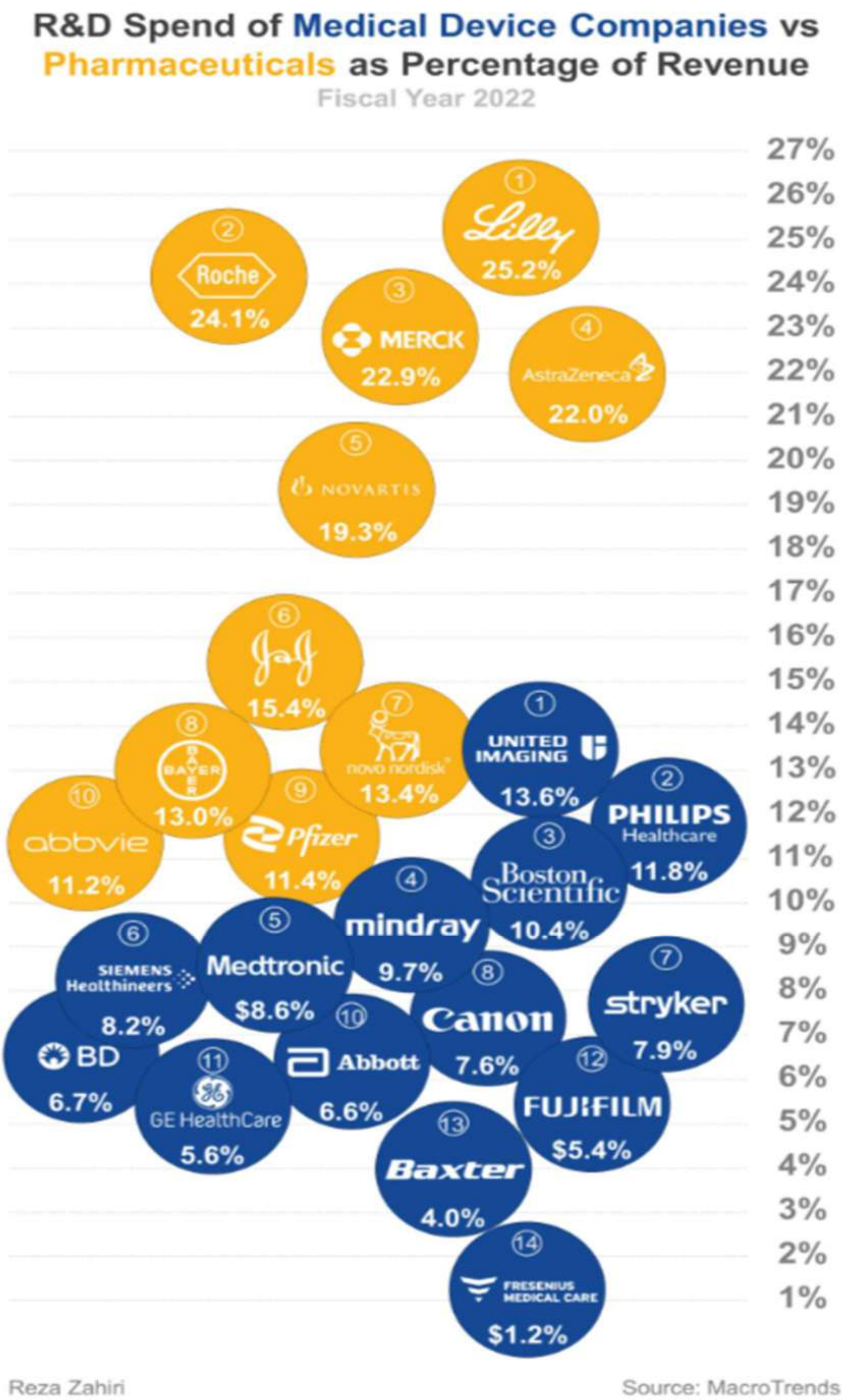
The revenue of companies in the medical equipment sector in 2023 and the ranking of the top ten global medical equipment companies.



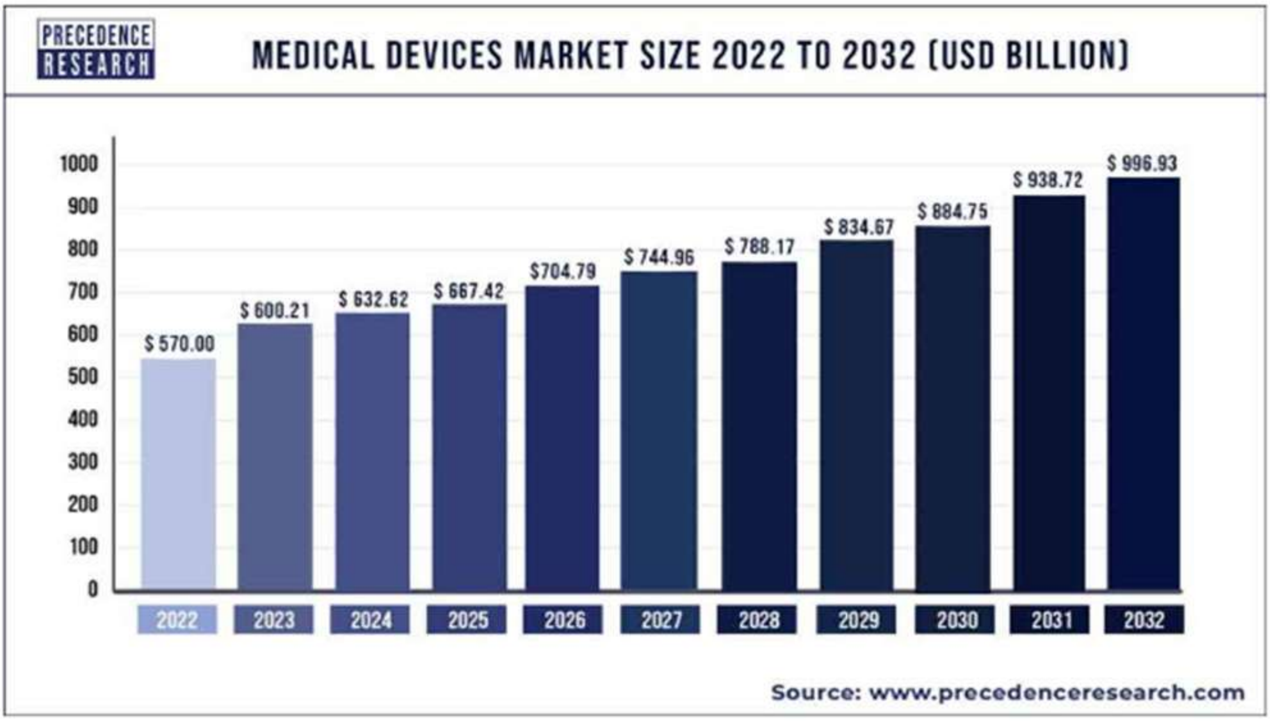
Note 1: Data source from industry analyst Reza Zahiri.

Note 2: The above image displays only the revenue of medical equipment; pharmaceutical, drug manufacturing, biomedical/genetic, and medical supply companies are not included in this list. Regarding Johnson & Johnson, Cardinal Health, and Abbott Laboratories, only the revenue from their medical equipment divisions is included. Companies in medical equipment, healthcare services, and health maintenance (such as Thermo Fisher Scientific or UnitedHealth) are also not included in the chart.

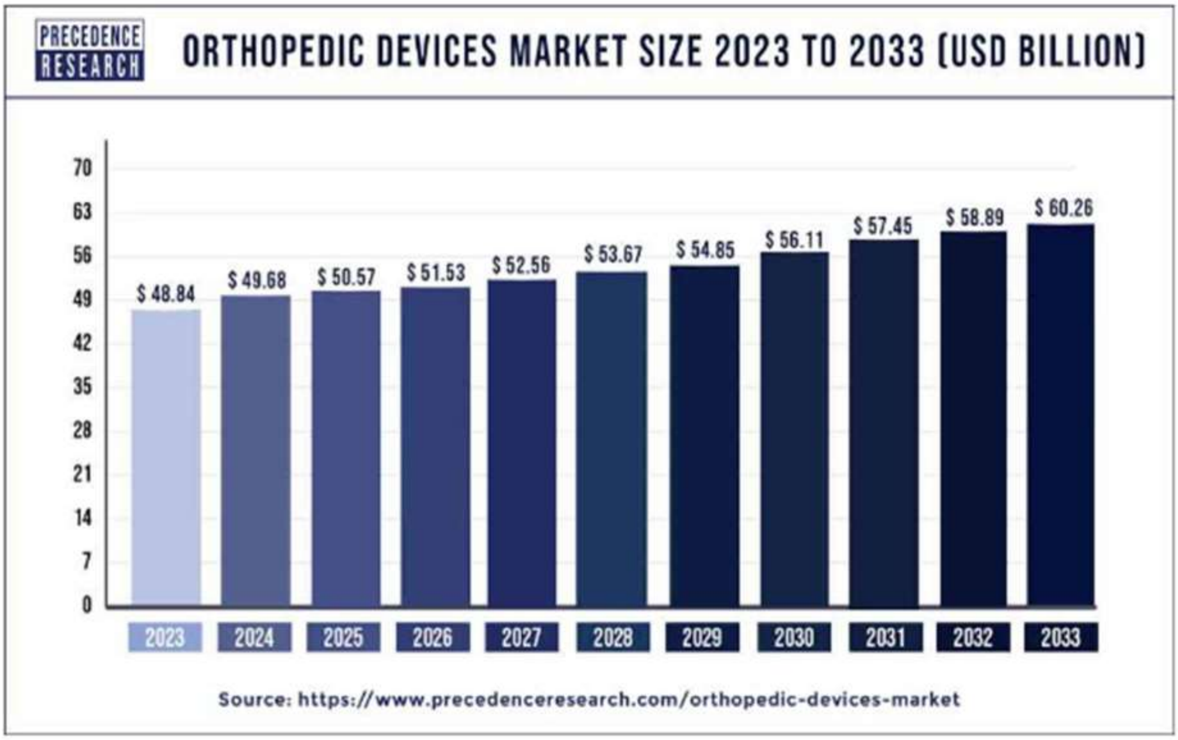
The R&D investment ratio comparison between medical device companies and the pharmaceutical industry in 2022:



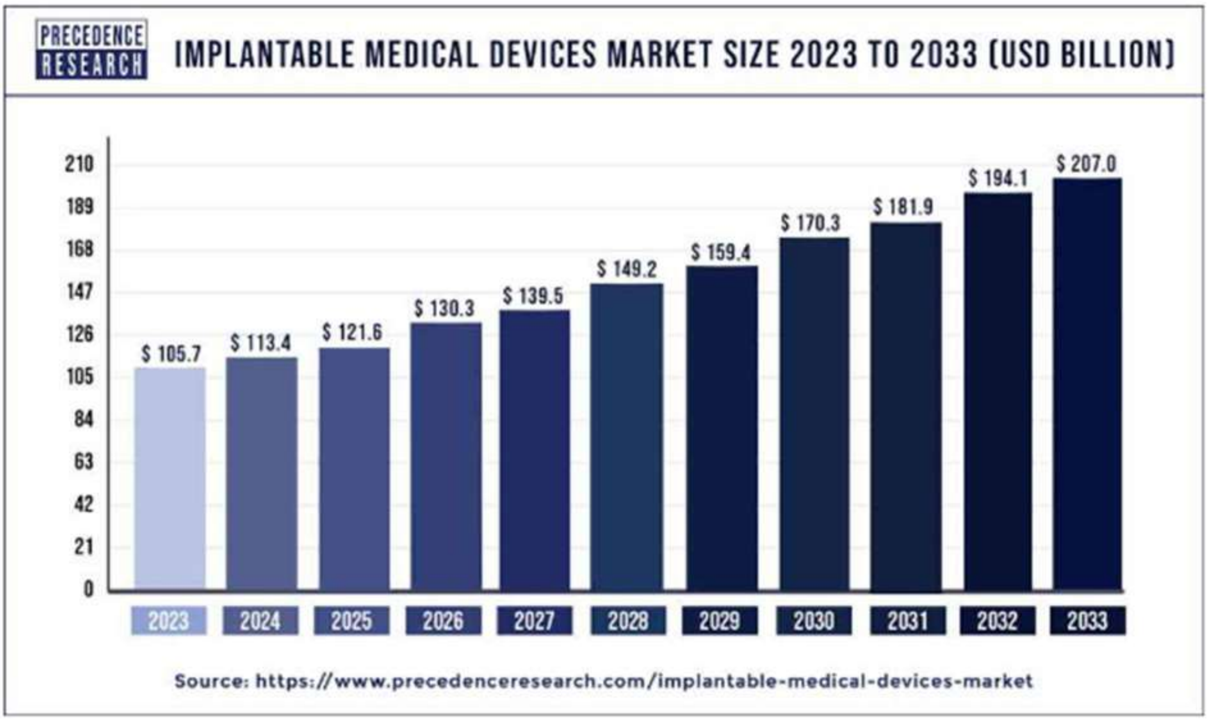
The market size of medical devices in 2023 increased from 2022 to 2032 (measured in billions of US dollars). In 2024, the medical device market is expected to be approximately $632 billion USD, and so forth.



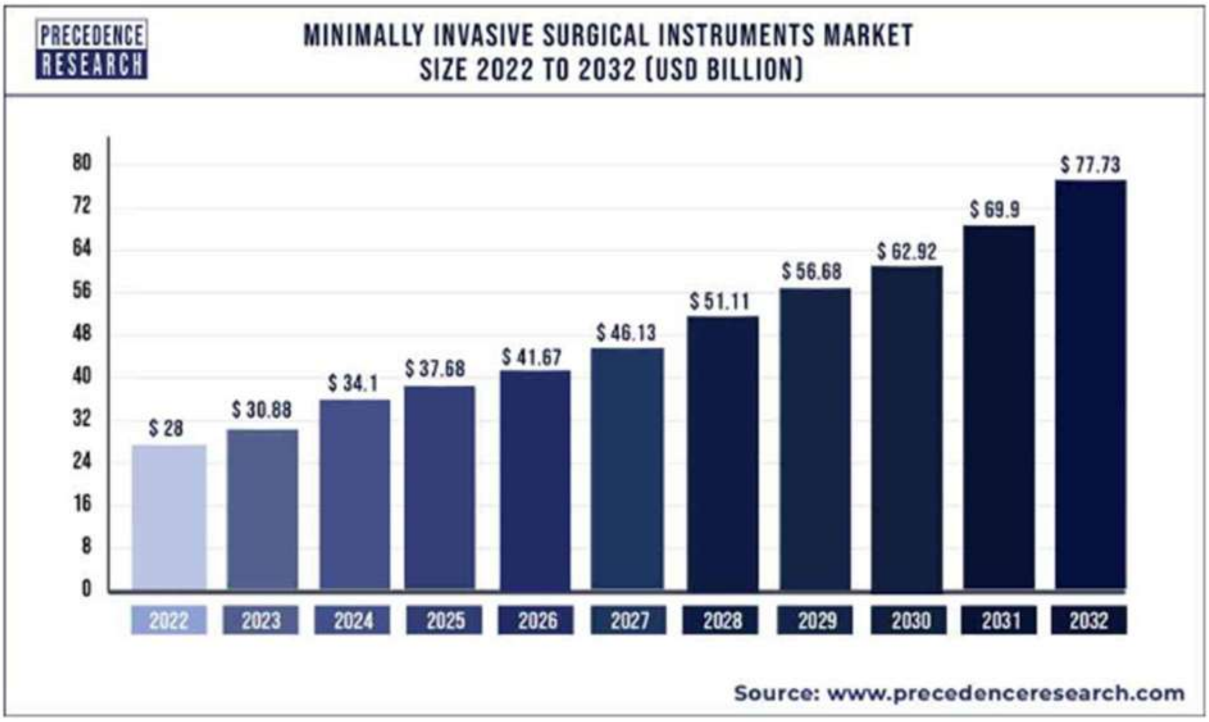
The market size of orthopedic medical devices in 2023 increased from 2023 to 2032 (measured in billions of US dollars): In 2024, the orthopedic medical device market is expected to be approximately $49 billion USD, and so forth.



The market size of implantable medical devices in 2023 increased from 2023 to 2032 (measured in billions of US dollars): In 2024, the implantable medical device market is expected to be approximately $113 billion USD, and so forth.



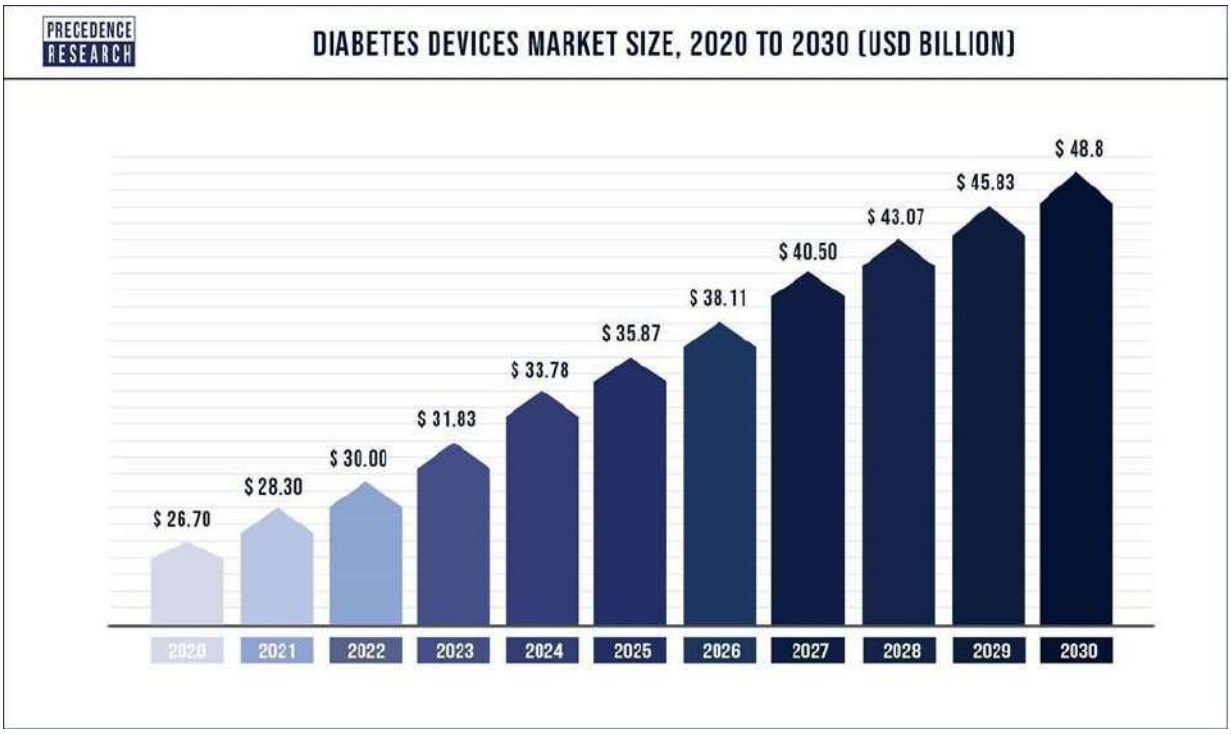
The market size of minimally invasive surgical instruments in 2023 increased from 2022 to 2032 (measured in billions of US dollars). In 2024, the minimally invasive surgical instrument market is expected to be approximately $34 billion USD, and so forth.



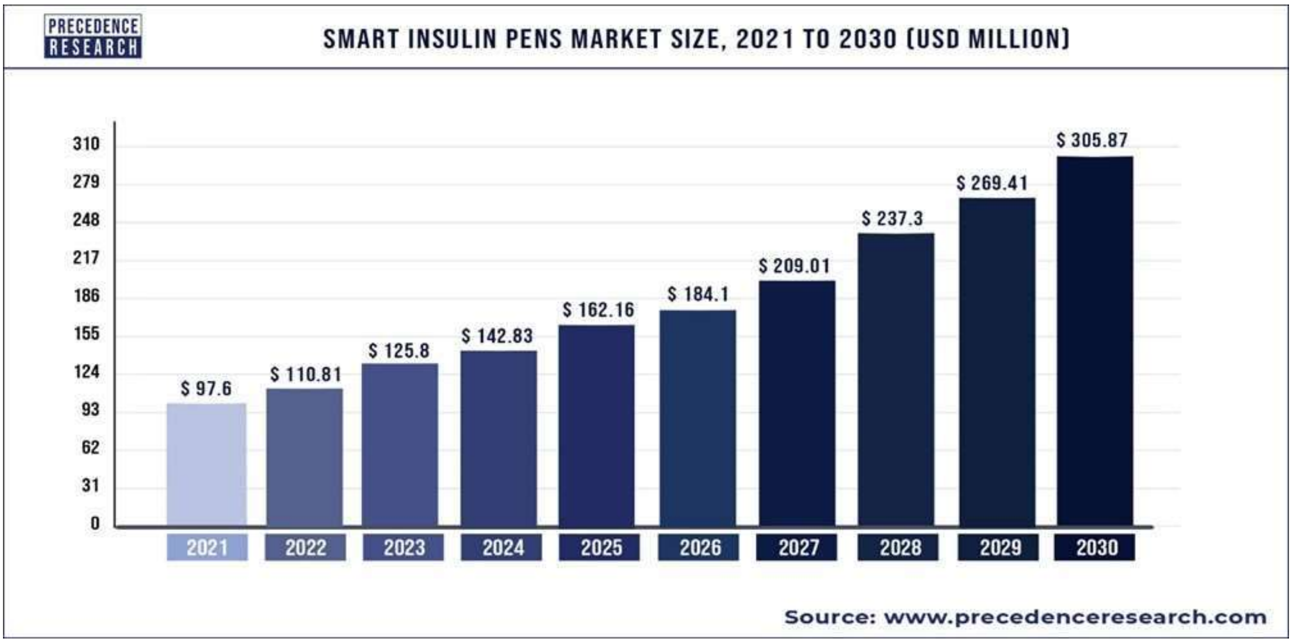
From the following chart, it is evident that over the next 10 years:

1. Novo Nordisk has consistently maintained a dominant position in the diabetes field, with its market share in the diabetes sector steadily increasing over the past decade.

2. Takeda, on the other hand, has experienced rapid decline. Takeda once ranked among the top 5 in the diabetes market with its drug pioglitazone, reaching a sales peak of $4.4 billion USD. However, due to the potential risk of bladder cancer associated with the drug, pioglitazone rapidly declined, causing Takeda to lose its competitive edge in the diabetes field. Predictably, the top 5 companies in the next 5 years will be Novo Nordisk, Eli Lilly, Bristol Myers Squibb, Sanofi, and AstraZeneca. In contrast, the chart for the 2018 fiscal year shows slight variations in the rankings of the top 5 companies in the global anti-diabetes field, which were Novo Nordisk, Eli Lilly, Sanofi, Merck & Co., and Bristol Myers Squibb. In 2022, the global diabetes equipment market exceeded $30 billion USD, and it is expected to reach around $48 billion USD by 2030. The compound annual growth rate (CAGR) from 2022 to 2030 is expected to reach 6.2%.



In 2022, the global market size for smart insulin pens was USD110.81 million, and it is estimated to reach around USD305.87 million by 2030. During the forecast period from 2022 to 2030, it is expected to grow at a compound annual growth rate (CAGR) of 13.53%. The European market held a revenue share of 41% in 2022.



According to the latest report released by NAVADHI Market Research, the global antidiabetic drug market is expected to reach a value of USD561.8 billion by 2023. Based on antidiabetic drug revenues, the top 10 global antidiabetic pharmaceutical companies are:

1. Novo Nordisk A/S: USD142.6 billion
2. Eli Lilly and Company: USD97.1 billion
3. Sanofi: USD6.1 billion
4. Merck KGaA: USD59.1 billion
5. Boehringer-Ingelheim: USD33.7 billion
6. AstraZeneca PLC: USD26 billion
7. Johnson & Johnson: USD880 million
8. Merck KGaA: USD860 million
9. Bayer AG: USD620 million
10. Takeda Pharmaceutical Company Limited: USD420 million

4. Competitive niche

(1) The manufacturing advantages include the diversification of product lines, mass production and planning management to meet customers' procurement needs.

(2) The Company has maintained an amicable long-term partnership. For market intelligence and product development, the Company always provides opinions and needs to expand the market together. After years of hard work, the Company has become an important supplier of major international manufacturers and won awards and received commendations several times. In the supply chain system of global car dealerships, major suppliers will not be changed or replaced easily. Because the

procurement and certification systems of global car dealerships are complex and take a long time to prepare, those global car dealerships focus on factors such as high quality, stable supply, and R&D efficiency instead of considering the costs. The intangible loss and time cost caused by the replacement of suppliers without deep consideration are the potential risks and costs that global car dealerships are truly concerned about.

(3) Continuous investment and improvement in R&D:

The Company puts a lot of effort into the investment in R&D and has made progress in the investment in manpower and equipment in recent years. Also, The Company has established a new plant in China, which located in Jiashan, Zhejiang, to shorten the time spending on development and show the Company’s determination and efforts in the speed of product development, technology improvement and cost control.

(4) Competitive price:

The Company has tapped into internationalization and global procurement to cope with the pressure of rising costs. Moreover, the Company has implemented strict production management and drove management improvement with technology improvement to meet the market demand for price reduction step by step.

(5) International certification:

The Company has equipped with ISO9002, ISO13485, QS9000 and ISO/TS16949 certification. The Quality Management System is in accordance with the international standards. In addition, in response to the increasingly stringent requirements and specifications of international car dealerships, the Company has passed the ISO and TS16949 quality certification to ensure that the Company meets the basic requirements of the international care dealership. Therefore, passing the certification can both improve the Company’s product image and increase international competitiveness.

(6) Precise inspection equipment:

The Company's inspection equipment is the equipment that meets international standards, and the yield rate of product is almost 100%.

(7) The Company is known for professional technical capability and stable quality. Since the establishment of the Company, the Company has consistently worked on innovation and R&D, cultivated independent professional capabilities, and produced customized products for customers to meet customers’ special needs and improve the Company’s competitiveness among customers. Furthermore, the Company’s stable product quality is well recognized by customers.

5. Favorable and unfavorable factors and countermeasures of development prospect

(1) Favorable factors

①Booming China market creates business opportunities

Although China has become the world's largest car sales country, its car ownership per 1,000 people is still relatively low. The car ownership rate of China is less than half of the global average and less than one-tenth of that of developed countries. With the continuous development of China's economy, China's automotive market is still in high demand. This huge business opportunity will attract automobile industry manufacturers to invest in China, especially the investment in automotive components. Chinese still take price as the main consideration when it comes to car maintenance; however, the quality requirements for maintenance parts will increase with the rising income of Chinese people. In this way, the competitiveness of domestic vehicle manufacturers in Chinese market are being enhanced. In addition, the medical market in China has become the fourth largest market in the world. It is estimated that there will be huge business opportunities in the future.

② The Company’s products have wide range of applications and can hardly be affected by business cycle

Due to the wide range of applications of the Company’s products, from the automotive industry, medical industry, industrial application industry and electronics industry, etc. The Company can produce the key components needed by the sales targets of the Company’s products include overseas automotive component manufacturers, connector manufacturers and medical manufacturers, etc. Due to the scattered industry application, it is unlikely that multiple industry downturns occur at the same time except from systemic risks or economic slump. Therefore, the products can be sold at any time, and there is no obvious peak and low season, or the risk of fluctuations caused by only supplying a single industry. At present, the growth of the China market has led to the growth of various industries and a wider range of product applications, which further increase the demand for precision processing products.

③ The Company’s has put a lot of effort into technology and the market for years, and has reached a consensus on the mode of mutual assistance with customers

The Company has started the cooperation with Bosch since 2004. So far, the Company has become its first choice among all the suppliers. Furthermore, the Company has participated in R&D and design of Bosch based on technical cooperation to increase the Company's added value. It can be seen that after accumulating years of mutual trust, cooperation and repeated certification experience, the Company's product quality and price has earned recognition.

④ European, American, and Japanese component factories are eager to establish production bases for regional division of labor

Due to the rise of the Asia-Pacific market, international OEMs has entered the Asia-Pacific region. The relevant European, American, and Japanese component factories are eager to establish a production base for regional division of labor based on cost consideration and to serve customers within a short distance. With the excellent manufacturing management and quality management capabilities of Taiwanese manufacturers, it is a great chance for Taiwanese manufacturers to enter the international automotive component market.

(2) Unfavorable factors

①The implementation of new environmental protection regulations has caused the increase in the cost of automotive manufacturers, all the OEMs were unable to reach economy of scale, cut-throat competition, price reduction requirement for component factories and the threat to the survival of component factories.

Countermeasures:

The Company has committed to introducing advanced manufacturing processes and equipment over the years to reduce production time and manpower, thereby improving production efficiency. In addition to reducing the Company's production costs, introducing advanced manufacturing processes and equipment can also enhance production efficiency and improve the Company's relative competitiveness in the market.

② International raw material prices fluctuate greatly, causing raw material inventory management and cost control more challenging

Aluminum, copper, and steel are the main raw materials of the Company’s products. With the continuous growth in operating revenue, the use of these raw materials has been significantly increased. The substantial fluctuation in raw material prices make it difficult for suppliers to control costs and delivery dates. Therefore, raw material and cost control is a big challenge to face during production procedure.

Countermeasures:

A. Sign long-term supply contracts with raw material suppliers. The Company expects that from raw material procurement, quality inspection, to delivery time and other processes can be carried out smoothly.

B. Continue to develop new technologies and new applications and actively develop niche products such as medical device application and aerospace industry application to increase the overall gross profit margin of the Company’s products.

C. Participate more automotive industry value chain activities, and improve the professional standard from R&D, sales to after-sales service and other parts.

D. Seek multiple suppliers to prevent the increase in raw material prices and suitably adjust selling prices to reflect costs and maintain profit margin.

③ Rising wages in China caused the increase in production costs

Since Labor Contract Law of the People’s Republic of China began to come into force in China, the wages and welfares of local workers continue to grow, making the proportion of labor in manufacturing costs has gradually increased.

Countermeasures:

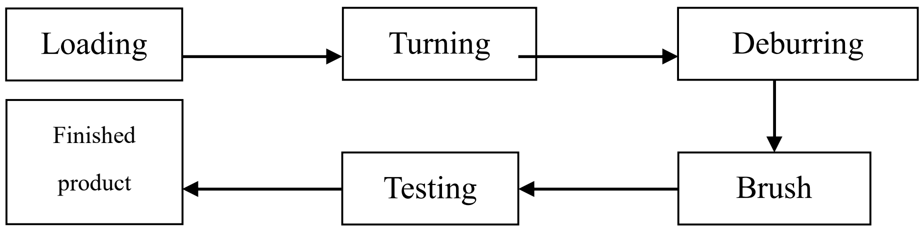
The Company has improved the production process to reduce the waste of raw materials during production, and reduced labor hours to improve production efficiency of products and reduce costs. Moreover, the Company has introduced automated production machinery to replace labor, so that the Company's product quality is stable and labor costs has been reduced.

(II) Usage and manufacturing processes for the Company's main products

1. Usage for the Company's main products

The Company was established in 1987, and the Company mainly provides customers with precision metal processing of various metal materials, specializing in the manufacture of various automotive and motorcycle components, medical device components, industrial connector components, electronic equipment, communication device components, etc.

2. The manufacturing process of main products



(III) Supply Status of Main Materials

Major raw materials	Main suppliers	Supply status
Stainless steel bars	Acciaierie Valbruna S.P.A.	Good
Stainless steel bars	Datong Special Steel (Shanghai) Co., Ltd.	Good
Stainless steel bars	Zhejiang Tenglong Stainless Steel Rod & Wire Co., Ltd.	Good
Stainless steel bars	UGITECH	Good
Stainless steel bars	Deutsche Edelstahlwerke GmbH	Good

(IV) The suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases.

1. Information on Major Suppliers for the Most Recent 2 Years

Unit: NTD (in thousands); %

	2022				2023				As of 31 March 2024			
Item	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of net purchases as of 31 March 2024	Relation with the issuer
1	Acciaierie Valbruna	207,830	15.02	None	Acciaierie Valbruna	194,117	15.56	None	Acciaierie Valbruna	56,230	17.51	None
2	Other Companies	1,176,171	84.98		Other Companies	1,053,144	84.44		Other Companies	264,846	82.49	
	Net purchase amount	1,384,001	100.00		Net purchase amount	1,247,261	100.00		Net purchase amount	321,076	100.00	

The reason for increases or decreases:

In the fiscal year 2023, due to the slowing growth of the bicycle end product market and a decrease in customer demand, the required quantity for related production decreased. As a result, the purchase amount from suppliers in the year 112 was less compared to the fiscal year 2022. However, individual supplier procurement amounts varied, some increasing while others decreasing.

2. Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NTD (in thousands); %

	2022				2023				As of 31 March 2024			
Item	Name	Amount	Percentage of annual net sales	Relation with the issuer	Name	Amount	Percentage of annual net sales	Relation with the issuer	Company Name	Amount	Percentage of net sales as of 31 March 2023)	Relation with the issuer
1	Bosch Diesel System	375,863	11.22	None.	Bosch Diesel System	405,685	12.16	None.	Bosch Diesel System	111,663	12.90	None.
2	Bosch San. ve Tic. A.S.(RBTR)	199,147	5.94	None.	Bosch San. ve Tic. A.S.(RBTR)	358,142	10.73	None.	Bosch San. ve Tic. A.S.(RBTR)	117,148	13.54	None.
3	Fox Factory Switzerland GmbH	617,628	18.43	None.	Fox Factory Switzerland GmbH	304,443	9.12	None.	Fox Factory Switzerland GmbH	85,175	9.84	None.
	Other companies	2,157,685	64.41	None.	Other companies	2,269,215	67.99	None.	Other companies	551,424	63.72	None.
	Net sales revenue	3,350,323	100.00		Net sales revenue	3,337,485	100.00		Bosch Diesel System	111,663	12.9	None.

The reason for increases or decreases:

The products sold to Bosch Group by the company include engine system fuel injectors and other components. The business relationship has been ongoing since 2004, and over the years of mutual trust, cooperation, and repeated certifications, the product quality and pricing have been highly recognized by Bosch Group. Due to the automotive market continuing to recover, increased customer demand and adjustments in customer internal production lines, changing in regional sales volumes, sales of Bosch automotive and Bosch-RBTR have seen significant growth. On the other hand, the products sold to Swiss customer Fox Corporation include bicycle parts. Due to a slowdown in the bicycle market and reduced customer demand, sales have decreased.

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS (in thousands); NTD (in thousands)

Year / Output / Main products	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Precision metal components	Note	132,754	3,539,236	Note	120,640	3,186,647
Other companies	Note	—	—	Note	—	—
Total	Note	132,754	3,539,236	Note	120,640	3,186,647

Note: Due to the wide variety and specifications of the Company's products, the Company only adds up the quantity and capacity.

The reason for increases or decreases:

The company experienced a slowdown and reduced demand in the bicycle market and from customers in 2023, resulting in decreased product output and value compared to the year 2022.

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS (in thousands)；NTD (in thousands)

Year / Shipments and sales / Main products	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Precision metal components	10,237	641,087	119,293	2,709,236	4,728	321,605	118,526	3,015,880
Other companies	—	—	—	—	—	—	—	—
Total	10,237	641,087	119,293	2,709,236	4,728	321,605	118,526	3,015,880

The reason for increases or decreases:

The company experienced a slowdown and reduced demand in the bicycle market and from customers in 2023, resulting in decreased product sales volume and revenue compared to the year 2022.

III. Human Resources Information for the Last Two Years and as of 31 March 2024

Information on the employees employed in the 2 most recent fiscal years, and during the current fiscal year up to 31 March 2024.

Year		2022	2023	As of 31 March 2024
Number of Employee	Indirect employee	771	562	766
	Direct employee	567	768	531
	Total	1338	1330	1297
Average Age		37.04	37.33	37.42
Average Years of Service		4.19	4.33	4.69
Education Distribution (%)	Ph.D.	0.00%	0.08%	0.00%
	Master’s Degree	3.36%	3.98%	3.16%
	Bachelor’s Degree	24.96%	25.26%	25.13%
	Senior High School	27.28%	24.51%	24.60%
	Below Senior High School	44.40%	46.17%	47.11%

IV. Labor Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Benefit plans

The items of the Company and its subsidiaries' benefit plans include labor insurance, group insurance, health checkups, year-end bonus, year-end party, family day, holiday bonus for Chinese New Year, marriage and funeral subsidies, maternity benefit, commendation for employees' years of service and bonus for proposal, etc. Furthermore, the Company has established Employee Welfare Committee and held employees' years of service and allocated funds according to the articles of Employee Welfare Committee. The Company arranges domestic and overseas company trips, employee dinner parties, birthday parties and various group activities every year according to the funds. When the Company settles the profit and loss after the end of the year, the Company will allocate employee remuneration in the proportion stipulated in the articles of association, so that employees can share the Company's operating result.

2. Employee continuing education and training

In order to improve employees' professional skills and competency, the Company and its subsidiaries not only provide internal education training, but also encourage the employees to participate in various workshops and training courses. In the most recent year, there were 159 training courses for employee education, 5,696 participants, The total hour is 10,764, and the training expenditure was NTD246,055 in total.

(1) New employee orientation: The orientation consists of the information on company profile, the Company's organizational structure, corporate system, Ethical Corporate Management Best Practice Principles, introduction to the Company, occupational safety and health, quality policy and objectives, work rules, employee manuals and advocacy for code of conduct. The Company will arrange pre-service training according to each employee's position.

(2) On-the-job training: The Company and its subsidiaries plan the "annual training course schedule" every year based on the training needs of employees and the Company's development needs. The Company arranges employees to participate in internal and external training courses to assist in the Company's talent cultivation and long-term development of employees to increase their professional skills, enhance their quality and organizational performance.

3. Retirement systems and the implementation status

So far, all employees of the Company adopt the new labor retirement system. According to Labor Pension Act, the monthly allocated pension is deposited in the individual account for labor pension established by the Bureau of Labor Insurance , which helps arrange retirement dinner parties and provide retirement souvenirs.

4. The status of labor-management agreements

The Company's operating goals must rely on the joint efforts of both labor and management to achieve. The Company has always dealt with labor relation issues based on the concept that both employers and employees are equally important and work together towards mutual prosperity. The Company places emphasis on employees' opinions, and employees are available to talk about the problems they encounter in life and work by the Company's formal or informal communication channels at any time. Moreover, the Company has held labor-management meeting for two-way communication and coordination. Therefore, the Company has always maintained a harmonious labor-management relationship.

5. Measures for preserving employees' rights

(1) Establish Employee Welfare Committee:

The Company has set up an Employee Welfare Committee in accordance with the law that provides various benefit plans including domestic and overseas company trips, employee dinner parties, birthday celebration and all types of group activities.

(2) Insurance for employees: All employees of the Company have labor

insurance, health insurance and group insurance provided by the Company.

(3) Health checkup: In order to ensure the physical and mental health of employees, the Company regularly conducts health checkups for employees for free.

(4) Pay attention to labor relations: The Company holds labor-management meeting on a quarterly basis. The labor and the management may nominate representatives to participate in labor-management meetings as chairperson, and further improve the communication and coordination between the labor and the management.

(5) Employee safety regulation: The Company has complied with the regulations of Labor Standards Act and Occupational Safety and Health Act and arranged safety and health education and training for employees from time to time.

(6) Commendation systems for senior staffs: To encourage employees and boost workplace cohesion, the Company has established commendation systems for those senior staffs who have served for 10 years, 15 years, 20 years, and so on. Every five years of service is viewed as a unit.

(II) Losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes and disclosing an estimate of possible expenses that could be incurred currently and, in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the reasons why it cannot be made shall be provided.

The Company pays attention to employees and strives to establish and maintain harmonious relations with employees. As a result, there was no loss suffered by the Company and its subsidiaries in the most recent fiscal year and up to the annual report publication date due to labor disputes. Also, there was no potential factor that would result in labor disputes. It is believed that if the Company continues to proactively promote and implement various employee welfare measures, there will be no labor disputes and losses in the future.

(III) Working environment and personal safety protection measures for employees

The Company has set up a safety and health office in accordance with Occupational Safety and Health Act to handle labor safety and health affairs. Those people in charge of environmental management, regularly inspect the working environment, provide environmental education courses, advocate relevant information on disaster prevention, raise awareness about disasters and provide employees with a safe and comfortable working environment. In addition, the Company also regularly provides on-site medical services for employees.

(IV) Code of conduct for employees

In order to make all employees understand the code of conduct and the code of ethics, the Company has specified the relevant code of conduct in the work rules and employee manuals and formulated the “Ethical Corporate Management Best Practice Principles” for the management and all the employees to follow. Furthermore, the Company had posted the code of conduct for employees on its internal bulletin board and internal website announcement area. In this way, all the employees can check relevant regulations at any time to comply with the code of conduct.

V. Disbursement for Environmental Protection

(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: At present, the Company has set up equipment for waste management and equipped with permit of pollution drainage, application for incorporating into the government management. The Company’s wastewater was discharged to Chungkang wastewater treatment plant and the Company should pay water pollution control fees every six months according to the related regulations. So far, the fees are collected by Taichung Branch，Bureau of Industrial Parks, Ministry of Economic Affairs. In addition to complying with the relevant laws and regulations on environment protection and requirements of the competent authority, the Company also formulates relevant regulations and continuously implements environment protection training to improve employees' environmental awareness and concepts. Furthermore, the Company has constantly worked on maintaining the validity of ISO 14001 & ISO 45001 certificates.

(II) In order to achieve the sustainable development goals of the United Nations, TURVO INTERNATIONAL CO., LTD. has implemented certain policies to protect the environment and save energy. Moreover, the Company has proactively promoted various energy conservation plans for implementing energy conservation and carbon emission reduction.

(III) Setting forth the Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

Equipment	Quantity	Acquisition date	Acquisition costs	The use and the possible effects to be produced
Wastewater treatment equipment	1	28 June 2014	1,428 thousand	The industrial wastewater generated in the process is treated by wastewater treatment equipment to avoid causing harm to the environment

(IV) Describing the process undertaken by the Company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described: None.

(V) The losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid) and disclosing an estimate of possible expenses that could be incurred currently and, in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

(VI) Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position, and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: It is scheduled that the Company will start to engage in the affairs of USGBC certification and wastewater treatment equipment projects in the new construction project.

V. Cyber Security Management

(I)Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1.Information Security Risk Management Framework and Organizational Operating Model

(1) The company's IT department is responsible for overall information security planning, risk management, promotion, and execution. It assigns dedicated personnel to serve as security managers to coordinate daily operations.

(2) The company's audit department serves as the supervisory unit for information security oversight. In the risk assessment of major issues by the company's Sustainable Development Committee, information security management is listed as a regular important risk assessment item. It regularly reviews the results of risk responses to reduce internal information security risks. It also reports the results of Sustainable Development Committee initiatives to the board of directors regularly and tracks improvement effectiveness.

2.Information Security Policy

(1) Ensure appropriate management and protection of information assets within the organization, and ensure uninterrupted operation.

(2) Identify and assess potential information security risks to prevent hacker attacks, various viruses intrusion, and destruction.

(3) Risk prevention, data privacy protection to prevent data leakage.

3.Specific Management Measures for Information Security

(1) Network Security and Access Control

a. Implement enterprise-level firewalls and security policies, intrusion detection systems, and antivirus software to block illegal intrusions by hackers.

b. Access permissions for all operating systems are opened and used only after approval by the responsible supervisor, and access traces are recorded.

(2) Virus Protection

a. Servers are installed with protection software (MDR) and malicious program monitoring software.

b. Endpoint computer virus codes are updated automatically, and the status of antivirus software updates is checked regularly.

(3) Vulnerability Management

a. Periodic vulnerability scanning for vulnerability patching and tracking improvements.

(4) Asset Protection Management

a. Access control for server room entry and exit, with records for the entry and exit of computers, servers, and other equipment.

b. Independent air conditioning is installed in the server room to maintain appropriate temperature conditions for operation.

4. Investment in Information Security Resources

The company's IT department consists of four personnel responsible for company information security. They hold internal meetings weekly to review the monitoring of various security facilities and resolve anomalies to ensure effective facility operations. Planning and execution for important security tasks such as operating system or critical software upgrades and disaster recovery drills for system hosts are also carried out. Professional organizations are periodically commissioned for vulnerability scanning, timely vulnerability patching, and annual budget allocations for information security upgrades to replace outdated equipment to ensure overall information security.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts

Agreement	Counterparty	Period	Main Contents	Restrictions
Borrowing agreement	Bank of Taiwan	June 2019-June 2024	Medium- and long-term loans	Note 1
Borrowing agreement	Bank of Taiwan	Start the counting of 7 years from the first day of appropriation	Medium- and long-term loans	Note 1
Borrowing agreement	Bank of Taiwan	June 2019-June 2029	Medium- and long-term loans	Note 1
Borrowing agreement	Bank of Taiwan	Start the counting of 10 years from the first day of appropriation	Medium- and long-term loans	Note 1
Lease agreement	Chungkang Branch, Export Processing Zone Administration	December 2013-December 2023	Land lease agreement	None.
Lease agreement	Chungkang Branch, Export Processing Zone Administration	December 2016-December 2026	Land lease agreement	None.

Agreement	Counterparty	Period	Main Contents	Restrictions
Lease agreement	Chungkang Branch, Export Processing Zone Administration	July 2015-June 2025	Land lease agreement	None.
Procurement agreement	Bosch (China) Investment Ltd.	From 30 July 2012	Procurement agreement	None.
Procurement agreement	DENSO KOREA CORPORATION	From 27 March 2020	Procurement agreement	None.
Procurement agreement	DENSO MANUFACTURING HUNGARY LTD.,	From 30 October 2020	Procurement agreement	None.
Engineering agreement	Lee Ming Construction Co., Ltd.	January 2021-December 2022	The construction project of new plant.	None.

Note 1: Under the restriction of "Regulations Governing Loan Projects for Returning Taiwanese Businesses to Invest in Taiwan."

VI. Financial Information

I. Five-Year Financial Summary - Based on IFRS-compliant

(I) Condensed balance sheets and statements of comprehensive income

1. Condensed balance sheets and statements of comprehensive income - Based on IFRS

(1) Consolidated Condensed Balance Sheets - Based on IFRS

Unit: NTD (in thousands)

Item \ Year		Financial Summary for the Last Five Years					The financial information as of and for the year ended 31 March 2024 (Note 1)
		2019	2020	2021	2022	2023	
Current assets		2,018,355	2,469,730	2,966,607	2,869,473	2,942,940	3,093,423
Property, plant and equipment		1,545,728	1,548,036	1,582,313	1,525,264	1,937,581	1,910,017
Intangible assets		4,536	6,396	6,256	8,266	10,311	9,919
Other assets		306,490	257,652	371,650	579,878	276,251	492,146
Total assets		3,875,109	4,281,814	4,926,826	4,982,881	5,167,083	5,505,505
Current liabilities	Before distribution	814,391	1,097,493	1,255,351	1,033,194	983,865	990,254
	After distribution	1,013,041	1,217,887	1,074,487	671,465	(Note 2)	(Note 2)
Non-current liabilities		390,060	344,840	533,227	501,678	599,640	682,754
Total liabilities	Before distribution	1,204,451	1,442,333	1,788,578	1,534,872	1,583,505	1,673,008
	After distribution	1,403,101	1,562,727	1,607,714	1,173,143	(Note 2)	(Note 2)
Equity attributable to shareholders of the parent		2,612,313	2,800,475	3,116,374	3,433,712	3,573,189	3,822,184
Capital stock		602,881	602,881	602,881	602,881	602,881	602,881
Capital surplus		1,068,073	1,068,073	962,908	818,217	818,217	818,217
Retained earnings	Before distribution	1,109,642	1,286,119	1,708,486	2,149,968	2,322,197	2,471,949
	After distribution	910,992	1,165,725	1,527,622	1,788,239	(Note 2)	(Note 2)
Other equity interest		(158,368)	(146,683)	(157,901)	(137,354)	(170,106)	(70,863)
Treasury stock		(9,915)	(9,915)	—	—	—	—
Non-controlling interest		58,345	39,006	21,874	14,297	10,389	10,313
Total equity	Before distribution	2,670,658	2,839,481	3,138,248	3,448,009	3,583,578	3,832,497
	After distribution	2,472,008	2,719,087	2,957,384	3,086,280	(Note 2)	3,832,497

Note 1: The financial information on the first quarter of 2024 had been reviewed by the CPAs.

Note 2: The appropriation of earnings will be determined after the resolution of the 2024 shareholders' meeting.

(2) Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD (in thousands), except for earnings per share

Item \ Year	Financial Summary for the Last Five Years					The financial information as of and for the year ended 31 March 2024 (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	2,353,988	2,538,399	3,232,810	3,350,323	3,337,485	865,410
Gross profit	774,569	823,121	1,149,311	1,103,636	1,091,194	304,924
Income (loss) from operations	319,324	404,990	649,199	544,806	531,808	162,185
Non-operating income and expense	44,704	24,846	2,521	230,007	39,432	13,608
Income before tax	364,028	429,836	651,720	774,813	571,240	175,793
Profit of continued operations.	293,678	359,289	529,978	613,553	529,930	149,920
Loss of discontinued operations	—	—	—	—	—	—
Profit (loss) for the period.	293,678	359,289	529,978	613,553	529,930	149,920
Other comprehensive income (income after tax)	(57,573)	8,184	(15,567)	21,763	(32,632)	98,999
Total comprehensive income	236,105	367,473	514,411	635,316	497,298	248,919
Net income attributable to shareholders of the parent	305,367	375,127	542,761	622,346	533,958	149,752
Net income attributable to non-controlling interest	(11,689)	(15,838)	(12,783)	(8,793)	(4,028)	168
Comprehensive income attributable to Shareholders of the parent	243,731	386,812	531,543	642,893	501,206	248,995
Comprehensive income attributable to non-controlling interest	(7,626)	(19,339)	(17,132)	(7,577)	(3,908)	(76)
Earnings per share	5.07	6.23	9.01	10.32	8.86	2.48

Note 1: The financial information for the first quarter of 2024 has been reviewed by the CPA.

(3) Separate Condensed Balance Sheets - Based on IFRS

Unit: NTD (in thousands)

Item \ Year		Financial Summary for the Last Five Years 2019	2020	2021	2022	2023	The financial information as of and for the year ended 31 March 2024
Current assets		918,133	1,392,001	1,560,774	1,434,294	975,469	N/A
Property, plant and equipment		370,609	402,325	531,582	562,990	1,140,833	
Intangible assets		3,340	5,399	5,295	7,715	9,866	
Other assets		2,171,264	2,064,940	2,467,485	2,663,202	2,777,430	
Total assets		3,463,346	3,864,665	4,565,136	4,668,201	4,903,598	
Current liabilities	Before distribution	612,905	833,461	988,631	761,233	739,697	
	After distribution	414,255	713,067	807,767	399,504	(Note1)	
Non-current liabilities		238,128	230,729	460,131	473,256	590,712	
Total liabilities	Before distribution	851,033	1,064,190	1,448,762	1,234,489	1,330,409	
	After distribution	652,383	943,796	1,267,898	872,760	(Note1)	
Equity attributable to shareholders of the parent		2,612,313	2,800,475	3,116,374	3,433,712	3,573,189	
Capital stock		602,881	602,881	602,881	602,881	602,881	
Capital surplus		1,068,073	1,068,073	1,068,073	962,908	818,217	
Retained earnings	Before distribution	1,109,642	1,286,119	1,708,486	2,149,968	2,322,197	
	After distribution	910,992	1,165,725	1,527,622	1,788,239	(Note1)	
Other equity interest		(158,368)	(146,683)	(157,901)	(137,354)	(170,106)	
Treasury stock		(9,915)	(9,915)	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Total equity	2,612,313	2,800,475	3,116,374	3,433,712	3,573,189	
	After distribution	2,413,663	2,680,081	2,935,510	3,071,983	(Note1)	

Note 1: The distribution of earnings will be resolved at the 2024 shareholders' meeting.

(4) Separate Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NTD (in thousands), except for earnings per share

Item \ Year	Financial Summary for the Last Five Years					The financial information as of and for the year ended 31 March 2024
	2019	2020	2021	2022	2023	
Operating revenue	1,235,698	1,304,145	1,732,806	1,806,149	1,578,873	N/A
Gross profit	401,668	433,319	607,436	551,193	419,005	
Income (loss) from operations	213,515	247,412	373,313	242,787	119,507	
Non-operating income and expense	139,974	137,809	241,485	465,628	439,151	
Income before tax	353,489	385,221	614,798	708,415	558,658	
Profit of continued operations.	305,367	375,127	542,761	622,346	533,958	
Loss of discontinued operations	—	—	—	—	—	
Profit (loss) for the period.	305,367	375,127	542,761	622,346	533,958	
Other comprehensive income (income after tax)	(61,636)	11,685	(11,218)	20,547	(32,752)	
Total comprehensive income	243,731	386,812	531,543	642,893	501,206	
Net income attributable to shareholders of the parent	305,367	375,127	542,761	622,346	533,958	
Net income attributable to non-controlling interest	—	—	—	—	—	
Comprehensive income attributable to Shareholders of the parent	243,731	386,812	531,543	642,893	501,206	
Comprehensive income attributable to non-controlling interest	—	—	—	—	—	
Earnings per share	5.07	6.23	9.01	10.32	8.86	

(II) The Names and Auditor's Opinions of the Attesting CPA for the Most Recent 5 Years:

1. The names and auditor's opinions of the attesting CPA for the most recent 5 years:

Year	Accounting Firm	CPA	Audit Opinion
2019	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2020	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2021	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2022	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2023	EY Taiwan	MING-HUNG CHEN and WEN-CHEN LO	Unqualified opinion

2. If there was change/replacement of the CPA within the most recent 5 years, explanation made by the Company's previous and current CPA over the causes for such change/replacement shall be set forth.

2019: In order to enhance the independence of the CPA, and to implement the rotation of the CPA in accordance with the securities authorities, TZU-PING HUANG and WEN-PI YEN CPAs, who were previously appointed to provide audit services for the financial statements from the Q4 of 2016, have been reassigned to TZU-PING HUANG and YU-TING HUANG CPAs with effect from the third quarter of 2019.

2023: In order to enhance the independence of the CPA, and to implement the rotation of the CPA in accordance with the securities authorities, TZU-PING HUANG and YU-TING HUANG CPAs, who were previously appointed to provide audit services for the financial statements from the third quarter of 2019, have been reassigned to MING-HUNG CHEN and WEN-CHEN LO CPAs with effect from the first quarter of 2023.

II. Five-Year Financial Analysis

(一) (I) Consolidated Financial Analysis – Based on IFRS

Item (Note 2) \ Year		Financial Analysis for the Last Five Years					As of and for the year ended 31 March 2024 (Note 1)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	31.08	33.68	36.30	30.80	30.64	30.38
	Long-term capital to property, plant and equipment ratio	198.01	205.70	232.03	258.95	215.89	236.39
Solvency (%)	Current ratio	247.84	225.03	236.31	277.72	299.12	312.38
	Quick ratio	176.54	171.61	177.03	185.81	215.77	230.12
	Interest cover ratio	32.50	39.34	67.09	105.45	101.13	66.76
Operating performance	Accounts receivable turnover (time)	4.29	4.02	5.03	5.29	4.52	4.34
	Average collection days	85.08	90.79	72.56	68.99	80.75	84.10
	Inventory turnover (times)	2.35	2.87	3.05	2.59	2.55	2.85
	Accounts payable turnover (time)	8.62	6.84	6.67	6.84	5.67	4.89
	Average days of sale	155.32	127.17	119.67	140.92	143.13	127.87
	Property, plant and equipment turnover (times)	1.53	1.64	2.06	2.15	1.92	1.79
	Total assets turnover (times)	0.63	0.62	0.70	0.67	0.65	0.64
Profitability	Return on assets (%)	8.06	9.02	11.67	12.50	10.48	11.31
	Return on equity (%)	10.99	13.04	17.73	18.63	15.07	16.17
	Net income before tax to paid-in capital ratio (%) (Note 7)	60.38	71.29	108.10	128.51	94.75	116.63
	Net profit rate (%)	12.48	14.15	16.39	18.31	15.87	17.32
	Earnings per share (NTD)	5.07	6.23	9.01	10.32	8.86	2.48
Cash flow	Cash flow ratio (%)	89.11	30.92	66.81	75.91	90.93	5.26
	Cash flow adequacy ratio (%)	88.49	89.73	85.11	90.74	93.98	87.84
	Cash reinvestment ratio (%)	12.51	3.31	12.29	8.31	8.91	0.83
Leverage	Operational leverage	5.07	4.24	3.55	4.37	4.75	4.03
	Financial leverage	1.03	1.02	1.01	1.01	1.00	1.00

Please state the reasons for the changes in each of the financial ratios for the last two years. (Exempt from analysis if the change is less than 20%):

1. Net income before tax to paid-in capital ratio (%):Net income before tax to paid-in capital ratio decreased in the fiscal year 2023 mainly due to the decrease in profit before tax compared to the fiscal year 2022.

Note 1: The financial information for the first quarter of 2024 has been audited by the CPA.

Note 2: The equations are presented as follows:

1. Financial structure

(1) Liabilities to assets ratio＝total liabilities / total assets.

(2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net value of property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest cover ratio = net income before income tax and interests expenses / interest expenses for the current period.

3. Operating capacity

(1) Accounts receivable (including accounts receivable and bills receivable arising from business operation) turnover rate = net sales of goods / average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).

(2) Average days of cash receipt＝365 / accounts receivable turnover.

(3) Inventory turnover rate = operating costs / average inventory.

(4) Accounts payable (including accounts payable and bills payable arising from business operation) turnover rate = operating costs / average payable for different period (including accounts payable and bills payable arising from business operation).

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

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

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

4. Profitability

(1) Return on asset = (profit or loss after tax + interest's expenses × (1 - tax rate)) / average total assets.

(2) Return on equity = profit and loss after tax / net average shareholders' equity.

(3) Net profit rate = profit and loss after tax / net sales of goods.

(4) Earnings per share = (Income attributable to shareholders of parent company - preferred share dividend) / weighted average of outstanding shares (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow due to operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities over the current five years / (capital expenditure + increase in inventory + cash dividends) for the current five years).

(3) Cash re-investment ratio = (net cash flow from operation - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operational leverage = (net sale - variable operating costs and expenses) / operating income. (Note 6)

(2) Financial leverage = operating income / (operating income - interests' expenses)

(二) (II) Parent only Financial Analysis – Based on IFRS

Item (Note 2) \ Year		Financial Analysis for the Last Five Years 2019	2020	2021	2022	2023	As of and for the year ended 31 March 2024 (Note 1)
Financial structure (%)	Debt to asset ratio	24.57	27.53	31.73	26.44	27.13	—
	Long-term capital to property, plant and equipment ratio	769.12	753.42	672.80	693.96	364.98	—
Solvency (%)	Current ratio	149.80	167.01	157.87	188.41	131.87	—
	Quick ratio	131.13	148.60	140.06	152.02	100.08	—
	Interest cover ratio	204.05	132.31	177.81	239.20	163.30	—
Operating performance	Accounts receivable turnover (time)	4.39	4.86	7.16	7.53	5.52	—
	Average collection days	83.19	75.07	50.97	48.47	66.12	—
	Inventory turnover (times)	7.71	6.34	6.78	5.74	5.19	—
	Accounts payable turnover (time)	11.45	8.75	8.60	9.35	7.11	—
	Average days of sale	47.34	57.53	53.82	63.58	70.26	—
	Property, plant and equipment turnover (times)	3.14	3.37	3.71	3.30	1.85	—
	Total assets turnover (times)	0.36	0.35	0.41	0.39	0.33	—
Profitability	Return on assets (%)	8.96	10.29	12.93	13.53	11.16	—
	Return on equity (%)	11.70	13.86	18.34	19.00	15.24	—
	Net income before tax to paid-in capital ratio (%) (Note 7)	58.63	63.89	101.97	117.50	92.66	—
	Net profit rate (%)	24.71	28.76	31.32	34.45	33.81	—
	Earnings per share (NTD)	5.07	6.23	9.01	10.32	8.86	—
Cash flow	Cash flow ratio (%)	48.86	17.73	51.59	42.44	45.92	—
	Cash flow adequacy ratio (%)	70.24	63.84	67.19	65.92	52.76	—
	Cash reinvestment ratio (%)	1.95	-1.57	7.37	-0.05	-0.48	—
Leverage	Operational leverage	5.09	4.48	3.76	5.86	11.43	—
	Financial leverage	1.00	1.01	1.00	1.01	1.00	—

Please state the reasons for the changes in each of the financial ratios for the last two years. (Exempt from analysis if the change is less than 20%):

1. Long-term capital to property, plant and equipment ratio: Long-term capital to property, plant and equipment ratio decreased in the fiscal year 2023, primarily due to the completion of new factory buildings.
2. Current ratio: Current ratio decreased in fiscal year 2023, primarily due to decrease in cash and cash equivalents compared to 2022 and the reduction of inventory.
3. Quick ratio: Quick ratio decreased in fiscal year 2023, primarily due to decrease in cash and cash equivalents compared to 2022 and the reduction of inventory.
4. Interest cover ratio: Interest cover ratio decreased in fiscal year 2023, primarily due to decrease in profits compared to 2022.
5. Accounts receivable turnover (time): Accounts receivable turnover (time) decreased in fiscal year 2023, primarily due to a decrease in revenue compared to 2022.
6. Average collection days: Average collection days increased in fiscal year 2023, primarily due to a decrease in revenue compared to 2022.
7. Accounts payable turnover (time): Accounts payable turnover (time) decreased in fiscal year 2023, primarily due to payments for the construction of the new factory premises, resulting in an increase in accounts payable.
8. Property, plant and equipment turnover (times): The decrease in property, plant, and equipment turnover in 2023 is mainly attributed to the completion of the new factory buildings.
9. Net income before tax to paid-in capital ratio (%):The decrease in net income before tax to paid-in capital ratio in 2023 is mainly due to the decrease in pre-tax net income compared to 2022.
10. Cash reinvestment ratio (%): The decrease in the cash reinvestment ratio in 2023 is primarily due to the completion of the new factory buildings, which increased property, plant, and equipment.
11. Operational leverage: The decrease in the operating leverage in 2023 is primarily due to a decrease in operating profit margin compared to 2022, coupled with an increase in the proportion of fixed costs.

Note 1: The financial information for each year has been audited by the CPA.

Note 2: The equations are presented as follows:

1. Financial structure

(1) Liabilities to assets ratio＝total liabilities / total assets.

(2) Long-term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net value of property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest cover ratio = net income before income tax and interests expenses / interest expenses for the current period.

3. Operating capacity

(1) Accounts receivable (including accounts receivable and bills receivable arising from business operation) turnover rate = net sales of goods / average receivables for different periods (including balance of accounts receivable and bills receivable arising from business operation).

(2) Average days of cash receipt＝365 / accounts receivable turnover.

(3) Inventory turnover rate = operating costs / average inventory.

(4) Accounts payable (including accounts payable and bills payable arising from business operation) turnover rate = operating costs / average payable for different period (including accounts payable and bills payable arising from business operation).

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

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

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

4. Profitability

(1) Return on asset = (profit or loss after tax + interest's expenses × (1 - tax rate)) / average total assets.

(2) Return on equity = profit and loss after tax / net average shareholders' equity.

(3) Net profit rate = profit and loss after tax / net sales of goods.

(4) Earnings per share = (Income attributable to shareholders of parent company - preferred share dividend) / weighted average of outstanding shares (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow due to operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities over the current five years / (capital expenditure + increase in inventory + cash dividends) for the current five years).

(3) Cash re-investment ratio = (net cash flow from operation - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operational leverage = (net sale - variable operating costs and expenses) / operating income. (Note 6)

(2) Financial leverage = operating income / (operating income - interest's expenses)III.

III .Audit Committee's Report for the Most Recent Year's Financial Statements

TURVO INTERNATIONAL CO., LTD.

Audit Committee Review Report

The board of directors has prepared the Company's 2023 financial statements (including consolidated and parent only financial statements). The CPA firm of EY Taiwan, by CPA MING-HUNG CHEN and WEN-CHEN LO, was retained to audit the Company's financial statements and has issued an audited report relating to the financial statements. The financial statements have been reviewed and determined to be correct and accurate by the Audit Committee members of TURVO INTERNATIONAL CO., LTD. This report is hereby submitted in accordance with the Securities and Exchange Act and the Company Act.

TURVO INTERNATIONAL CO., LTD.

Convenor of the Audit Committee: HUANG, LI-HEN

7 March 2024

IV. Review of Financial Position and Operating Performance

Please refer to pp. 117 to 186. (To be confirmed)

V. Financial Statement for the most recent Year

Please refer to pp. 187 to 252. (To be confirmed)

VI. Impact on the Company's Financial Situation if the Company or its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.

VII. Review and Analysis of Financial Conditions, Financial Performance, and Risks

I. Analysis of Financial Status

The annual report shall list the main reasons for any material change in the company's consolidated assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, the annual report shall describe the measures to be taken in response:

Unit: NTD (thousand); %

Item \ Year	2022	2023	Difference	
			Difference	%
Current assets	2,869,473	2,942,940	73,467	2.56
Property, plant and equipment	1,525,264	1,937,581	412,317	27.03
Intangible assets	8,266	10,311	2,045	24.74
Other assets	579,878	276,251	(303,627)	(52.36)
Total assets	4,982,881	5,167,083	184,202	3.70
Current liabilities	1,033,194	983,865	(49,329)	(4.77)
Non-current liabilities	501,678	599,640	97,962	19.53
Total liabilities	1,534,872	1,583,505	48,633	3.17
Equity attributable to shareholders of the parent	3,433,712	3,573,189	139,477	4.06
Capital stock	602,881	602,881	–	–
Capital surplus	818,217	818,217	–	–
Retained earnings	2,149,968	2,322,197	172,229	8.01
Other equity interest	(137,354)	(170,106)	(32,752)	23.84
Treasury stock	–	–	–	–
Non-controlling interest	14,297	10,389	(3,908)	(27.33)
Total equity	3,448,009	3,583,578	135,569	3.93

Description of material changes: (a change of more than 20% and a change of more than NTD10 million)

1. Property, plant and equipment: The main reason is the completion of the new factory buildings.
2. Other assets: The main reason is the completion of the new factory buildings, resulting in the transfer of prepaid property, plant, and equipment payments.
3. Other equity interest: The main reason is the fluctuation in exchange rates, resulting in a decrease in the "foreign exchange rate"
4. Non-controlling interest: The main reason is the non-100% control of the subsidiary MSAT and its losses in 2023

II. Analysis of Financial Performance

1. The annual report shall list the main reasons for any material change in consolidated operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response.

Unit: NTD (thousand)

Item \ Year	2022	2023	Difference	%
Operating revenue	3,350,323	3,337,485	(12,838)	(0.38)
Gross profit	1,103,636	1,091,194	(12,442)	(1.13)
Operating (loss) income	544,806	531,808	(12,998)	(2.39)
Non-operating income and expenses	230,007	39,432	(190,575)	(82.86)
Income (loss) before income tax	774,813	571,240	(203,573)	(26.27)
Profit of continued operations.	613,553	529,930	(83,623)	(13.63)
Loss of discontinued operations	—	—	—	—
Net (loss) income for the year	613,553	529,930	(83,623)	(13.63)
Other comprehensive income (income after tax)	21,763	(32,632)	(54,395)	(249.94)
Total comprehensive income	635,316	497,298	(138,018)	(21.72)
Net income attributable to shareholders of the parent	622,346	533,958	(88,388)	(14.20)
Net income attributable to non-controlling interest	(8,793)	(4,028)	4,765	(54.19)
Comprehensive income attributable to shareholders of the parent	642,893	501,206	(141,687)	(22.04)
Comprehensive income attributable to non-controlling interest	(7,577)	(3,908)	3,669	(48.42)
Description of material changes: (a change of more than 20% and a change of more than NTD10 million) 1. Non-operating income and expenses: The main reason is a decrease in foreign exchange gains compared to 2022. 2. Income (loss) before income tax: The main reason is a decrease in foreign exchange gains compared to 2022. 3. Other comprehensive income (income after tax): The main reason is the fluctuation in exchange rates, resulting in a decrease in the "foreign exchange rate" 4. Total comprehensive income、Comprehensive income attributable to shareholders of the parent: The main reason is a decrease in profits compared to 2022.				

2. The Sales Volume Forecast and the Basis Therefor and the Description of the Effect upon the Company's Financial Operations as well as Measures to be Taken in Response.

Expected shipments for 2024 are based on overall production capacity, expected contract and existing customer order growth. Shipments are expected to grow steadily on higher volumes with new production capacity.

III. Analysis of Cash Flow

The annual report shall describe and analyze any cash flow changes during the most recent fiscal year, describe corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year:

1. Analysis of Changes in Cash Flow during the Most Recent Year

Year / Item	2022	2023	Difference (%)
Cash flow ratio (%)	75.91	90.93	19.79
Cash flow adequacy ratio (%)	90.74	93.98	3.57
Cash reinvestment ratio (%)	8.31	8.91	7.22
Analysis of financial ratio change: (Increase or decrease of 20% or more) 1. Cash flow ratio: The main reason is the increase in operating cash flow.			

2. Corrective Measures to be Taken in Response to Illiquidity: None.

3. Liquidity Analysis for the Coming Year

Unit: NTD (thousand)

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Estimated Cash Surplus (Deficit)	Remedy for Estimated Cash Deficit	
				Investment Plan	Financing Plan
1,286,726	833,719	(1,608,318)	512,127	N/A	N/A
1. Analysis of changes in cash flows for the coming year (1) Operating activities: The Company expects the business scale to continue expanding, resulting in anticipated revenue growth and profitability. This will lead to operating cash flow. (2) Investing activities: The Company plans to continue expanding its capital expenditures, which will result in net cash outflows from investing activities. (3) Financing activities: The Company anticipates loan repayments and cash dividends to be paid out, leading to net cash outflows from financing activities. 2. Measures to address expected cash shortfall and liquidity analysis: N/A.					

IV. Major Capital Expenditure Items

The major capital expenditure incurred to date in 2023 is for the expansion of the plant and the purchase of additional equipment to cater to future revenue growth.

Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

Unit: NTD (thousand)

Investees	Investment amount as of 31 December 2023 (Note 3)	Recognized Investment Gain or Loss for the Most Recent Year (2023)	Reinvestment Policy	The Main Reasons for the Profits/Losses Generated	The Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
TIPO International Co., Ltd.	946,313	410,111	Investment holding	Recognition of investment gains and losses in Dongguan Xinfeng and Zhejiang Yuzuan.	—	Subject to operating conditions
Hong Kong Xinfeng Enterprise Limited (Note 1)	216,811	313,562	Investment holding	Recognition of investment gains and losses in Dongguan Xinfeng.	—	Subject to operating conditions
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd (Note 2)	230,289	313,624	Trading manufacturing	Growth in revenue and effective cost control	—	Subject to operating conditions
TURVO International Co., Ltd (Note 1)	686,956	68,723	Trading Manufacturing	Growth in revenue and effective cost control	—	Subject to operating conditions
T&M Joint (Cayman)Holding Co., Ltd. (Note 4)	61,760	(2,237)	Investment holding	Recognition of investment gains and losses in Matec Southeast Asia (Thailand) Co., Ltd.	—	Subject to operating conditions
Matec Southeast Asia (Thailand) Co., Ltd. (Note 5)	204,635	(5,922)	Manufacturing	Not yet in mass production.	—	Subject to operating conditions
TUF Technology Co., Ltd. (Note 6)	900	(34)	Trading	In the early stages of establishment and has not yet commenced operations.	—	Subject to operating conditions

Note 1: 100% owned subsidiary of TIPO International Co., Ltd.
Note 2: A subsidiary held by Hong Kong Xinfeng Enterprise Limited.
Note 3: It's the accumulated investment amount exported from Taiwan.
Note 4: 35.71% owned subsidiary of the Company.
Note 5: 99.99% owned subsidiary of T&M Joint (Cayman) Holding Co., Ltd.
Note 6:It was established on July 25, 2023.

I. The Analysis and Assessment for Risk

The board of directors plays a key role in helping the Company identify and manage risks. The Company's risk management organization adopted a risk management policy by the board of directors in May 2020. The Risk management department regularly communicates information on risk events and risk response plans to internal and external stakeholders related to risk events.

The risk policy of Turvo Co. is implemented by a cross-functional team composed of the president or the highest-ranking supervisor of each plant according to the category of risk, and emphasizes comprehensive risk control by all employees and the implementation of prevention at all levels in order to manage risk effectively. In addition, the Company actively builds up risk management awareness and makes dynamic adjustments in response to changes in the environment, as well as strengthening the understanding of supervisors and employees of each department on the Company's risk management policies, procedures, and risk identification.

Scope of Risk Management

- ➢ Changes in the government policies and regulatory
- ➢ Environment
- ➢ Global or regional economic conditions
- ➢ Changes in the industry market and the response to supply and demand
- ➢ Technological developments and competition
- ➢ Financial transactions and strategic investment risks
- ➢ Response to various man-made and natural disasters

Enterprise Risk Management Framework

- Risk Identification and Assessment
  - The risk management organization and the board of directors' review and approve implementation of risk strategy and prioritization of risk controls
  - The risk management execution team identifies and assesses the frequency of risk events and evaluates their operational impact.
- Risk Control and Mitigation
  - Conduct cross-functional risk communication to facilitate each function for enhancing risk prevention and mitigation controls
  - The risk management organization implements risk control
  - The effectiveness of risk controls is included into annual review of internal control self-assessment
- Risk Response
  - Establish crisis management and response plan for crisis
  - Mechanism of response and exercise for material crisis events
  - Business continuity plan
- Risk Monitoring and Reporting
  - Risk management organization reports to risk management team and board of directors on the focus of enterprise risk management, risk assessment, and mitigation efforts

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. The effect of interest rate fluctuations

Interest rate risk is the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. The Group's interest rate risk arises primarily from floating rate debt instrument investment, fixed-rate borrowings and variable-rate borrowings.

The Group manages interest rate risk through maintaining an appropriate mix of fixed and floating rates but does not apply hedge accounting as it does not meet the requirements for hedge accounting.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including short-term fixed-rate borrowing contracts and long-term variable-rate borrowing contracts. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to increase/decrease by NTD640 thousand and NTD526 thousand, respectively.

2. The effect of exchange rate fluctuations

The Group's exposure to exchange rate risk relates primarily to operating activities (where revenues or expenses are incurred in currencies different from the Group's functional currency) and to net investments in foreign operating entities.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31

December 2023 and 2022 is increased/decreased by NTD 2,597 thousand and NTD4,240 thousand, respectively. Equity is not impacted.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended 31 December 2023 and 2022 is increased/decreased by NTD 11,628 thousand and NTD4,224 thousand, respectively. Equity is not impacted.

When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2023 and 2022 is increased/decreased by NTD 503 thousand and NTD 770 thousand, respectively. Equity is not impacted.

3. The effect of inflation

The dramatic fluctuations in the international raw materials market may have an unfavorable impact on the Company and subsidiaries' profit and loss. In response to inflation, the Company and its subsidiaries will closely monitor the changes in the market for raw materials, make regular purchases of raw materials for production and strengthen inventory control in order to minimize the impact of changes in raw material prices on the Company's profit and loss.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. Engagement in high-risk and highly leveraged investments:

The Company and its subsidiaries maintain a conservative approach to financial operations and do not engage in high-risk, highly leveraged investments.

2. Loans to other parties:

In the event that the Company is to carry out capital financing, the Company will comply with the “Procedures for Lending Funds to Other Parties” and make timely and accurate disclosure of all endorsement and guarantee information as required by law.

3. Endorsements/ guarantees:

In the event that the Company is required to provide an endorsement and guarantee for others, the Company will comply with the “Procedures for Endorsement and Guarantee” and make timely and accurate disclosure of all endorsement and guarantee information as required by law.

4. Derivatives transactions:

In the event that the Company is to enter into derivative transactions, the Company will comply with the “Procedures for Acquisition or Disposal of Assets” and “Procedures for Financial Derivatives Transactions” established by the Company and make timely and accurate disclosure of all endorsement and guarantee information as required by law.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. Research and development work to be carried out in the future

(1) Development, design, and improvement of new products

a. Vacuum Heat Treatment Technology
b. Aluminum Surface Treatment Technology
c. Precision Forging Technology
d. Tool Grinding and Coating
e. Honing and Grinding Technology
f. Precision Internal and External Grinding
g. High cleanliness required process and measurement
h. Micro Laser Welding
i. Gun-drilling Technology
j. Splines technology

(2) Client project design and implementation

a. Development of precision sensor-related components
b. Development of shock absorbing system components
c. R&D of engine timing system
d. Development of injector body
e. Development of bicycle hub and fixture
f. Development of electric operation tool.

(3) Research, development, and application of new technologies.

a. Development of grinding media
b. Advanced cleanliness of parts surface
c. Development of optimize nylon brush deburring
d. Development of high-pressure water deburring
e. Development of machine center 4.5 axis deburring
f. Development of 2 spindle 2axis turning machine

The amount of R&D expenses has been progressively allocated in line with the progress of new technology development and is estimated to be NTD 254,675 thousand in 2024. As turnover grows in the future, annual research and development expenses will be gradually increased to support future research and development programs and to increase the competitiveness of the Company and its subsidiaries in the market.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company and its subsidiaries adhere to the relevant domestic and international laws and regulations in daily operations and keep abreast of domestic and international policy trends and regulatory changes in order to fully grasp and respond to changes in the market environment. There have been no significant changes in legal environment at home or abroad that has material impact on the financial operations of the company.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

The Company and its subsidiaries keep abreast of technological changes and developments in the industries and work closely with customers to keep abreast of the latest trends in the industry. In addition, the company and its subsidiaries have continuously enhanced the research and development capabilities and actively expanding into future market applications. Therefore, the developments in science and technology (including cyber security risks) as well as industrial change have no material impact on the financial operation of the company.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

Since its establishment, the Company and its subsidiaries have maintained a good corporate image, complied with relevant laws and regulations, actively promoted various quality certifications, and at the same time maintained harmonious labor and local relations in order to continuously maintain a good corporate image. There have been no instances that have affected the corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

The Company and its subsidiaries had no mergers and acquisitions during the year and had no plans for significant capital expenditure as at the date of publication of the annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

In order to meet future market and customer demand, the Company and its subsidiaries are in the process of expanding their plants and intend to expand their production capacity and increase the scale of production in order to capture business opportunities. The expansion of the plant will be financed by the capital increase and therefore the potential risk arising from the expansion of the plant equipment is limited.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. Risks associated with consolidation of purchasing operations

The Company and its subsidiaries did not have a single supplier whose share of purchases exceeded 20% of net purchases for the most recent year and up to the date of publication of the Annual Report. The Company has maintained a long-standing and good relationship with its suppliers and the supply of goods has remained stable. There have been no shortages of supplies that have affected production operations As new products are developed in the future, the Company and its subsidiaries will gradually increase the sources of supply to ensure the availability of production capacity.

2. Risks associated with consolidation of sales operations

The proportion of net sales to the top ten customers of the Company and its subsidiaries in 2022 and 2023 are 71.56% and 73.54% respectively; the proportion of net sales to the largest customer in 2022 and 2023 are 18.43% and 12.16% respectively, there is no consolidation of sales and therefore the risk should be limited.

<u>Mitigation measures:</u>

A. Capacity Expansion

In addition to fully utilizing the existing production capacity, the Company and its subsidiaries have completed the expansion of their plants this year in response to the rapid growth of their business in the future, in order to meet the growth of their business, satisfy the demand of their customers, achieve economies of scale, and further reduce the risk of consolidation of sales to a single customer.

B. Participation in Research and Development Design Based on Technical Cooperation to Enhance the Added Value of the Company

Not only have the Company and its subsidiaries take orders actively, the Company and its subsidiaries strive to enhance their research and development capabilities by actively participating in the development projects of the Bosch Group with major automobile manufacturers, based on their previous cooperation with the Bosch Group and their reliable technology. By participating in the research and development design and development projects of the final sales companies through their sales customers, the Company and its subsidiaries are able to seize market opportunities and increase the added value of the Company.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

There has been no significant transfer of shareholding by directors, supervisors or substantial shareholders holding more than 10% of the shares in 2023 up to the date of publication of the Annual Report, and there has been no significant change in the management and therefore there has been no significant impact on the operations of the Company.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other Important Matters

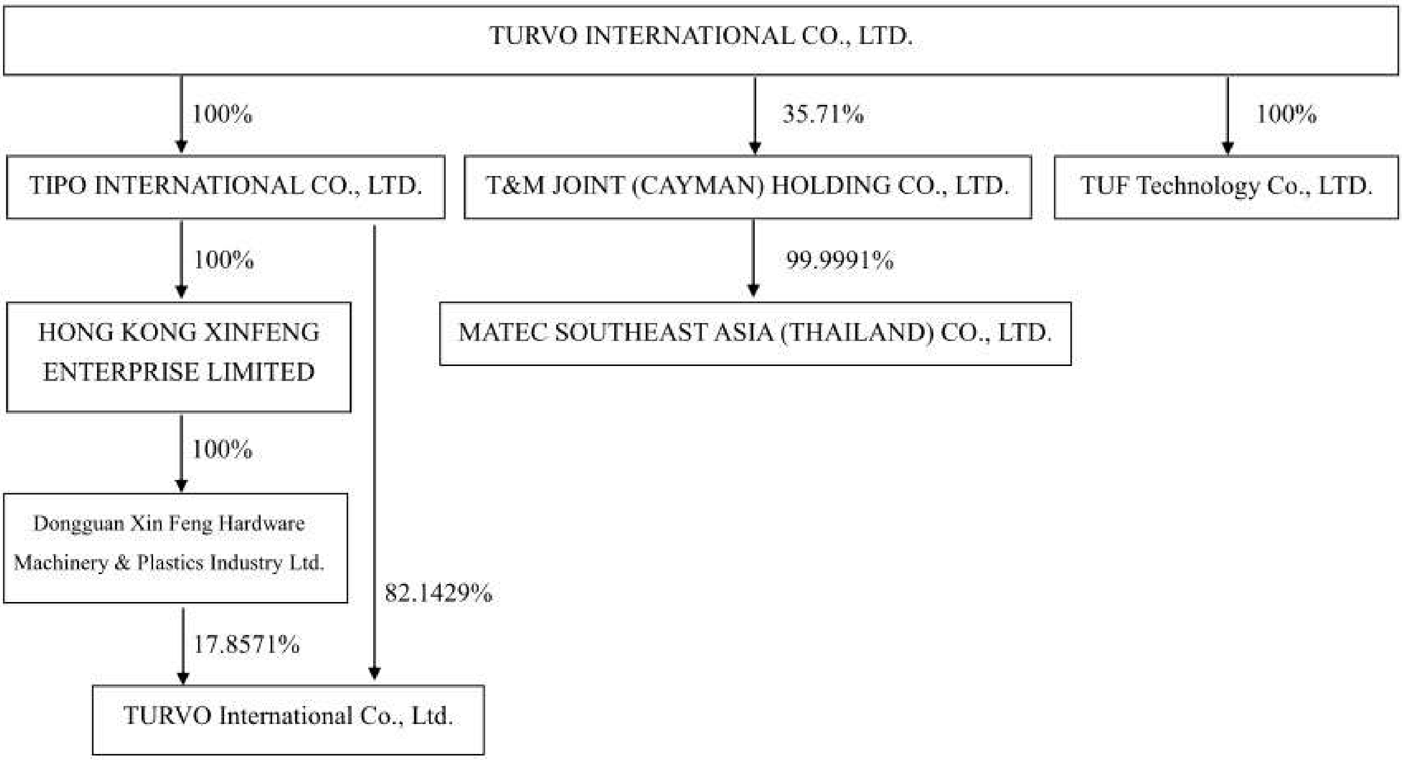
None.

VIII. Special Disclosure

I. Information on affiliated companies

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliated companies



2. Summary of affiliated companies

Unit: NTD (in thousands)

Name	Establishment date	Address	Paid-in capital	Main business content
TIPO International Co., Ltd.	14 May 2008	Vistra Coporate Services Centre, Ground Floor NPF Building, Beach Round, Apia, Samoa	946,313	Investment holding
HONG KONG XINFENG ENTERPRISE LIMITED	17 November 2004	Room 2, 4/F., Winning Commercial Building, 46 & 48 Hillwood Road, Tsimshatsui, Kowloon, Hong Kong	216,811	Investment holding
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	25 March 1996	No. 45, Shangxing Road, Shangjiao Management District, Chang'an Town, Dongguan City, Guangdong Province	230,289	Processing, manufacturing, and sales of precision metal parts.
TURVO International Co., Ltd	28 June 2010	No. 69 Hongfu East Road, Yaozhuang Town, Jiashan County, Jiaxing City, Zhejiang Province	848,585	Processing, manufacturing, and sales of precision metal parts.
T&M Joint (Cayman)Holding	22 July 2014	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road,	204,687	Investment holding

Co., Ltd.		Grand Cayman, KY1-1205, Cayman Islands		
Matec Southeast Asia (Thailand) Co., Ltd.	26 October 2012	588 Moo 7 Thatoom Srimahaphot, Prachinburi 25140, Thailand	204,637	Precision metal forging
TUF Technology Co., Ltd.	25 July 2023	21F.-6, No. 402, Shizheng Rd., Xitun Dist., Taichung City, Taiwan (R.O.C.)	900	Processing, manufacturing, and sales of precision metal parts.

Note 1: The affiliated companies do not hold any of the Company's share.
Note 2: The affiliated companies are limited companies; therefore, there are no issued shares.

3. The shareholder in common and is concluded as the existence of the controlling and subordinate relation: None.

4. The business operated by the affiliated companies overall and the mutual dealings and division of work among such affiliated companies

TURVO INTERNATIONAL CO., LTD. and its affiliated companies are specialized in the manufacturing and development of precision metal parts. The products are used in connectors for, sensors, temperature controlling devices, industry automation, medical equipment components, high-end bicycle components, etc. for automotive engine systems and industrial communication applications. TURVO INTERNATIONAL CO., LTD. has set up production plants in China, Thailand, and other places to provide global customers with timely service and technical services for products.

5. Director, supervisor, and president of affiliated companies

Unit: shares; %

Company name	Title	Name or representative	Shareholding	
			Number	%
TIPO International Co., Ltd.	Chairman	LIU, CHUN-CHANG	-	-
HONG KONG XINFENG ENTERPRISE LIMITED	Chairman	LIU, CHUN-CHANG	-	-
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	Chairman	LIU, CHUN-CHANG	-	-
TURVO International Co., Ltd	Chairman	LIU, CHUN-CHANG	-	-
T&M Joint (Cayman)Holding Co., Ltd.	Chairman	LIU, CHUN-CHANG	-	-
Matec Southeast Asia (Thailand) Co., Ltd.	President	CHEN, BING-HE	1	0%
TUF Technology Co., Ltd.	Chairman	LIU, CHUN-CHANG	-	-

6. Summarized operation results of affiliated companies

31 December 2023 Unit: NTD (in thousands) (the earnings per share is in NTD)

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit(loss)	Profit(loss) in the period (after-tax)	Earnings per share (after-tax)
TIPO International Co., Ltd.	946,313	2,601,048	42,604	2,558,444	—	(9,255)	410,793	13.19
HONG KONG XINFENG ENTERPRISE LIMITED	216,811	1,349,468	—	1,349,468	—	(152)	313,562	—
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	230,289	1,573,996	228,164	1,345,832	1,506,654	314,024	314,075	—
TURVO International Co., Ltd	848,585	1,621,098	221,609	1,399,489	988,302	78,566	81,158	—
T&M Joint (Cayman)Holding Co., Ltd.	204,687	18,328	2,169	16,159	—	(265)	(6,266)	—
Matec Southeast Asia (Thailand) Co., Ltd.	204,637	59,554	41,227	18,327	24,741	(7,761)	(5,956)	—
TUF Technology Co., Ltd.	900	866	—	866	—	(36)	(34)	—

(II) Consolidated Financial Statements of Affiliates

The entities that are required to be included in the consolidated statements of affiliates of TURVO INTERNATIONAL CO., LTD. as of and for the year ended 31 December 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 included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.7 "Consolidated Financial Statements". Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, TURVO INTERNATIONAL CO., LTD. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

(III) Affiliation Report: Not applicable.

II. Has the Company carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

None.

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

None.

IV. Are there any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

None

V. Other matters that require additional description:

None

TURVO INTERNATIONAL CO., LTD.

and subsidiary

Consolidated Financial Statements and Independent Auditors' Report for 2023 and 2022

TURVO INTERNATIONAL CO., LTD.

Chairman: LIU, CHUN-CHANG

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

Notice to readers:
The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City, Taiwan, R.O.C.
Telephone: 886-4-26575790

Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Company and its subsidiaries in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 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, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2023, the Company and its subsidiaries' accounts receivable and allowance for doubtful accounts amounted to NTD 779,001 thousand and NTD 9,110 thousand, respectively. Net accounts receivable represented 15% of the total consolidated assets that could have significant impacts on the the Company and its subsidiaries. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

We procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each Group; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount.

In addition, we considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the consolidated financial statements.

Valuation for inventories

As of December 31, 2023, the net inventories and allowance for reduction of inventories amounted to NTD 738,615 thousand and NTD 54,127 thousand, respectively. Net inventories represented 14% of the total consolidated assets that could have significant impacts on the the Company and its subsidiaries. The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; testing management level to evaluate the correctness of the net present value on inventories; observe and evaluate the planning and performing of inventory check on management to confirm the numbers and conditions of inventories; acquiring correctness of the inventory aging on inventory aging sheet and testing the correctness of stock in or stock out.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022.

Chen, Ming Hung
Lo, Wen Chen
Ernst & Young, Taiwan
March 7, 2024

Notes to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at 31 December 2023	As at 31 December 2022
Current Assets			
Cash and cash equivalents	4, 6(1)	$1,286,726	$1,212,776
Financial assets measured at amortized cost, current	4, 6(2),8	1,224	1,023
Notes receivable	6(12)	127	3,186
Accounts receivable, net	7	779,001	677,816
Other receivables		15,671	3,494
Current income tax assets	4	-	608
Inventories, net	4,5, 6(4)	738,615	898,869
Prepayment		81,365	50,814
Other current assets		40,211	20,887
Total current assets		2,942,940	2,869,473
Non-current assets			
Property, plant and equipment	4, 6(5), 8	1,937,581	1,525,264
Right of use assets	4, 6(13)	40,574	89,936
Intangible assets	4	10,311	8,266
Deferred tax assets	4, 6(17)	14,522	15,492
Other non-current assets	6(6)	221,155	474,450
Total non-current assets		2,224,143	2,113,408
Total assets		$5,167,083	$4,982,881

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 December 2023	As at 31 December 2021
Current liabilities			
Contract liabilities, current	4、6(11)	$300	$941
Notes payable	4	132,047	98,233
Accounts payable	4	321,105	240,335
Other payables	6(7)	254,591	303,447
Current tax liabilities	4, 6(17)	85,890	194,174
Current lease liabilities	4, 6(13)	19,122	48,028
Other current liabilities		62,285	19,582
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8)	108,525	128,454
Total current liabilities		983,865	1,033,194
Non-current liabilities			
Long-term loans	4, 6(8)	531,702	397,905
Deferred tax liabilities	4, 6(17)	48,358	57,970
Non-current lease liabilities	4, 6(13)	19,320	44,492
Other non-current liabilities		260	1,311
Total non-current liabilities		599,640	501,678
Total liabilities		1,583,505	1,534,872
Equity attributable to the parent company	6(10)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	818,217
Retained earnings			
Legal reserve		444,771	382,536
Special reserve		137,354	157,901
Retained earnings		1,740,072	1,609,531
Total Retained earnings		2,322,197	2,149,968
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(170,106)	(137,354)
Equity attributable to owners of the parent		3,573,189	3,433,712
Non-controlling interests		10,389	14,297
Total equity		3,583,578	3,448,009
Total liabilities and equity		$5,167,083	$4,982,881

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December 2023	2022
Net Sales	4, 6(11)	$3,337,485	$3,350,323
Cost of Sales	6(4), 6(9), 6(14)	(2,246,291)	(2,246,687)
Gross Profit		1,091,194	1,103,636
Operating Expenses	6(9), 6(14)		
Selling and marketing		(57,472)	(39,659)
Management and administrative		(276,687)	(332,172)
Research and development		(224,708)	(185,235)
Expected credit (losses) gains	6(12)	(519)	(1,764)
Total Operating Expenses		(559,386)	(558,830)
Operating Income		531,808	544,806
Non-operating income and expenses			
Other income	6(15)	47,706	49,442
Other gain and loss	6(15)	(5,371)	187,983
Financial costs	4,6(15)	(2,903)	(7,418)
Total non-operating income and expenses		39,432	230,007
Income from continuing operations before income tax		571,240	774,813
Income tax expense	4, 6(17)	(41,310)	(161,260)
Net income		529,930	613,553
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(40,820)	26,899
Income tax related to items that may be reclassified subsequently		8,188	(5,136)
Total other comprehensive income (loss), net of tax		(32,632)	21,763
Total comprehensive income	6(16)	$497,298	$635,316
Net income attributable to:			
Stockholders of the parent		$533,958	$622,346
Non-controlling interests		(4,028)	(8,793)
		$529,930	$613,553
Comprehensive income attributable to:			
Stockholder of the parent		$501,206	$642,893
Non-controlling interests		(3,908)	(7,577)
		$497,298	$635,316
Earnings per share	6(18)		
Earnings per share-basic (NTD)		$8.86	$10.32
Earnings per share-diluted (NTD)		$8.83	$10.28

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$3,116,374	$21,874	$3,138,248
Appropriations of earnings, 2021										
Legal reserve				54,276		(54,276)		-		-
Special reserve					11,218	(11,218)		-		-
Cash dividends						(180,864)		(180,864)		(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)					(144,691)		(144,691)
Net income for the year ended 31 December 2022						622,346		622,346	(8,793)	613,553
Other comprehensive income (loss), net of tax for the year ended 31 December 2022	6(16)						20,547	20,547	1,216	21,763
Total comprehensive income (loss)						622,346	20,547	642,893	(7,577)	635,316
Balance as of 31 December 2021		$602,881	$818,217	$382,536	$157,901	$1,609,531	($137,354)	$3,433,712	$14,297	$3,448,009
Balance as of 1 January 2023		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$3,433,712	$14,297	$3,448,009
Appropriations of earnings, 2022										
Legal reserve				62,235		(62,235)		-		-
Reversal of special reserve					(20,547)	20,547		-		-
Cash dividends						(361,729)		(361,729)		(361,729)
Net income for the year ended 31 December 2023						533,958		533,958	(4,028)	529,930
Other comprehensive income (loss), net of tax for the year ended 31 December 2023	6(16)						(32,752)	(32,752)	120	(32,632)
Total comprehensive income (loss)						533,958	(32,752)	501,206	(3,908)	497,298
Balance as of 31 December 2023		$602,881	$818,217	$444,771	$137,354	$1,740,072	$(170,106)	$3,573,189	$10,389	$3,583,578

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

	Notes	For the years ended 31 December 2023	2022
Cash flows from operating activities:			
Net income before tax		$571,240	$774,813
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation		311,183	314,618
Amortization		6,701	5,572
Expected credit losses		519	1,764
Net loss (gain) of financial assets at fair value through profit or loss		-	(2,517)
Interest cost		2,903	7,418
Interest income		(17,294)	(12,984)
Gain on disposal of property, plant and equipment		(1,749)	(3,982)
(Gains from price recovery) losses on price reduction of inventory		(17,386)	15,387
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		-	755
Increase in Financial assets measured at amortized cost, current		(201)	(8)
Decrease in notes receivable		633	5,653
Decrease in accounts receivable		(112,814)	(105,119)
Decrease (increase) in other receivables		(12,177)	10,955
Decrease (increase) in inventories, net		157,620	(203,621)
Increase in prepayments		(32,104)	(19,468)
Increase in other current assets		(19,324)	(12,773)
Increase (decrease) in contract liabilities		(641)	676
Increase in notes payable		113,949	25,815
Increase in accounts payable		88,805	26,418
Decrease (increase) in other payables		(38,972)	29,399
(Decrease) increase in other current liabilities		42,819	(133)
Decrease in other non- current liabilities		(1,051)	-
Cash generated from operations		1,042,659	858,638
Income tax paid		(148,006)	(148,335)
Net cash provided by operating activities		894,653	710,303

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

(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

		For the years ended 31 December	
(Continued)		2023	2022
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(48,450)	(175,979)
Proceeds from disposal of property, plant and equipment		22,374	13,668
Acquisition of intangible assets		(3,129)	(2,054)
Increase in other non-current assets		(483,658)	(289,550)
Interest receive		17,242	12,386
Net cash used in investing activities		(495,621)	(441,529)
Cash flows from financing activities:			
Increase in short-term loans		134,000	834,238
Decrease in short-term loans		(134,000)	(1,267,930)
Increase in long-term loans (including current portion with maturity less than 1 year)		245,655	221,010
Decrease in long-term loans (including current portion with maturity less than 1 year)		(131,787)	(72,050)
Lease principal repayment		(60,663)	(55,256)
Cash dividends		(361,729)	(325,555)
Interest paid		(2,823)	(7,423)
Net cash used in financing activities		(311,347)	(672,966)
Effect of exchange rate changes		(13,735)	(9,948)
Net (decrease) increase in cash and cash equivalents		73,950	(414,140)
Cash and cash equivalents at beginning of period		1,212,776	1,626,916
Cash and cash equivalents at end of period	4,6(1)	$1,286,726	$1,212,776

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

TURVO INTERNATIONL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. ORGANIZATION AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated in 1987 to manufacture and market air tools, machine elements, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also process, manufacture, and market optical elements. Based on the purpose of management operation, the Company conduct a simple merge with the 100% owned reinvestment companies - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., after the resolution of the board of directors' meeting in June 2010, to set 1 August 2010 as the consolidation basis date. The company is a consolidated surviving company.

The Company applied to be listed on the GreTai Securities Market and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company was authorized to be listed on Taiwan Stock Exchange and was officially listed on 17 September 2019. The main registered location and operating base are in NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan. Zeng Hsing Industrial Co., Ltd. is the parentcompany of the Company, and the ultimate controlling party of the group.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (here referred to as "the Group") for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 7 March 2024.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group As of the end of the reporting period are listed below.

Items	Newly issued, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback –Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants –Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January, 2024. The Group assessed that the new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Group As of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make financial performance easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The amendments will apply for annual reporting periods beginning on 1 January 2025

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries 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.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components that previously recognized in other comprehensive income to profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are as follows:

			Percentage of ownership (%) as of	
Investor	Subsidiary	Business nature	31 December 2023	31 December 2022
the Company	TIPO INTERNATIONA CO., LTD.(SAMOA) [abbreviation: TIPO]	Investing and trading company	100.00%	100.00%
the Company	T&M Joint (Cayman) Holding Co., Ltd. (note) [abbreviation: T&M]	Holding company of reinvesting MSAT	35.71%	35.71%
the Company	TUF Technology CO., LTD. [abbreviation: TUF]	Trading	**100.00%**	Note2
TIPO	Hong Kong Xin-Feng Enterprise Limited [abbreviation: Hong Kong Xin-Feng]	Holding company of reinvesting Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	100.00%	100.00%
TIPO, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	TURVO International Co., Ltd.(YZ) [abbreviation: Zhejiang Yu-Zuan]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100.00%	100.00%
Hong Kong Xin-Feng	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. [abbreviation: Dong-Guan Xin-Feng]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			Percentage of ownership (%) as of	
Investor	Subsidiary	Business nature	31 December 2023	31 December 2022
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%

Note 1: the company included T&M in the compilation since 1 January 2018, this is due to the Company being the single largest shareholder of T&M, and the remaining rights of T&M were widely held by many other shareholders. In addition, in the absence of contractual rights, due to the reasons such as the company had acquired a relatively higher voting rights on power of attorney and eligible to appoint T&M's key management personal who have the ability to lead main stakeholder activities. Therefore, the company determine that even if it hold less than 50% of the voting rights, it has control over T&M.

Note 2: TUF Technology CO., LTD. was incorporated on 25 July 2023.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

B. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(A) the Group’s business model for managing the financial assets
(B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the calculation condition of the following:

(A) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(B) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(C) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the below calculation conditions:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on the aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(B) the time value of money
(C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(D) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the short term;

(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(B) a group of financial liabilities or financial assets and, financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium fees or transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either a non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials/ inventories – Purchase costs under weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant, and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant, and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment*". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5～50 years
Machinery and equipment	3～15 years
Transportation equipment	3～10 years
Lease improvements	3～25 years
Other equipment	3～30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed periodically to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite shall be deferred application.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Group’s intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	uncertainty
Method of amortization	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill after recognition cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are precision metal components and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 60 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers and there is no significant financing component to the contract.

(17) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due (overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations).

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized As of the beginning and end of that period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(20) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were generated.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Related to the deductible temporary differences arising from the initial recognition of assets or liabilities not arising from business combinations, at the time of the transaction, neither affect accounting profit nor taxable income (loss), and no equal taxable and deductible temporary differences were generated at that time.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the "International Tax Reform - Pillar Two Model Rules (Amendments to International Accounting Standard 12)," temporary exceptions are granted. Therefore, deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognized, and relevant information shall not be disclosed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Judgement of control over subsidiaries without the majority of voting rights.

The Company does not have majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute ratio of the Company's holding, relative ratio of the other shareholdings, dispersion degree of shareholdings, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories evaluation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. Lease liability and right-of-use asset measurement

The Group adopt the regulation of Amendments to IFRS 16 that required to measure lease liability and estimate right-of use-asset, including determining the leasing period and the implied interest rate of leases. The Group determined the lease period as non-cancellable period, with both followings:

(a) the period that covered by the option to extend the lease, if the Group can reasonably assure to exercise the right-of-use; and
(b) the period that covered by the option to cease the lease, if the Group can reasonably

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assure to exercise the right-of-use.

Lease liability is estimated based on the present value of the lease implied rate; the Group adopted the incremental borrowing rate as the discount rate due to the lease implied rate is not readily available.

Please refer to Note 3 and Note 6 for the further information about the assumption of lease liability measurement.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2023	31 December 2022
Cash on hand	$668	$1,541
Bank deposits	1,286,058	1,211,235
Total	$1,286,726	$1,212,776

Cash and cash equivalents were not guaranteed.

(2) Financial assets measured at amortized cost

	As of	
	31 December 2023	31 December 2022
Restricted bank deposits	$1,224	$1,023

Please refer to Note 8 for more details on restricted bank deposits under pledge.

(3) Accounts receivable, net

	As of	
	31 December 2023	31 December 2022
Accounts receivable	$788,111	$683,712
Lease payments receivables	-	3,354
Less: unearned finance income	-	(596)
Less: loss allowance	(9,110)	(8,654)
Accounts receivable, net	$779,001	$677,816

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A. Trade receivables are generally on 60~90 days. The total carrying amount as of 31 December 2023 and 2022 were $ 788,111 and $686,470, respectively. Please refer to Note 6 (12) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

B. Please refer to Note 6(13) for further information of accounts receivable of finance leasing on machinery and equipment signed by the Group in 2022.

C. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As of	
	31 December 2023	31 December 2022
Merchandise inventories	$760	$1,198
Raw materials	205,604	303,945
Work in progress	225,248	186,542
Finished goods	307,003	407,184
Total	$738,615	$898,869

B. The Group cost of inventories recognized in cost of goods sold amounted to $2,246,291and $2,246,687 for the year ended 31 December 2023and 2022, including the loss from market value decline, obsolete(reversal) and slow-moving of inventories ($17,386) and $15,387.

C. Gain from price recovery of inventories were due to the sale of obsolete products and the net realized value recovery for the year ended 31 December 2023.

D. No inventories were pledged.

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(5) Property, plant and equipment

Owner occupied property, plant, and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2023	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
Additions	-	-	20,237	-	-	3,040	21,168	44,445
Disposals	-	(771)	(63,556)	(9)	-	(7,669)	-	(72,005)
Transfers	-	587,344	67,691	85	4,485	5,126	(12,633)	652,098
Exchange differences	51	575	(29,599)	(130)	(1,736)	(5,706)	(98)	(36,643)
As of 31 December 2022	$11,158	$861,709	$2,382,355	$14,808	$121,546	$376,334	$30,278	$3,798,188
As of 1 January 2023	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029
Disposals	-	11,093	198,263	1,059	11,807	33,070	-	255,292
Transfers	-	(141)	(43,693)	(9)	-	(7,538)	-	(51,381)
Exchange differences	-	179	(22,184)	(114)	(1,155)	(5,059)	-	(28,333)
As of 31 December 2023	$-	$109,651	$1,386,608	$11,525	$79,933	$272,890	$-	$1,860,607

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	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
As of 1 January 2022	$10,758	$270,677	$2,248,727	$16,855	$114,649	$360,543	$22,044	$3,044,253
Depreciation	-	-	81,654	-	14	8,007	47,894	137,569
Disposals	-	(20)	(53,280)	(2,190)	-	(10,447)	-	(65,937)
Transfers	-	-	80,550	-	2,541	18,681	(48,432)	53,340
Exchange differences	349	3,904	29,931	197	1,593	4,759	335	41,068
As of 31 December 2022	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
As of 1 January 2022	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Depreciation	-	10,967	200,138	1,078	15,658	34,216	-	262,057
Disposals	-	(20)	(44,068)	(2,190)	-	(9,973)	-	(56,251)
Exchange differences	-	1,104	10,843	156	736	4,444	-	17,283
As of 31 December 2022	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029
Net carrying amount as of:								
31 December 2023	$11,158	$752,058	$995,747	$3,283	$41,612	$103,445	$30,278	$1,937,581
31 December 2022	$11,107	$176,041	$1,133,360	$4,273	$49,516	$129,126	$21,841	$1,525,264

A. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

B. Components of building that have different useful lives are mainly company accommodation, main buildings, fire engineering of water and electricity, air conditioning engineering, etc., which are depreciated over 50 years, 35~50years, 10 years, and 8 years, respectively.

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C. Please refer to Note 8 for property, plant and equipment pledged as collateral.

D. The capitalization amount of the borrowing costs of the Group in 2023 and 2022, and its interest rates are as follows:

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Construction in progress	$2,774	$-
Borrowing cost capitalization interest rate interval	1.595%	-%

(6) Other non-current assets

	As of	
	31 December 2023	31 December 2022
Prepayments for business facilities	$204,860	$431,267
Guarantee deposits paid	15,214	15,432
Other non-current assets, others	1,081	27,751
Total	$221,155	$474,450

(7) Other accounts payables

	As of	
Accounting title	31 December 2023	31 December 2022
Wages and salaries payable	$113,598	$112,226
Accrued manufacturing overhead	42,734	37,610
Accrued employee bonus	21,805	27,592
Income tax payable	12,192	26,042
Payable on machinery and equipment	10,011	12,727
Employee, and directorcompensation payables	6,142	18,335
Other accounts payables - other	48,109	68,915
Total	$254,591	$303,447

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(8) Long-term loans

Details of long-term loans as of 31 December 2023 and 2022 are as follows:

A. For the years ended 31 December 2023

Creditor	Content	31 December 2023	Repayment period and methods	security
Bank of Taiwan	Secured loan	$255,857	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	144,937	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	25,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation	None

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Creditor	Content	31 December 2023	Repayment period and methods	security
			are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Subtotal		640,227		
Less: current portion (with maturity less than 1 year)		(108,525)		
Total		$531,702		
Interest rates		1.595%		

B. For the years ended 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Secured	$269,418	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured	181,941	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Secured loan	75,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first	None

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Creditor	Content	31 December 2022	Repayment period and methods	security
			three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Subtotal		526,359		
Less: current portion		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on unsecured bank loans.

(9) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute to the social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension expenses under the defined contribution plan of the year ended 2023 and 2022 were $11,363 and $10,634.

(10)Equities

A. Common stock

The Company's authorized and issued capital was NT$800,000 for the years begging 1 January 2023 , respectively, the paid-in capital of NT $602,881, and divided into 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

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As of December 31, 2023, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As of	
	31 December 2023	31 December 2022
Premium from common stock issuance	$788,696	$788,696
Treasury Stock transaction	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213
Employee stock option	26,848	26,848
Other	280	280
Total	$818,217	$818,217

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

The company's Articles of Association deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

If there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the board of directors formulates the method of surplus distribution , the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

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C. Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of shareholders' meeting on 27 June 2023 and 30 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal Reserve	$62,235	$54,276		
Special reserve	(20,547)	11,218		
Common stock - cash dividends	361,729	180,864	$6.0	$3.0

On May 5, 2022 , the Board of Directors resolved to distribute cash in the amount of $144,691 thousand ($2.40 per share) from capital surplus.

The company will hold details of the 2023 earnings distribution by the board of directors' meeting.

D. For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

D. Please refer to Note 6(14) for information on the basis of estimating and recognizing employee compensation and directors' compensation.

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E. Non-controlling interests

	For the years ended 31 December	
	2023	2022
Balance as of 1 January	$14,297	$21,874
Net loss for the period attributable to non-controlling interests	(4,028)	(8,793)
Other comprehensive income or loss attributable to non-controlling interests		
Exchange differences on translation of financial statements of foreign operating companies	120	1,216
Balance as of 31 December	$10,389	$14,297

(11)Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2023	2022
Net sales	$3,337,485	$3,350,323

Analysis of revenue from contracts with customers during the years ended on 31 December 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2023

	Taiwan	China	Other	Total
Sale of goods	$1,576,641	$1,756,927	$3,917	$3,337,485

For the year ended 31 December 2022

	Taiwan	China	Other	Total
Sale of goods	$1,797,231	$1,552,420	$672	$3,350,323

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

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B. Contract balances

Contract liabilities - current

	As of		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	$300	$941	$265

The significant changes in the Group's balances of contract liabilities during the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to revenue	$(941)	$(265)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	300	941
Changes during the period	$(641)	$676

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(12)Expected credit losses

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit losses		
Trade receivables	$519	$1,764

Please refer to Note 12 for more details on credit risk.

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The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2023 and 2022 is as follows:

31 December 2023

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$744,378	$31,530	$-	$-	$3,216	$9,114	$ 788,238
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(9,110)	(9,110)
Carrying amount	$744,378	$31,530	$-	$-	$3,216	$4	$ 779,128

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$633,650	$45,070	$2,029	$253	$-	$8,654	$689,656
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(8,654)	(8,654)
Carrying amount	$633,650	$45,070	$2,029	$253	$-	$-	$681,002

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2023 and 2022 is as follows:

	Trade receivables
Beginning balance on 1 January 2023	$8,654
Addition for the current period	519
Exchange Rate Difference	(63)
Ending balance on 31 December 2023	$9,110
Beginning balance on 1 January 2022	$8,423
Addition for the current period	1,764
Exchange Rate Difference	(1,533)
Ending balance on 31 December 2022	$8,654

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13)Lease

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 1 to 8 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	31 December 2023	31 December 2022
Land	$6,090	$7,185
Land Improvements	274	360
Buildings	27,920	71,835
Transportation equipment	6,181	10,408
Office equipment	109	148
Total	$40,574	$89,936

b. Lease liabilities

	As of	
	31 December 2023	31 December 2022
Lease liabilities		
Current	$19,122	$48,028
Non-current	19,320	44,492
Total	$38,442	$92,520

Please refer to Note 6 (15) (c) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$2,885	$2,902
Land Improvements	86	31
Buildings	47,523	45,882
Transportation equipment	5,357	3,697
Office equipment	40	49
Total	$55,891	$52,561

(C) Income and costs relating to lessee and leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$705	$781

(D) Cash outflow relating to lessee and leasing activities

During the year ended 31 December 2023 and 2022, the Group’s total cash outflows for leases amounted to $61,368 and $56,037, respectively.

B. Group as a lessor

The Group enters into lease contracts for machinery and equipment contracts that are classified as finance leases due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets. ◦

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2023 and 2022 are as follows:

	As of	
	31 December 2023	31 December 2022
< 1 year	$ -	$ 3,101
1 ~ 2 years	-	5,902
2 ~ 3 years	-	5,902
3 ~ 4 years	-	5,902
4 ~ 5 years	-	4,745
> 5 years	-	3,030
Undiscounted lease payments	-	28,582
Less: Unearned finance income from finance leases	-	(1,721)
Net investment in leases (finance lease receivables)	$ -	$ 26,861
Current	$ -	$ 2,758
Non-Current	$ -	$ 24,103

(14)Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2023 and 2022, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$443,371	$265,390	$708,761	$511,919	$269,882	$781,801
Labor and health insurance	46,484	22,929	69,413	42,387	21,143	63,530
Pension	4,755	6,608	11,363	4,643	5,991	10,634
Others	15,337	17,055	32,392	20,281	17,743	38,024
Depreciation	254,236	56,947	311,183	262,513	52,105	314,618
Amortization	565	6,136	6,701	527	5,045	5,572

The number of employees in the Group were 1,330 and 1,350 as of 31 December 2023 and 2022, respectively.

According to the Articles of Incorporation, 3.5%~7% of profit of the current year is distributable as employees' compensation and no higher than 1.7% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. 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, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on the profit of the year ended 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors in 2023 to be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate basis is distribute based on the current year's profit, the previous mentioned amount is accounted under salary expense. If the resolution of board of directors distribute employee compensation by stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of board of directors.

The details of employees' compensation and remuneration to directors for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Employees' compensation	$21,805	$27,592
Remuneration to directors	10,011	12,727

A resolution was passed at a board of directors meeting held on 7 March 2024 to distribute $21,805 and $10,011 in cash as the employees' compensation and remuneration to directors of 2023, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors for the year ended 31 December 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2022.

(15)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2023	2022
Interest income		
Current financial assets at fair value through profit or loss	$-	$2,090
Amortized cost of a financial asset	17,294	10,894
Grant revenue	11,677	24,965
Other revenue-rent discount	309	152
Other revenue-other	18,426	11,341
Total	$47,706	$49,442

B. Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$14,401	$185,499
Net gains on financial assets at fair value through profit or loss	-	2,517
Gains on disposal of property, plant and equipment	1,749	3,982
Other expense	(21,334)	(14)
	(187)	(4,001)
Total	$(5,371)	$187,983

C. Financial costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(367)	$(2,765)
Interest on lease liabilities	(2,536)	(4,653)
Total	$(2,903)	$(7,418)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16)Components of other comprehensive income

A. For the year ended 31 December 2023

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(40,820)	$-	$(40,820)	$8,188	**$(32,632)**

B. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$26,899	$-	$26,899	$(5,136)	$21,763

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Income tax

According to the amendments to industrial innovation regulations published on 24 July 2019, the undistributed surplus that used to construct, purchase certain assets, or techniques as of 2018 is recognized as calculation of deductions from distribution surplus.

According to The Management, Utilization, and Taxation of Repatriated Offshore Funds Act outlined on 24 July 2019, those who applied for new profit-seeking enterprises and repatriate deposit fund that within the approval term between 15 August 2019 and 14 August 2020, the applied tax rate decrease from 20% to 8%. The transfer fund shall deposit into the foreign exchange special account and deduct taxes when the accepted bank deposit funds into a special account. The Group repatriated USD 9,080 thousand through the approval of competent authority as of July and August in 2021 and deducted NTD $21,307 thousand of taxes.

(1) The major components of income tax expense are as follows:

A. Income tax recorded in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax payable	$83,324	$229,214
Adjustments in respect of current income tax of prior periods	(52,565)	(6,400)
Corporate income surtax on undistributed retained earnings	10,946	14,820
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(454)	(76,388)
Others	59	14
Income tax expense recognized in profit or loss	$41,310	$161,260

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations	$(8,188)	$5,136
Income tax relating to components of other comprehensive income		

(2) A reconciliation between tax expense and the product of accounting profit multiplied by the Group's applicable tax rate is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$571,240	$774,813
The amount of tax at each statutory income tax rate	$172,205	$232,009
Tax effect of revenue exempt from taxation	(82,124)	(65,130)
Tax effect of expenses non-deductible for tax purposes	102	509
Corporate income surtax on undistributed retained earnings	10,946	14,820
Adjustments in respect of current income tax of prior periods	(52,565)	(6,400)
Income tax impact adjusted according to other tax laws	(7,254)	(14,548)
Total income tax expenses recorded in profit or loss	$41,310	$161,260

Due to the High-tech Enterprise Certificate acquired by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd., and Zhejiang Yu-Zuan Precision Components Co., Ltd., , the companies enjoyed 10% of tax incentives on income tax as of December 2022 and applied the tax rate of 15%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Significant components of deferred income tax assets and liabilities are as follows:

(A) For the year ended 31 December 2023

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	$6,997	$(682)	$-	$6,315
Unrealized foreign currency exchange gain or loss	(1,728)	1,415	-	(313)
Loss allowance overdue	566	9	-	575
Unrealized gain on foreign investments	(85,786)	-	-	(85,786)
Provision for allowance to reduce inventories to market value	7,911	(288)	-	7,623
Exchange differences on translation of foreign operations	29,553	-	8,188	37,741
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$454	$8,188	
Net deferred tax assets/ (liabilities)	$(42,478)			$(33,836)
Reflected in balance sheet as follows:				
Deferred income tax assets	$15,492			$14,522
Deferred income tax liabilities	$(57,970)			$(48,358)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2022

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	$8,625	$(1,628)	$-	$6,997
Unrealized foreign currency exchange gain or loss	5,056	(6,784)	-	(1,728)
Loss allowance overdue	548	18	-	566
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	6,367	1,544	-	7,911
Exchange differences on translation of foreign operations	34,689	-	(5,136)	29,553
Gain or Loss on valuation of financial asset	353	(353)	-	-
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$76,388	$(5,136)	
Net deferred tax assets/ (liabilities)	$(113,730)			$(42,478)
Reflected in balance sheet as follows:				
Deferred income tax assets	$16,345			$15,492
Deferred income tax liabilities	$(130,075)			$(57,970)

D. The assessment of income tax returns

As of 30 September 2023, the assessment of income tax returns filed by the Company under Taiwan tax jurisdiction is as follows

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2021

As of 31 December 2023, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022.

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Basic earnings per share (NTD)	$8.86	$10.32

B. Diluted earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Effect of dilution:		
Employees' compensation – stock (in thousands)	203	273
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,491	60,561
Diluted earnings per share (NTD)	$8.83	$10.28

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Zeng Hsing Industrial CO., Ltd. (Zeng Hsing Industrial)	Parent company of the Group
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd. (AWEA)	Substantive related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Substantive related party of the Group
Hongli Investment Co., Ltd. (Hongli Investment)	Substantive related party of the Group
Hongju Investment Co., Ltd. (Hongju Investment)	Substantive related party of the Group
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company

(2) Significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2023	2022
GOODWAY	$1,382	$200
AWEA	35	-
TOTAL	$1,417	$200

The Company sets the sales prices for transactions with the aforementioned related parties based on the factors including market segmentation, business competition, product characteristics, bulk purchasing, and payment terms. These prices were determined in a manner that has no significant differences from the general sales processing procedures

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Accounts receivable

	As of	
	December 31 2023	December 31 2023
GOODWAY	$264	$18
AWEA	36	-
TOTAL	$300	$18

C. Acquisition of property, plant, and equipment

	As of	
	December 31 2023	December 31 2023
GOODWAY	$2,400	$3,592
ALLRICH	124	-
TOTAL	$2,524	$3,592

D. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$46,380	$53,122
Post-employment Benefits	1,132	1,146
Total	$47,512	$54,268

The key management of the Group comprises the chairman, directors, independent directors, and general manager.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as security:

Items	As of 31 December 2023	As of 31 December 2022	Secured liabilities
Financial assets measured at amortized cost, current	$1,224	$1,023	Performance guarantee mechanism
Property, Plant and Equipment- building	113,082	118,587	Bank loan
Property, Plant and Equipment- equipment	202,889	229,682	Bank loan
Property, Plant and Equipment- other	8,770	10,158	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The promissory note amount of unrecovered canalled license due to the borrowing cost of contract approval as of the year ended 2023 and 2022 are $ 2,580,058 and $2,313,099.

(2) The important contracts of construction in progress

A. As of 31 December 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2023
LOYU INTERIOR DESIGN CO., LTD	Design construction	Plant	$76,190	$61,577

The above construction payment is based on construction progress. ◦

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. As of 31 December 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2022
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$387,125
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$402,029

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As of 31 December 2023	As of 31 December 2022
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	$1,286,058	$1,211,235
Financial assets measured at amortized cost	1,224	1,023
Notes receivable	127	3,186
Accounts receivable	779,001	677,816
Other receivables	15,671	3,494

Financial Liabilities	As of 31 December 2023	As of 31 December 2022
Financial liabilities at amortized cost:		
Short-term loans		
Notes and accounts payables	$453,152	$338,568
Other payables	254,591	303,447
Lease liability	38,442	92,520
Lease liability (including long-term loans due within one year)	640,227	526,359

(2) Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Group is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk, and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore, natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

A. When NTD appreciates/depreciates against USD by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(2,597) and $(4,240), respectively; and no impact on the equity.

B. When NTD appreciates/depreciates against RMB by 1%, the profit for the years ended 31 December 2023 and 2022 is increased by $(11,628) and $((4,224)), respectively; and no impact on the equity.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of $640 and $526 for the years ended 31 December 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures, and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be decreased by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2023, and 2022, amounts receivables from top ten customers represented 78% and 76% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2023					
Short-term loans					
Notes and accounts payable	$453,152	$-	$-	$-	$453,152
Lease liability(Note)	28,346	16,753	1,968	942	48,009
Long-term loans (within 1 year maturity)	113,564	201,083	193,503	154,600	662,750
As of 31 December 2022					
Short-term loans					
Notes and accounts payable	$338,568	$-	$-	$-	$338,568
Lease liability	59,043	41,831	3,880	-	104,754
Long-term loans (within 1 year maturity)	128,921	182,512	154,106	62,222	527,761

Note：(I) Including the cash flow of short-term leasing and the assets with low value bid.

(II) The following table provides further information about the expiry of lease liability:

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$28,346	$18,721	$942	$48,009

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2023	$-	$526,359	$92,520	$618,879
Cash flow	-	113,868	(60,663)	53,205
Non-cash changes	-	-	6,741	6,741
Foreign exchange differences	-	-	(156)	(156)
As of 31 December 2023	$-	$640,227	$38,442	$678,669

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2022	$433,692	$377,399	$128,783	$939,874
Cash flow	(433,692)	148,960	(55,256)	(339,988)
Non-cash changes	-	-	17,068	17,068
Foreign exchange differences	-	-	1,925	1,925
As of 31 December 2022	$-	$526,359	$92,520	$618,879

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds, and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable, and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring or recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unit: Thousands

	As of					
	31 December 2023			31 December 2022		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$8,450	30.735	$259,711	$13,807	30.7080	$423,985
CNY	321,070	4.3394	1,393,251	138,057	4.4092	608,721
EUR	3,486	34.0114	118,564	4,151	32.7086	135,773
Financial liabilities						
Monetary item:						
CNY	$53,097	4.3394	$230,409	$42,266	4.4092	$186,359
EUR	2,006	34.0114	68,227	1,797	32.7086	58,777

Due to the large number of functional currencies used in the Group, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized $14,401 and $185,499 for foreign exchange loss for the years ended 31 December 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) Other matters

To facilitate comparison in the financial statements, certain items have been reclassified as of December 31, 2023.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. ADDITIONAL DISCLOSURES

A. Information on significant transactions

(A) Financing provided:

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
0	TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD	Other receivables due from related parties	Yes	$184,410	$122,940	$-	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$6,547	$2,612	$2,164	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$134,670	$80,802	$35,912	3%	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,136	$-	$-	-%	2	$-	Purchase of equipments and materials	$-	-	$-	$357,318	1,429,275

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO International Co., Ltd.(YZ)	Other receivables due from related parties	Yes	$43,394	$-	$-	-%	2	$-	Operating cycle	$-	-	$-	$1,399,488 (Note 4)	$1,399,488 (Note 4)

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

(B) Endorsement/guarantee provided: None.

(C) Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): None.

(D) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or above 20% of the paid-in capital: None.

(E) Acquisition of individual real estate that cost at least $300 million or above 20% of the paid-in capital: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(F) Disposal of individual real estate at prices of at least $300 million or above 20% of the paid-in capital: None.

(G) Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20% of capital stock: refer to Note 13 (1) (J).

(H) Receivables from related parties amounting to over $100 million or 20% of the paid-in capital: None

(I) Information about derivatives of investees over which the Group has a controlling interest: refer to Note 12 (7).

(J) Inter-company relationships and significant intercompany transactions:

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Purchase of goods	$583,168 (USD 19,055,885 EUR 2)	Regular trade	17.47%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	$165,974 (USD 5,400,150 EUR 2)	Regular trade	3.21%

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(YZ)	(1)	Purchase of goods	$141,806 (USD 4,097 ERU 3,161 RMB 32,278,051)	Regular trade	4.25%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$583,168 (USD 19,055,885 EUR 2)	Regular trade	17.47%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	$165,974 (USD 5,400,150 EUR 2)	Regular trade	3.21%
2	TURVO International Co., Ltd.(YZ)	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$141,806 (USD 4,097 EUR 3,161 RMB 32,278,051)	Regular trade	4.25%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transactions from a subsidiary to a subsidiary

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Information on investees

(A) Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance As of 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Investment income (loss) (Note 2)	Notes
				31 December 2023	31 December 2022	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD31,133,211)	$946,313 (USD31,133,211)	31,133,211 shares	100%	$2,539,499	$410,793	$410,111	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	$61,760 (USD 2,045,753)	$61,760 (USD 2,045,753)	4,912,749 shares	35.71%	$5,771	$(6,266)	$(2,237)	Subsidiary
TURVO INTERNATIONAL Co., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	$900	$-	90,000 shares	100%	$866	$(34)	$(34)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD7,133,211 HKD220,000)	$216,811 (USD7,133,211 HKD220,000)	-	100%	$1,349,468	$313,562	Cope with subsidiary	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	$204,635 (USD 6,606,203)	$204,635 (USD 6,606,203)	216,276 shares	99.99%	$18,327	$(5,922)	Cope with subsidiary	Second-tier subsidiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo (BVI)	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%	$313,624	$1,345,832	$717,836
TURVO International Co., Ltd.(YZ)	Manufacturing and trading	USD 28,000,000 (Note 4)	Indirect investments through Turvo (BVI)	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100% (Note 4)	$68,723	$1,149,58	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$917,245 (USD30,120,536)	$917,245 (USD30,120,536)	$2,143,913 (note 2)

Note1：Part of the voting right acquired through the equity transfer

Note2：Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note3：The recognized profit and loss under investment should base on the financial statement that audited by accountants.

Note 4: Funds of US$5,000,000 were injected into TURVO International Co., Ltd.(YZ) by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. Acquired 17.86% ownership in TURVO International Co., Ltd.(YZ). The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

(B) As of 31 December 2023, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (J). The unrealized profit amount generated due to the previous significant transaction items accounted for $1,110 thousand.

D. Information of major shareholders

For the year ended 31 December 2023

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.

14. OPERATING SEGMENT INFORMATION

A. For management purposes, the Group is organized into business units based on operating strategies and has two reportable segments as follows:

Taiwan segment produces, manufacture, and trading precision metal processing including automobile, industrial application, and household application, etc.

China segment produces, manufacture, and trading precision metal processing, including computer, medical equipment, optical, precision metal hardware, etc.

Other segment is responsible for transpose during departments.
No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.
Transfer listed price between operating department is based on the executed function and affordable risks as the basis of consideration.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. The reportable segments' profit and loss, information are listed as follows:

(A) For the year ended 31 December 2023

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
Revenue					
External customers	$1,576,641	$1,756,927	$3,917	$-	$3,337,485
Inter-segment	2,232	737,852	20,842	(760,926)	-
Interest revenue	6,175	11,328	1,321	(1,530)	17,294
Total revenue	1,585,048	2,506,107	26,080	(762,456)	3,354,779
Interest expense	651	2,394	1,390	(1,532)	2,903
Depreciation and amortization	95,007	214,194	8,683	-	317,884
Investment income	407,840	-	689,986	(1,097,826)	-
Segment profit	$558,624	$398,275	$404,527	$(790,186)	$571,240
Assets					
Investment using the equity method	$2,546,136	$-	$3,863,208	$(6,409,344)	$-
Capital expenditures of non-current assets	43,165	5,285	-	-	48,450
Operating segment Assets	$4,904,464	$3,101,244	$4,028,398	$(6,867,023)	$5,167,083
Operating segment liabilities	$1,330,409	$449,773	$86,000	$(282,677)	$1,583,505

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2022

	Taiwan	China	Other	Adjustments and eliminations (Note 1)	Total of the Group
Revenue					
External customers	$1,797,231	$1,552,420	$672	$-	$3,350,323
Inter-segment	8,918	679,431	10,936	(699,285)	-
Interest revenue	7,277	6,771	399	(1,463)	12,984
Total revenue	1,813,426	2,238,622	12,007	(700,748)	3,363,307
Interest expense	2,974	5,066	841	(1,463)	7,418
Depreciation and amortization	88,817	222,432	8,941	-	320,190
Investment income	319,139	-	538,499	(857,638)	-
Segment profit	$708,415	$373,939	$550,097	$(857,638)	$774,813
Assets					
Investment using the equity method	$2,175,608	$-	$3,153,355	$(5,328,963)	$-
Capital expenditures of non-current assets	79,241	88,197	8,541	-	175,979
Operating segment Assets	$4,668,201	$2,579,908	$3,322,063	$(5,587,291)	$4,982,881
Operating segment liabilities	$1,234,489	$425,835	$111,885	$(237,337)	$1,534,872

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Geographic information

(A) Revenue from external customers:

Country	For the years ended 31 December 2023	2022
China	$1,757,433	$1,552,431
Germany	381,005	353,810
Turkey	358,142	199,147
Taiwan	321,604	641,087
Mexico	112,238	106,361
India	107,127	89,149
Hungary	98,021	84,324
Poland	53,247	47,138
Japan	36,161	44,358
USA	34,465	69,284
Other countries	34,465	163,234
Total	$3,337,485	$3,350,323

(B) Important customer information

	For the years ended 31 December			
	2023		2022	
Customers	Amount	%	Amount	%
Company A	$405,685	12	$617,628	19
Company B	358,142	11	375,863	11
Company C	304,443	9	243,619	7
Total	$1,068,270	32	$1,237,110	37

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2023

Notice to readers:
The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City , Taiwan, R.O.C.
Telephone: 886-4-26575790

Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, the parent company only changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 parent company only financial statements in 2023. 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, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2023, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD 283,451 thousand and NTD 3,547 thousand, respectively. Net accounts receivable represented 6% of the parent company only total assets and have significant impacts on the Company. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each Group; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount.

In addition, we also considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

Valuation for inventories (including investments accounted for under the equity method- inventory of subsidiaries)

As of December 31, 2023, inventories of the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue as a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; testing management level to evaluate the correctness of the net present value on inventories; observe and evaluate the planning and performing of inventory check on management to confirm the numbers and conditions of inventories; acquiring the inventory aging correctness of inventory aging sheet and testing the correctness of stock in or stock out.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

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 requirements of 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 ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 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 the parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing 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 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 internal control of the Company.

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 ability to continue as a going concern of the Company. 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 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 auditor's 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 accompanying notes, 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements 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.

Chen, Ming Hung
Lo, Wen Chen
Ernst & Young, Taiwan
March 7, 2024

Notice to Readers：
The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of 31 December 2023	As of 31 December 2022
Current Assets			
Cash and cash equivalents	4, 6(1)	$389,023	$807,447
Financial assets measured at amortized cost, current	4, 6(2), 8	1,224	1,023
Notes receivable	6(13)	127	3,186
Accounts receivable, net	4, 6(3),6(13),7	283,451	278,296
Other receivables		81	269
Accounts receivable-related parties, net	7	38,901	61,858
Inventories, net	4, 6(4)	158,879	237,600
Prepayment		76,286	39,441
Other current assets		27,497	5,174
Total current assets		975,469	1,434,294
Non-current assets			
Investments accounted for under the equity method	4, 6(5)	2,546,136	2,175,608
Property, plant and equipment	4, 6(6), 8	1,140,833	562,990
Right of use assets	4, 6(14)	18,452	26,395
Intangible assets	4	9,866	7,715
Deferred tax assets	4, 6(18)	5,302	4,743
Other non-current assets	4, 6(7)	207,540	456,456
Total non-current assets		3,928,129	3,233,907
Total assets		$4,903,598	$4,668,201

(The accompanying notes are an integral part of the parent company only financial statements)
(continued)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2023	As of 31 December 2022
Current liabilities			
Contract liabilities, current	4, 6(12)	$300	$941
Notes payable	4	132,047	98,233
Accounts payable	4	52,456	43,305
Other payables	6(8)	111,692	146,907
Accounts payable-related parties	6(8), 7	199,479	163,343
Current tax liabilities	6(18)	70,236	158,062
Current lease liabilities	4, 6(14)	8,044	10,437
Other current liabilities		56,918	11,551
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(9)	108,525	128,454
Total current liabilities		739,697	761,233
Non-current liabilities			
Long-term loans	4, 6(9)	531,702	397,905
Deferred tax liabilities	4, 6(18)	48,358	57,969
Non-current lease liabilities	4, 6(14)	10,652	16,070
Other non-current liabilities		-	1,312
Total non-current liabilities		590,712	473,256
Total liabilities		1,330,409	1,234,489
Equity attributable to the parent company	6(11)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	818,217
Retained earnings			
Legal reserve		444,771	382,536
Special reserve		137,354	157,901
Retained earnings		1,740,072	1,609,531
Total Retained earnings		2,322,197	2,149,968
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(170,106)	(137,354)
Treasury stock		-	-
Total equity		3,573,189	3,433,712
Total liabilities and equity		$4,903,598	$4,668,201

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended 31 December	
	Notes	2023	2022
Net Sales	4, 6(12), 7	$1,578,873	$1,806,149
Cost of Sales	6(4), 6(10), 6(15), 7	(1,159,868)	(1,254,956)
Gross Profit		419,005	551,193
Unrealized intercompany profit		(21,626)	(13,295)
Realized intercompany profit		24,354	19,807
Gross Profit, net		421,733	557,705
Operating Expenses	6(10), 6(15)		
Selling and marketing		(42,514)	(24,743)
Management and administrative		(151,232)	(201,808)
Research and development		(107,702)	(88,154)
Expected credit (losses) gains	6(13)	(778)	(213)
Total Operating Expenses		(302,226)	(314,918)
Operating Income		119,507	242,787
Non-operating income and expenses			
Other income	6(16)	20,372	23,321
Other gain and loss	6(16)	11,590	126,142
Financial costs	4, 6(16)	(651)	(2,974)
Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(5)	407,840	319,139
Total non-operating income and expenses		439,151	465,628
Income from continuing operations before income tax		558,658	708,415
Income tax expense	4, 6(18)	(24,700)	(86,069)
Net income		533,958	622,346
Other comprehensive income (loss)	6(17)		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(5)	(40,940)	25,683
Income tax related to items that may be reclassified subsequently		8,188	(5,136)
Total other comprehensive income, net of tax		(32,752)	20,547
Total comprehensive income		$501,206	$642,893
Earnings per share	6(19)		
Earnings per share-basic (NTD)		$8.86	$10.32
Earnings per share-diluted (NTD)		$8.83	$10.28

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total Equity
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$3,116,374
Appropriations of earnings, 2021								
Legal reserve				54,276		(54,276)		-
Special reserve					11,218	(11,218)		-
Cash dividends						(180,864)		(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)					(144,691)
Net income for the year ended 31 December 2022						622,346		622,346
Other comprehensive income (loss), net of tax for the year ended							20,547	20,547
Total comprehensive income (loss)	6(17)					622,346	20,547	642,893
Balance as of 31 December 2022		$602,881	$818,217	$382,536	$157,901	$1,609,531	($137,354)	$3,433,712
Balance as of 1 January 2023		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$3,433,712
Appropriations of earnings, 2022								
Legal reserve				62,235		(62,235)		-
Reversal of special reserve					(20,547)	20,547		-
Cash dividends						(361,729)		(361,729)
Net income for the year ended 31 December 2023						533,958		533,958
Other comprehensive income (loss), net of tax for the years ended	6(17)						(32,752)	(32,752)
Total comprehensive income (loss)						533,958	(32,752)	501,206
Balance as of 31 December 2023		$602,881	$818,217	$444,771	$137,354	$1,740,072	$(170,106)	$3,573,189

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

		For the Years Ended 31 December	
	Notes	2023	2022
Cash flows from operating activities:			
Net income before tax		$558,658	$708,415
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation		88,612	83,671
Amortization		6,395	5,146
Expected credit losses (gains)		778	213
Net (gain) loss of financial assets at fair value through profit or loss		-	(2,517)
Interest cost		651	2,974
Interest income		(6,175)	(7,277)
Share of profit or loss of associates and joint ventures accounted for using equity method		(407,840)	(319,139)
Gain on disposal of property, plant and equipment		253	(2,320)
Realized intercompany (profit)		(2,728)	(6,512)
Inventory falling price losses		2,835	4,378
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		-	755
Increase in financial assets measured at amortized cost, current		(201)	(8)
Decrease in notes receivable		633	5,653
Increase in accounts receivable		(8,691)	(87,275)
Decrease in other receivables		188	795
(Increase) decrease in accounts receivable-related parties		22,957	(22,594)
(Increase) decrease in inventories, net		73,536	(85,901)
Increase in prepayments		(39,934)	(27,639)
Increase in other current assets		(22,323)	(3,993)
Increase (decrease) in contract liabilities		(641)	676
Increase in notes payable		33,814	11,515
Increase in accounts payable		89,286	30,175
Increase in other payables-related parties		36,136	36,893
Increase (decrease) in other payables		(16,177)	22,971
(Decrease) increase in other current liabilities		45,483	(674)
Decrease in other non- current liabilities		(1,312)	-
Cash generated from operations		454,193	348,381
Income tax paid		(114,507)	(99,328)
Net cash provided by operating activities		339,686	249,053

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

	Notes	For the Years Ended 31 December	
		2023	2022
(Continued)			
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(43,165)	(79,241)
Proceeds from disposal of property, plant and equipment		12,873	10,102
Acquistion of Investments accounted for under the equity method		(900)	-
Acquisition of intangible assets		(2,923)	(2,054)
Increase in other non-current assets		(467,388)	(317,090)
Interest receive		6,124	6,679
Dividends received		-	417,955
Net cash provided by (used in) investing activities		(495,379)	36,351
Cash flows from financing activities:			
Increase in short-term loans		134,000	834,238
Decrease in short-term loans		(134,000)	(1,267,930)
Increase in long-term loans (including current portion with maturity less than 1 year)		245,655	221,010
Decrease in long-term loans (including current portion with maturity less than 1 year)		(131,787)	(72,050)
Lease principal repayment		(14,553)	(10,957)
Cash dividends		(361,729)	(325,555)
Interest paid		(317)	(2,979)
Net cash used in financing activities		(262,731)	(624,223)
Net decrease in cash and cash equivalents		(418,424)	(338,819)
Cash and cash equivalents at beginning of period		807,447	1,146,266
Cash and cash equivalents at end of period	6(1)	$389,023	$807,447

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONL CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. ORGANIZATION AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated in 1987 to manufacture and market air tools, machine elements, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also process, manufacture, and market optical elements. Based on the purpose of management operation, the Company conduct a simple merge with the 100% owned reinvestment companies - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., after the resolution of the board of directors' meeting in June 2010, to set 1 August 2010 as the consolidation basis date. The company is a consolidated surviving company.

The Company applied to be listed on the GreTai Securities Market and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company was authorized to be listed on Taiwan Stock Exchange and was officially listed on 17 September 2019. The main registered location and operating base are in NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 7 March 2024.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback –Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants –Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024, the remaining standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) FRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in

Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make financial performance easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The amendments will apply for annual reporting periods beginning on 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The Parent Company Only Financial Statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The Parent Company Only Financial Statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

A. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

B. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income, and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. 。
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to liquidate a liability for at least twelve months after the reporting period.

All other assets are classified as non-current:

A liability is classified as current when:
(a) The Company expects to liquidate the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be liquidated within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(A) the Company's business model for managing the financial assets
(B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivable, trade receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(A) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(C) Interest revenue is calculated by using the effective interest method. This

is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at the initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

A. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(B) the time value of money
(C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(D) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

B. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

C. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(B) a Company of financial liabilities or financial assets and, financial liabilities are managed, and its performance is measured at fair value, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount, premium, and transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Materials	─ Purchase cost under weighted average cost method.
Work in process and finished goods	─ Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and not within the scope of inventories.

(10) Investment accounted for using the equity method

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting "Investments accounted for under the equity method", "share of profit or loss of associates and joint ventures accounted for under equity method", and "share of other comprehensive income of associates and joint ventures accounted for using the equity method".

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur were not those recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in 'Additional Paid in Capital' and 'Investment accounted for using the equity method'. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant, and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment*". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5～50 years
Machinery and equipment	5～15 years
Transportation equipment	5～10 years
Lease improvements	5～4 years
Other equipment	2～30 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(13) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Company’s intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	Uncertain
Method of amortization	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are precision metal components, and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(16) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were generated.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Related to the deductible temporary differences arising from the initial recognition of assets or liabilities not arising from business combinations, at the time of the transaction, neither affect accounting profit nor taxable income (loss), and no equal taxable and deductible temporary differences were generated at that time.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the "International Tax Reform - Pillar Two Model Rules (Amendments to International Accounting Standard 12)," temporary exceptions are granted. Therefore, deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognized, and relevant information shall not be disclosed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

The judgement of having control over a subsidiary when the Company does not have a majority of voting rights

The Company does not hold a majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company’s domicile.

C. Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. Measurement of lease liability and right-of-use asset

Based on the regulation of IFRS 16, the Company should measure lease liability and estimate right-of-use asset, including leasing duration and decide the implicit interest rate.

The Company determine leasing period as leasing cancellable period that cannot be canceled, include both of the following:

A. During the period of the leasing extension option, if the Company can reasonably assure to exercise the using rights; and

B. During the period of the leasing determination option, if the Company can reasonably assure to not exercise that using rights.

Lease liability is based on the given present value of lease implicate rate, that rate is not readily available, the Company using incremental borrowing rate as discount rate.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the assumption of measuring lease liability, please refer to the explanation in Note 4 and Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2023	31 December 2022
Cash on hand	$271	$317
Bank deposits	388,752	807,130
Total	$389,023	$807,447

Cash and cash equivalents were not guaranteed.

(2) Financial assets measured at amortized cost

	As of	
	31 December 2023	31 December 2022
Restricted bank deposit	$1,224	$1,023

Please refer to Note 8 for more details on restricted bank deposits under pledge.

(3) Accounts receivable, net

A.	As of	
	31 December 2023	31 December 2022
Accounts receivable – non-related parties	$286,998	$278,307
Lease payments receivables	-	3,354
Unearned finance income	-	(596)
Less: loss allowance	(3,547)	(2,769)
Accounts receivable, net	$283,451	$278,296

B. Trade receivables are generally on 60 ~ 90 day terms. The total carrying amount as of 31 December 2023 and 2022 were $286,998 and $281,065, respectively. Please refer to Note 6 (13) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. For the related information on finance lease liability payable of machinery and equipment signed by the Company in 2022, please refer to Note 6(14).

D. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

A.	As of	
	31 December 2023	31 December 2022
Merchandise inventories	$760	$1,198
Raw materials	25,600	53,429
Supplies	6,576	8,578
Work in progress	59,834	68,499
Finished goods	66,109	105,896
Total	$158,879	$237,600

B. The Company cost of inventories recognized in cost of goods sold amounted to $ 1,159,868 and $ 1,254,956 for the year ended 31 December 2023and 2022, including the loss from market value decline, obsolete and slow-moving of inventories $2,835 and $ 4,378.

C. No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Investments accounted for using the equity method

The company express 'Investment accounted for using the equity method' of the parent company only financial statement under the investment of subsidiary, and make adjustments, if necessary, details are as follows:

	2023.12.31		2022.12.31	
Investees	Amount	% of ownership	Amount	% of ownership
TIPO INTERNATIONAL CO., LTD. [abbreviation: TIPO]	$2,539,499	100.00%	$2,167,667	100.00%
T&M Joint (Cayman) Holding Co., Ltd. [abbreviation: T&M]	5,771	35.71%	7,941	35.71%
TUF Technology CO., LTD. [abbreviation: TUF]	866	100.00%	-	-%
Total	$2,546,136		$2,175,608	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Details of exchange difference on proportion of profit and loss, foreign operating financial statement of subsidiaries, associates, and joint adventures with investment accounted for using the equity method as of the year ended 2023 and 2022, are as follows:

	2023.12.31		2022.12.31	
Investees	The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	Exchange difference in the conversion of financial statement of foreign operating institutions	The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	Exchange difference in the conversion of financial statement of foreign operating institutions
TIPO INTERNATIONAL CO., LTD.	$410,111	$(41,007)	$324,023	$25,008
T&M Joint (Cayman) Holding Co., Ltd.	(2,237)	67	(4,884)	675
TUF Technology CO., LTD.	(34)	-	-	-
Total	$407,840	$(40,940)	$319,139	$25,683

Details of dividend received as of the year ended 2023 and 2022 are as follows:

Investees	2023.12.31	2022.12.31
TIPO INTERNATIONAL CO., LTD.	$-	$417,955

No securities were pledged under the investment accounted for using equity method.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Property, plant and equipment

	As of 31 December 2023	As of 31 December 2022
Owner occupied property, plant and equipment	$1,140,833	$562,990

A. Owner occupied property, plant and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2023	$5,850	$215,827	$581,196	$6,319	$9,629	$84,615	$19,917	$923,353
Additions	-	-	13,124	-	-	2,892	17,882	33,898
Disposals	-	(770)	(17,925)	-	-	(2,188)	-	(20,883)
Transfers	-	587,344	51,181	-	4,143	1,135	(12,803)	631,000
As of 31 December 2023	$5,850	$802,401	$627,576	$6,319	$13,772	$86,454	$24,996	$1,567,368
As of 1 January 2023	$-	$80,891	$221,615	$3,805	$7,611	$46,441	$-	$360,363
Depreciation	-	8,129	54,040	366	2,518	8,876	-	73,929
Disposals	-	(141)	(5,428)	-	-	(2,188)	-	(7,757)
As of 31 December 2023	$-	$88,879	$270,227	$4,171	$10,129	$53,129	$-	$426,535

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2022	$5,850	$215,847	$510,449	$6,319	$9,301	$81,424	$11,662	$840,852
Addition	-	-	49,248	-	14	5,173	12,207	66,642
Disposals	-	(20)	(25,405)	-	-	(3,792)	-	(29,217)
Transfers	-	-	46,904	-	314	1,810	(3,952)	45,076
As of 31 December 2022	$5,850	$215,827	$581,196	$6,319	$9,629	$84,615	$19,917	$923,353
As of 1 January 2022	$-	$72,759	$192,080	$3,439	$1,097	$39,895	$-	$309,270
Depreciation	-	8,152	47,977	366	6,514	9,519	-	72,528
Disposals	-	(20)	(18,442)	-	-	(2,973)	-	(21,435)
As of 31 December 2022	$-	$80,891	$221,615	$3,805	$7,611	$46,441	$-	$360,363
Net carrying amount as of:								
31 December 2023	$5,850	$713,522	$357,349	$2,148	$3,643	$33,325	$24,996	$1,140,833
31 December 2022	$5,850	$134,936	$359,581	$2,514	$2,018	$38,174	$19,917	$562,990

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

C. Components of building that have different useful lives are main building structure, air conditioning units and elevators, which are depreciated over 50 years, 35 ~50 years, 10 years, and 8 years, respectively.

D. Please refer to Note 8 for property, plant and equipment pledged as collateral.

E. The capitalization amount of the borrowing costs of the Company in 2023, 2022, and its interest rates are as follows:

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Construction in progress	$2,774	$-
Borrowing cost capitalization interest rate interval	1.595%	-%

(7) Other non-current assets

	As of	
	31 December 2023	31 December 2022
Prepayments for business facilities	$202,990	$427,461
Guarantee deposits paid	4,470	4,470
Other non-current assets, others	80	24,525
Total	$207,540	$456,456

(8) Other accounts payables

	As of	
Accounting title	31 December 2023	31 December 2022
Wages and salaries payable	$54,633	$60,827
Employee compensation payable	21,805	27,592
Accrued directors' remuneration	10,011	12,727
Payable on machinery and equipment	5,475	14,742

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accounting title	As of 31 December 2023	As of 31 December 2022
Insurance payable	4,560	5,011
Accrued processing cost	3,373	9,066
Pension payable	2,843	3,109
Other accounts payables-other	8,992	13,833
Subtotal	111,692	146,907
Other payables to related parties	199,479	163,343
Total	$311,171	$310,250

(9) Long-term loans

Details of long-term loans as of 31 December 2023 and 2022 are as follows:

A. For the years ended 31 December 2023

Creditor	Content	31 December 2023	Repayment period and methods	security
Bank of Taiwan	Secured loan	$255,857	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one	Buildings and facilities

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2023	Repayment period and methods	security
			installment, and the principal is repaid in equal installments on the 15th of each month.	
Bank of Taiwan	Secured loan	144,937	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	25,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		640,227		
Less: current portion (with maturity less than 1 year)		(108,525)		
Total		$531,702		
Interest rates		1.595%		

B. For the years ended 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Secured	$269,418	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments,	Buildings and facilities

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2022	Repayment period and methods	security
			with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Bank of Taiwan	Secured	181,941	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Secured loan	75,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		526,359		
Less: current portion		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on unsecured bank loans.

(10) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

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Pension expenses under the defined contribution plan were $11,364 and $ 10,634 as of the year ended 2023 and 2022.

(11)Equities

A. Common stock

The Company's authorized and issued capital was NT$800,000 for the years begging 1 January 2023, respectively, the paid-in capital of NT $602,881, and divided into 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

As of December 31, 2023, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As of	
	31 December 2023	31 December 2022
Premium from common stock issuance	$788,696	$788,696
Treasury Stock	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213
Employee stock option	26,848	26,848
Other	280	280
Total	$818,217	$818,217

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

(1) The company's Articles of Association deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

(2) If there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance

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of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

C. Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 27 June 2023 and 30 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal Reserve	$62,235	$54,276		
Special reserve	(20,547)	11,218		
Common stock - cash dividends	361,729	180,864	$6.0	$3.0

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On May 5, 2022 , the Board of Directors resolved to distribute cash in the amount of $144,691 thousand ($2.40 per share) from capital surplus.

D. For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

E. Please refer to Note 6.15 for information on the basis of estimating and recognizing employee compensation and directors' compensation.

(12) Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2023	2022
Net sales	$1,578,873	$1,806,149

The Company recognize revenue with buyers at the time when controlling and transferring commodity, thus, belong to satisfy performance obligation at some point in time.

A. Contract balances

Contract liabilities - current

	As of		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	$300	$941	$265

The significant changes in the Company's balances of contract liabilities during the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to revenue	$(941)	$(265)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	300	941
Total	$(641)	$676

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Transaction price allocated to unsatisfied performance obligations

None.

C. Assets recognized from costs to fulfil a contract

None.

(13)Expected credit losses

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit losses		
Trade receivables	$778	$213

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of 31 December 2023 and 2022 is as follows:

31 December 2023

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$279,424	$807	$79	$-	$3,216	$3,599	$287,125
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(3,547)	(3,547)
Carrying amount	$279,424	$807	$79	$-	$3,216	$52	$283,578

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$277,533	$1,690	$2,006	$253	$-	$2,769	$284,251
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(2,769)	(2,769)
Carrying amount	$277,533	$1,690	$2,006	$253	$-	$-	$281,482

Note: The Company’s note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2023 and 2022 is as follows:

	Trade receivables
Beginning balance at 1 January 2023	$2,769
Addition for the current period	778
Ending balance at 31 December 2023	$3,547
Beginning balance at 1 January 2022	$2,556
Addition for the current period	213
Ending balance at 31 December 2022	$2,769

(14)Operating lease commitment

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment, and office equipment. The lease terms range from 1 to 8 years.

The Company’s leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	31 December 2023	31 December 2022
Land	$6,090	$7,185
Land Improvements	273	360
Buildings	6,596	10,208
Transportation equipment	5,493	8,642
Total	$18,452	$26,395

b. Lease liabilities

	As of	
	31 December 2023	31 December 2022
Lease liabilities		
Current	$8,044	$10,437
Non-current	10,652	16,070
Total	$18,696	$26,507

Please refer to Note 6 (16) (c) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$2,885	$2,902
Land Improvements	86	31
Transportation equipment	7,425	5,606
Office equipment	4,287	2,604
Total	$14,683	$11,143

(C) Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$307	$449

(D) Cash outflow relating to leasing activities

During the year ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounted to $ 14,860 and $ 11,406, respectively.

B. Company as a lessor

The Company enters into lease contracts for machinery and equipment contracts that are classified as finance leases due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets. ◦

The Company has entered into finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2023 and 2022 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2023.12.31	2022.12.31
< 1 year	$-	$ 3,101
1 ~ 2 years	-	5,902
2 ~ 3 years	-	5,902
3 ~ 4 years	-	5,902
4 ~ 5 years	-	4,745
> 5 years	-	3,030
Undiscounted lease payments	-	28,582
Less: Unearned finance income from finance leases	-	(1,721)
Net investment in leases (finance lease receivables)	$-	$ 26,861
Current	$-	$ 2,758
Non-Current	$-	$ 24,103

(15) Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2023 and 2022, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$127,506	$161,998	$289,504	$157,071	$171,700	$328,771
Labor and health insurance	15,332	13,674	29,006	14,207	12,433	26,640
Pension	4,756	6,608	11,364	4,643	5,991	10,634
Remuneration to Directors	-	10,011	10,011	-	12,727	12,727
Others	4,761	6,150	10,911	6,964	5,874	12,838
Depreciation	72,278	16,334	88,612	70,319	13,352	83,671
Amortization	565	5,830	6,395	527	4,619	5,146

The number of employees were 409 and 417 as of 31 December 2023 and 2022, respectively, the number of directors who do not concurrently serve as employees were 8 people.

Average labor cost for the years ended 31 December 2023 and 2022 were $850 and $926, respectively; average salary and bonus for the years ended 31 December 2023 and 2022 were $722 and $804, respectively; the average salary and bonus decreased by 10.1% year over year.

The Company’s policy for compensation of directors, managers and employees is as follows:

To comply with the Company's "Remuneration Measures for Independent Directors, Directors, and Managers, and Salary Operation System," we consider the industry's usual payment levels, personal seniority, position, achievement performance, work performance, as well as the salary and remuneration provided by the company to individuals in similar positions in recent years. Furthermore, we evaluate the reasonableness of the relationship between personal performance and the company's operating performance and future risks, taking into account the achievement of the company's short-term and long-term business objectives, its financial status, and other factors. Based on these evaluations, we provide reasonable remuneration. The Remuneration Committee and the Board of Directors review the relevant performance appraisal and remuneration policies promptly, considering the actual operating conditions and relevant laws and regulations. This is done to maintain a balance between the company's sustainable operation and risk control.

According to the Articles of Incorporation, 3.5%~7% of profit of the current year is distributable as employees’ compensation and no higher than 1.7% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. 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, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on the profit of the year ended 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors in 2023 to be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate basis is distributing based on the current year's profit; the previous mentioned amount is accounted under salary expense. If the resolution of board of directors distribute employee compensation by stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of board of directors.

The details of employees' compensation and remuneration to directors for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Employees' compensation	$21,805	$27,592
Remuneration to directors	10,011	12,727

A resolution was passed at a board of directors meeting held on 7 March 2024 to distribute $21,805 and $10,011 in cash as the employees' compensation and remuneration to directors of 2023, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors for the year ended 31 December 2023.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2022.

(16)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2023	2022
Interest income		
Current financial assets at fair value through profit or loss	$-	$2,090
Amortized cost of a financial asset	6,175	5,187

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2023	2022
Grant revenue	10,281	5,623
Rental income	309	152
Other revenue-other	3,607	10,269
Total	$20,372	$23,321

B. Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$15,105	$121,305
Net gains on financial assets at fair value through profit or loss	-	2,517
Gains (losses) on disposal of property, plant, and equipment	(253)	2,320
Other expense	(3,262)	-
Total	$11,590	$126,142

C. Financial costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(367)	$(2,765)
Interest on lease liabilities	(284)	(209)
Total	$(651)	$(2,974)

(17)Components of other comprehensive income

A. For the year ended 31 December 2023

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(40,940)	$-	$(40,940)	$8,188	$(32,752)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$25,683	$-	$25,683	$(5,136)	$20,5,47

(18)Income tax

(1) The major components of income tax expense are as follows:

A. Income tax recorded in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$37,278	$153,851
Adjustments in respect of current income tax of prior periods	(21,542)	(5,395)
Corporate income surtax on undistributed retained earnings	10,946	14,820
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(1,982)	(77,207)
Income tax expense recognized in profit or loss	$24,700	$86,069

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations		
Income tax relating to components of other comprehensive income	$(8,188)	$5,136

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) A reconciliation between tax expense and the product of accounting profit multiplied by the Company's applicable tax rate is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$558,658	$614,798
The amount of tax at each statutory income tax rate	$111,731	$141,683
Tax effect of revenue exempt from taxation	(82,124)	(65,130)
Tax effect of expenses not deductible for tax purposes	-	91
Corporate income surtax on undistributed retained earnings	10,946	14,820
Adjustments in respect of current income tax of prior periods	(21,542)	(5,395)
Income tax impact adjusted according to other tax laws	5,689	-
Total income tax expenses recorded in profit or loss	$24,700	$86,069

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C.Significant components of deferred income tax assets and liabilities are as follows:

(A) For the year ended 31 December 2023

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized foreign currency exchange gain or loss	$(1,728)	$1,415	-	$(313)
Unrealized gain on foreign investments	(85,786)	-	-	(85,786)
Provision for allowance to reduce inventories to market value	4,726	567	-	5,293
Exchange differences on translation of foreign operations	29,553	-	8,188	37,741
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$1,982	$8,188	
Net deferred tax assets/ (liabilities)	$(53,226)			$(43,056)
Reflected in balance sheet as follows:				
Deferred income tax assets	$4,743			$5,302
Deferred income tax liabilities	$(57,969)			$(48,358)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2022

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized foreign currency exchange gain or loss	$5,056	$(6,784)	-	$(1,728)
Loss allowance overdue	123	(123)		-
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	3,850	876	-	4,726
Exchange differences on translation of foreign operations	34,689	-	(5,136)	29,553
Gain or Loss on valuation of financial asset	353	(353)	-	-
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$77,207	$(5,136)	
Net deferred tax assets/ (liabilities)	$(125,297)			$(53,226)
Reflected in balance sheet as follows:				
Deferred income tax assets	$4,778			$4,743
Deferred income tax liabilities	$(130,075)			$(57,969)

D. The assessment of income tax returns

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2021

(19)Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Basic earnings per share (NTD)	$8.86	$10.32

B. Diluted earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Effect of dilution:		
Employees' compensation – stock (in thousands)	203	273
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,491	60,561
Diluted earnings per share (NTD)	$8.83	$10.28

There have been no other significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
TIPO INTERNATIONAL CO., LTD. (TIPO)	Investee company (subsidiary) using the equity method
Hong Kong Xin-Feng Co., Ltd (Hong Kong Xin-Feng)	Investee company (subsidiary) evaluated by TIPO using the equity method
TURVO International Co., Ltd.(Yu-Zuan)	Investee company (subsidiary) evaluated by TIPO using the equity method
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. (Dong-Guan Xin-Feng)	Investee company (third-tier subsidiary) evaluated by Hong Kong Xin-Feng using the equity method
T&M Joint (Cayman) Holding Co., LTD. (T&M)	Investee company (subsidiary) evaluated by TIPO using the equity method
Matec Southeast Asia (Thailand) Co., Ltd. (MSAT)	Investee company (second-tier subsidiary) evaluated by T&M using the equity method

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name of the related parties	Nature of relationship of the related parties
TUF Technology CO., LTD. (TUF)	Investee company (subsidiary) using the equity method
Zeng Hsing Industrial CO., Ltd. (Zeng Hsing Industrial)	Parent company of the Group
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd. (AWEA)	Substantive related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Substantive related party of the Group
Hongli Investment Co., Ltd. (Hongli Investment)	Substantive related party of the Group
Hongju Investment Co., Ltd. (Hongju Investment)	Substantive related party of the Group
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company

(2) Significant transaction between the Company and related parties

A. Sales

Transactions of materials and supplies sold to related parties for the years ended 31 December 2023 and 2022are summarized as follows:

	For the years ended 31 December	
Name of Related Parties	2023	2022
Yu-Zuan	$2,232	$5,593
GOODWAY	1,382	200
AWEA	35	-
Dong-Guan Xin-Feng	-	3,146
MSAT	-	179
Total	$3,649	$9,118

The Company set the selling price for the above related parties based on factors such as different markets, business competition, product characteristics, bulk purchasing, and receivable terms, etc. There are no significant differences from general sales procedures.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Purchase

Details of purchase items of the related parties as of the year ended 2023 and 2022 of the Company are as follows:

	For the years ended 31 December	
Name of Related Parties	2023	2022
Dong-Guan Xin-Feng	$583,168	$514,249
Yu-Zuan	141,806	146,086
Total	$724,974	$660,335

The Company calculated prices based on high/low quality when purchasing goods from the above related parties, where the transaction term is the same as regular companies.

C. Accounts receivable

	As of	
	December 31 2023	December 31 2022
GOODWAY	$264	$18
AWEA	36	-
TOTAL	$300	$18

D. Other receivables

	As of	
Name of Related Parties	December 31 2023	December 31 2022
MSAT	$36,733	$60,032
T&M	2,168	1,826
Total	$38,901	$61,858

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Other receivables of the above related parties of the Company are mainly borrowing funds, where the interest rate is based on principle and period. Borrowing terms is the same as regular companies.

E. Other payable

	As of	
	December 31 2023	December 31 2022
Dong-Guan Xin-Feng	$165,974	$143,218
Yu-Zuan	33,505	20,125
Total	$199,479	$163,343

F. Acquisition of property, plant and equipment

	For the years ended 31 December	
Name of Related Parties	2023	2022
GOODWAY	$2,400	$ 3,592
ALLRICH	124	-
Total	$2,524	$ 3,592

No significant difference between acquisition and payment requirement of property, plant, and equipment and regular trading.

G. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$37,634	$40,408
Post-employment Benefits	1,132	1,146
Total	$38,766	$41,554

The key management of the Company comprises the chairman, directors, independent directors, and general manager.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Company pledged as security:

Items	Carrying amount 31 December 2023	Carrying amount 31 December 2022	Secured liabilities
Financial assets measured at amortized cost, current	$1,224	$1,023	Performance guarantee
Property, Plant and Equipment- building	113,082	118,587	Bank loan
Property, Plant and Equipment- equipment	202,889	229,682	Bank loan
Property, Plant and Equipment- other	8,770	10,158	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The amount of guaranteed promissory notes write-off that has not been recovered due to issuance of the loan accounted to $2,580,058 and $2,313,099 as of the year ended 2023and 2022of the Company.

(2) The important contracts of construction in progress

A. As of 31 December 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2023
LOYU INTERIOR DESIGN CO., LTD	Design construction	Plant	$76,190	$61,577

The above construction payment is based on construction progress.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. As of 31 December 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2022
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$387,125
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$402,029

The above construction payment is based on construction progress.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As of 31 December 2023	As of 31 December 2022
Financial assets at fair value through profit or loss:		
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	$388,752	$807,130
Financial assets measured at amortized cost	1,224	1,023
Notes receivable	127	3,186
Accounts receivable	283,451	278,296
Other receivables	38,982	62,127

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial Assets	As of	
	31 December 2023	31 December 2022
Financial Liabilities		
Contract liability	$300	$941
Notes and accounts payables	184,503	141,538
Other payables	311,171	310,250
Lease liability	18,696	26,507
Long-term loans (Long-term loans due within one year)	640,227	526,359

(2) Financial risk management objectives and policies

The Company's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Company is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

A. When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(26,033) and $(22,933), respectively; and no impact on the equity.

B. When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(852) and $(846), respectively; and no impact on the equity.

C. When NTD strengthens/weakens against RMB by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(266) and $(328), respectively; and no impact on the equity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to Company's bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of $640 and $526 for the years ended 31 December 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company’s established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Company’s internal rating criteria, etc. Certain counterparties’ credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2023, and 2022, amounts receivables from top ten customers represented 94% and 92% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company’s treasury in accordance with the Company’s policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2023					
Short-term loans					
Notes and accounts payable	$184,503	$-	$-	$-	$184,503
Lease liability	8,230	7,968	1,968	942	19,108
Long-term loans	113,564	201,083	193,503	154,600	662,750
As of 31 December 2022					
Short-term loans					
Notes and accounts payable	$141,538	$-	$-	$-	$141,538
Lease liability	10,688	12,500	3,847	-	27,035
Long-term loans	128,921	182,512	154,106	62,222	527,761

Note：(i) Include the cash flow of lease contract from short-term lease and low-value target assets

(ii) The following table provide further analysis about the maturity of lease liability:

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$8,230	$9,936	$942	$19,108

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2023	$-	$526,359	$26,507	$552,866
Cash flow	-	113,868	(14,553)	99,315
Non-cash changes	-	-	6,742	6,742
As of 31 December 2023	$-	$640,227	$18,696	$658,923

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2022	$433,692	$377,399	$20,540	$831,631
Cash flow	(433,692)	148,960	(10,957)	(295,689)
Non-cash changes	-	-	16,924	16,924
As of 31 December 2022	$-	$526,359	$26,507	$552,866

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company’s financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unit: Thousands

	As of					
	31 December 2023			31 December 2022		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$7,262	30.735	$223,198	$8,212	30.708	$252,174
EUR	3,474	34.0114	118,156	3,640	32.7086	119,059
RMB	6,119	4.3394	26,553	7,428	4.4092	32,752
Non-monetary item						
USD	$82,842	30.735	$2,546,149	$70,848	30.708	$2,175,600
Financial liabilities						
Monetary item:						
USD	$5,401	30.735	$166,000	$4,380	30.708	$134,501
EUR	970	34.0114	32,991	1,055	32.7086	34,508

Due to the large number of functional currencies used in the Company, it’s impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Company recognized $15,105 and $121,305 for foreign exchange loss for the years ended 31 December 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) Other matters

To facilitate comparison in the financial statements, certain items have been reclassified as of December 31, 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. ADDITIONAL DISCLOSURES

A. Information on significant transactions

(A) Financing provided:

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
0	TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD	Other receivables due from related parties	Yes	$184,410	$122,940	$-	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$6,547	$2,612	$2,164	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$134,670	$80,802	$35,912	3%	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,136	$-	$-	-%	2	$-	Purchase of equipments and materials	$-	-	$-	$357,318	1,429,275

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO International Co., Ltd.(YZ)	Other receivables due from related parties	Yes	$43,394	$-	$-	-%	2	$-	Operating cycle	$-	-	$-	$1,399,488 (Note 4)	$1,399,488 (Note 4)

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

(B) Endorsement/guarantee provided: none.

(C) Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): none.

(D) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or 20% of the paid-in capital: none.

(E) Acquisition of individual real estate that cost at least $300 million or 20% of the paid-in capital: none.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(F) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: none.

(G) Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20% of capital stock:

Company Name	Counter Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Notes
			Purchases (Sales)	Amount	% to Total	Term	Unit price	Term	Balance	% to Total	
TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	subsidiary.	Purchases	$583,168	55.78%	There is no difference with other clients	Regular	Regular	Account payable $-	-%	
TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(YZ)	subsidiary.	Purchases	$141,806	13.56%	There is no difference with other clients	Regular	Regular	Account payable $-	-%	

(H) Receivables from related parties amounting to over $100 million or 20% of the paid-in capital: none

(I) Information about derivatives of investees over which the Company has a controlling interest: refer to Note 12 (8).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Information on investees

(A) Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance As of 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Investment income (loss) (Note 2)	Notes
				31 December 2023	31 December 2022	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD31,133,211)	$946,313 (USD31,133,211)	31,133,211 shares	100%	$2,539,499	$410,793	$410,111	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	$61,760 (USD 2,045,753)	$61,760 (USD 2,045,753)	4,912,749 shares	35.71%	$5,771	$(6,266)	$(2,237)	Subsidiary
TURVO INTERNATIONAL Co., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	$900	$-	90,000 shares	100%	$866	$(34)	$(34)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD7,133,211 HKD220,000)	$216,811 (USD7,133,211 HKD220,000)	-	100%	$1,349,468	$313,562	Cope with subsidiary	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	$204,635 (USD 6,606,203)	$204,635 (USD 6,606,203)	216,276 shares	99.99%	$18,327	$(5,922)	Cope with subsidiary	Second-tier subsidiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Information about major transactions of investee companies with controlling power

(1) Financing provided: refer to Note 13(1) (A)

(2) Endorsement/guarantee provided: none.

(3) Marketable securities held: none.

(4) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or 20% of the paid-in capital: none.

(5) Acquisition of individual real estate that cost at least $300 million or 20% of the paid-in capital: none.

(6) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: none.

(7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital:

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Counter Party</th><th rowspan="2">Relationship</th><th colspan="4">Transactions</th><th colspan="2">Details of non-arm's length transaction</th><th colspan="2">Notes and accounts receivable (payable)</th><th rowspan="2">Notes</th></tr>
<tr><th>Purchases (Sales)</th><th>Amount</th><th>% to Total</th><th>Term</th><th>Unit price</th><th>Term</th><th>Balance</th><th>% to Total</th></tr>
<tr><td>Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.</td><td>TURVO INTERNATIONAL Co., LTD</td><td>Associated Company</td><td>Sales</td><td>$583,168</td><td>55.78%</td><td>There is no difference with other clients</td><td>Regular</td><td>Regular</td><td>Account Receivable $-</td><td>-%</td><td></td></tr>
<tr><td>TURVO International Co., Ltd.(YZ)</td><td>TURVO INTERNATIONAL Co., LTD</td><td>Associated Company</td><td>Sales</td><td>$141,806</td><td>13.56%</td><td>There is no difference with other clients</td><td>Regular</td><td>Regular</td><td>Account Receivable $-</td><td>-%</td><td></td></tr>
</table>

(8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: none

(9) Information about derivatives of investees over which the Company has a controlling interest: refer to Note 12(7)。

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo (BVI)	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%	$313,624	$1,345,832	$717,836
TURVO International Co., Ltd.(YZ)	Manufacturing and trading	USD 28,000,000 (Note 4)	Indirect investments through Turvo (BVI)	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100% (Note 4)	$68,723	$1,149,58	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$917,245 (USD30,120,536)	$917,245 (USD 30,120,536)	$2,143,913 (Note 2)

Note1：Part of the voting right acquired through the equity transfer

Note2：Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note3：The recognized profit and loss under investment should base on the financial statement that audited by accountants.

Note4：Funds of US$5,000,000 were injected into TURVO International Co., Ltd.(YZ) by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. Acquired 17.86% ownership in TURVO International Co., Ltd.(YZ). The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

D. As of 31 December 2023, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (G). The unrealized profit amount generated due to the previous significant transaction items accounted for $1,110 thousand.

E. Information of major shareholders

For the year ended 31 December 2023

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS
FOR THE YEAR ENDED 31 DECEMBER 2023

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

1.STATEMENT OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand	Petty cash/working fund	$271	
Bank savings			
Check Deposit		38,545	
Demand deposits－NTD		62,987	
Demand deposits－foreign currency	JPY 91,699 thousand, EUR 754 thousand, USD 41,791 thousand, etc.	111,916	
Time Deposits		175,304	
		$389,023	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

2. STATEMENT OF ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Client A		$84,816	
Client B		35,654	
Client C		30,049	
Client D		5,645	
Client E		23,798	
Client F		20,778	
Client G		19,986	
Others (Note)		46,272	
Subtotal		286,998	
Less: loss allowance		(3,547)	
Total,(Net)		$ 283,451	

(Note) The amount of individual client in others does not exceed 5% of the account blance.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

3. STATEMENT OF INVENTORIES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		$29,308	$32,652	
Supplies		12,269	13,109	
Work in process		65,656	137,991	
Finished goods		77,075	96,771	
Merchandise inventories		1,034	2,404	
Subtotal		185,342	$282,927	
Less: Allowance for Inventory Valuation and Obsolescence Losses		(26,463)		
Total,(Net)		$158,879		

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

4. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NONCURRENT

FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Name of Securities	As of 1 January 2023		Additions (Decrease)		Investment income (loss)	Realized (Unrealized) Gain on Transactions	Exchange differences	As of 31 December 2023			Evaluation Basis	Collateral
	Shares	Amount	Shares	Amount				Shares	%	Amount		
TIPO INTERNATIONAL CO., LTD.	31,133,211	$2,167,667	-	$-	$410,111	$2,728	$ (41,007)	31,133,211	100	$2,539,499	Equity	None
T&M Joint (Cayman) Holding Co., Ltd.	4,912,749	7,941	-	-	(2,237)	-	67	4,912,749	35.71	5,771	Equity	None
TUF Technology CO., LTD.	-	-	90,000	900	(34)	-	-	-	100	866	Equity	None
Total		$2,175,608		$900	$407,840	$2,728	$ (40,940)			$2,546,136		

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

5. STATEMENT OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Vendor A	Pay for raw materials	$20,382	
Vendor B	Pay for raw materials	3,043	
Vendor C	Pay for raw materials	2,830	
Others (Note)		26,201	
Total		$52,456	

(Note) The amount of individual vendor in others does not exceed 5% of the account balance.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

6. STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Period	Discount rate	Amount	Note
Land	Factory and Office Lease.	4~8 years	0.95-1.36%	$6,470	
Buildings	Factory Lease	1~2 years	0.95-1.36%	6,688	
Transportation equipment	Car leases	2~3 years	0.95-1.36%	5,538	
				18,696	
Less: Current portion				(8,044)	
Lease liabilities -non current				$10,652	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

7. STATEMENT OF NET OPERATING REVENUES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Shipments (Piece)	Amount	Note
Precision Metal Parts	48,568 thousands PCS	$1,578,873	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

8. STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
A. Cost of sales of goods manufactured		
Direct material：Raw material, beginning of year	$58,843	
Add：Raw material purchased	263,729	
Transferred from Work in process	2,785	
Less：Raw material, end of year	(29,308)	
Sale of Raw material	(205,387)	
Loss on scrap of Raw material	(42)	
Direct material used	90,620	
Supplies：Raw material, beginning of year	13,802	
Add：Supplies purchased	8,094	
Transferred from Work in process	8,189	
Less：Supplies, end of year	(12,269)	
Sale of Supplies	(3,460)	
Loss on Supplies	(1)	
Supplies used	14,355	
Direct labor	118,854	
Manufacturing expenses (Refer to 9)	198,603	
Manufacturing cost	422,432	
Add：Work in process, beginning of year	72,395	
Other	2,942	
Less：Work in process, end of year	(65,656)	
Sale of Work in process	(942)	
Loss on scrap of Work in process	(1)	
Transferred to Raw material	(2,785)	
Transferred to Supplies	(8,189)	
Transferred to Merchandise	(10,574)	
Loss on Work in process	(11)	
Cost of Finished goods	409,611	
Add：Finished goods, beginning of year	114,990	
Finished goods purchased	717,915	
Less：Finished goods, end of year	(77,075)	
Loss on scrap of Finished goods	(2,830)	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

8. STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

(Continued from previous page.)

Item	Amount	Note
Cost of sales of goods manufactured (A)	1,162,611	
B. Cost of sales of goods purchased		
Add：Merchandise, beginning of year	1,198	
Merchandise purchased	(1,023)	
Transferred from Work in process	10,574	
Less：Sale of Merchandise	(8,237)	
Merchandise, end of year	(1,034)	
Cost of sales of goods purchased (B)	1,478	
C. Other operating cost		
Sales of Raw material, Supplies and Merchandise	218,026	
Purchased on behalf of others	(214,922)	
Revenue from sale of scraps	(13,124)	
Write-downs of inventories	2,835	
Loss on scrap of inventories	2,873	
Loss on valuation	12	
Others	79	
Cost of goods sold	$1,159,868	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

9. STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation Expense	$72,278	
Processing Costs	34,197	
Indirect Labor	29,402	
Utilities Expenses	17,206	
Consumable Materials and Tools	14,686	
Others(Note)	30,834	
Total	$198,603	

(Note) The amount of other manufacturing expense in others does not exceed 5% of the expense total amount.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

10. STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	Management and Administrative Expenses	Research and Development Expenses	Expected Credit Losses	Total	Note
Salaries	$17,122	$92,969	$51,907	$-	$161,998	
Sample Material Expenses	-	-	18,573	-	18,573	
Depreciation	2,626	7,405	6,303	-	16,334	
Insurance Expense	1,595	6,927	5,514	-	14,036	
Research Commission Expenses	-	-	11,856	-	11,856	
Import and Export Expenses	9,553	-	-	-	9,553	
Travel Expenses	3,250	2,307	951	-	6,508	
Amortization	57	5,136	637	-	5,830	
Advertising Expenses	4,061	37	634	-	4,732	
Expected credit losses	-	-	-	778	778	
Others(Note)	4,250	36,451	11,327	-	52,028	
Total	$42,514	$151,232	$107,702	$ 778	$302,226	

(Note) The amount of other operating expense in others does not exceed 5% of the expense total amount.

E. Information of major shareholders

For the year ended 31 December 2023

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

Notice to readers:
The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City, Taiwan, R.O.C.
Telephone: 886-4-26575790

Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Company and its subsidiaries in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 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, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2023, the Company and its subsidiaries' accounts receivable and allowance for doubtful accounts amounted to NTD 779,001 thousand and NTD 9,110 thousand, respectively. Net accounts receivable represented 15% of the total consolidated assets that could have significant impacts on the the Company and its subsidiaries. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

We procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each Group; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount.

In addition, we considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the consolidated financial statements.

Valuation for inventories

As of December 31, 2023, the net inventories and allowance for reduction of inventories amounted to NTD 738,615 thousand and NTD 54,127 thousand, respectively. Net inventories represented 14% of the total consolidated assets that could have significant impacts on the the Company and its subsidiaries. The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; testing management level to evaluate the correctness of the net present value on inventories; observe and evaluate the planning and performing of inventory check on management to confirm the numbers and conditions of inventories; acquiring correctness of the inventory aging on inventory aging sheet and testing the correctness of stock in or stock out.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the consolidated financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements 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.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022.

Chen, Ming Hung
Lo, Wen Chen
Ernst & Young, Taiwan
March 7, 2024

Notes to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at 31 December 2023	As at 31 December 2022
Current Assets			
Cash and cash equivalents	4, 6(1)	$1,286,726	$1,212,776
Financial assets measured at amortized cost, current	4, 6(2),8	1,224	1,023
Notes receivable	6(12)	127	3,186
Accounts receivable, net	7	779,001	677,816
Other receivables		15,671	3,494
Current income tax assets	4	-	608
Inventories, net	4,5, 6(4)	738,615	898,869
Prepayment		81,365	50,814
Other current assets		40,211	20,887
Total current assets		2,942,940	2,869,473
Non-current assets			
Property, plant and equipment	4, 6(5), 8	1,937,581	1,525,264
Right of use assets	4, 6(13)	40,574	89,936
Intangible assets	4	10,311	8,266
Deferred tax assets	4, 6(17)	14,522	15,492
Other non-current assets	6(6)	221,155	474,450
Total non-current assets		2,224,143	2,113,408
Total assets		$5,167,083	$4,982,881

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 December 2023	As at 31 December 2021
Current liabilities			
Contract liabilities, current	4、6(11)	$300	$941
Notes payable	4	132,047	98,233
Accounts payable	4	321,105	240,335
Other payables	6(7)	254,591	303,447
Current tax liabilities	4, 6(17)	85,890	194,174
Current lease liabilities	4, 6(13)	19,122	48,028
Other current liabilities		62,285	19,582
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8)	108,525	128,454
Total current liabilities		983,865	1,033,194
Non-current liabilities			
Long-term loans	4, 6(8)	531,702	397,905
Deferred tax liabilities	4, 6(17)	48,358	57,970
Non-current lease liabilities	4, 6(13)	19,320	44,492
Other non-current liabilities		260	1,311
Total non-current liabilities		599,640	501,678
Total liabilities		1,583,505	1,534,872
Equity attributable to the parent company	6(10)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	818,217
Retained earnings			
Legal reserve		444,771	382,536
Special reserve		137,354	157,901
Retained earnings		1,740,072	1,609,531
Total Retained earnings		2,322,197	2,149,968
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(170,106)	(137,354)
Equity attributable to owners of the parent		3,573,189	3,433,712
Non-controlling interests		10,389	14,297
Total equity		3,583,578	3,448,009
Total liabilities and equity		$5,167,083	$4,982,881

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December 2023	2022
Net Sales	4, 6(11)	$3,337,485	$3,350,323
Cost of Sales	6(4), 6(9), 6(14)	(2,246,291)	(2,246,687)
Gross Profit		1,091,194	1,103,636
Operating Expenses	6(9), 6(14)		
Selling and marketing		(57,472)	(39,659)
Management and administrative		(276,687)	(332,172)
Research and development		(224,708)	(185,235)
Expected credit (losses) gains	6(12)	(519)	(1,764)
Total Operating Expenses		(559,386)	(558,830)
Operating Income		531,808	544,806
Non-operating income and expenses			
Other income	6(15)	47,706	49,442
Other gain and loss	6(15)	(5,371)	187,983
Financial costs	4,6(15)	(2,903)	(7,418)
Total non-operating income and expenses		39,432	230,007
Income from continuing operations before income tax		571,240	774,813
Income tax expense	4, 6(17)	(41,310)	(161,260)
Net income		529,930	613,553
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(40,820)	26,899
Income tax related to items that may be reclassified subsequently		8,188	(5,136)
Total other comprehensive income (loss), net of tax		(32,632)	21,763
Total comprehensive income	6(16)	$497,298	$635,316
Net income attributable to:			
Stockholders of the parent		$533,958	$622,346
Non-controlling interests		(4,028)	(8,793)
		$529,930	$613,553
Comprehensive income attributable to:			
Stockholder of the parent		$501,206	$642,893
Non-controlling interests		(3,908)	(7,577)
		$497,298	$635,316
Earnings per share	6(18)		
Earnings per share-basic (NTD)		$8.86	$10.32
Earnings per share-diluted (NTD)		$8.83	$10.28

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$3,116,374	$21,874	$3,138,248
Appropriations of earnings, 2021										
Legal reserve				54,276		(54,276)		-		-
Special reserve					11,218	(11,218)		-		-
Cash dividends						(180,864)		(180,864)		(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)					(144,691)		(144,691)
Net income for the year ended 31 December 2022						622,346		622,346	(8,793)	613,553
Other comprehensive income (loss), net of tax for the year ended 31 December 2022	6(16)						20,547	20,547	1,216	21,763
Total comprehensive income (loss)						622,346	20,547	642,893	(7,577)	635,316
Balance as of 31 December 2021		$602,881	$818,217	$382,536	$157,901	$1,609,531	($137,354)	$3,433,712	$14,297	$3,448,009
Balance as of 1 January 2023		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$3,433,712	$14,297	$3,448,009
Appropriations of earnings, 2022										
Legal reserve				62,235		(62,235)		-		-
Reversal of special reserve					(20,547)	20,547		-		-
Cash dividends						(361,729)		(361,729)		(361,729)
Net income for the year ended 31 December 2023						533,958		533,958	(4,028)	529,930
Other comprehensive income (loss), net of tax for the year ended 31 December 2023	6(16)						(32,752)	(32,752)	120	(32,632)
Total comprehensive income (loss)						533,958	(32,752)	501,206	(3,908)	497,298
Balance as of 31 December 2023		$602,881	$818,217	$444,771	$137,354	$1,740,072	$(170,106)	$3,573,189	$10,389	$3,583,578

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

	Notes	For the years ended 31 December 2023	2022
Cash flows from operating activities:			
Net income before tax		$571,240	$774,813
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation		311,183	314,618
Amortization		6,701	5,572
Expected credit losses		519	1,764
Net loss (gain) of financial assets at fair value through profit or loss		-	(2,517)
Interest cost		2,903	7,418
Interest income		(17,294)	(12,984)
Gain on disposal of property, plant and equipment		(1,749)	(3,982)
(Gains from price recovery) losses on price reduction of inventory		(17,386)	15,387
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		-	755
Increase in Financial assets measured at amortized cost, current		(201)	(8)
Decrease in notes receivable		633	5,653
Decrease in accounts receivable		(112,814)	(105,119)
Decrease (increase) in other receivables		(12,177)	10,955
Decrease (increase) in inventories, net		157,620	(203,621)
Increase in prepayments		(32,104)	(19,468)
Increase in other current assets		(19,324)	(12,773)
Increase (decrease) in contract liabilities		(641)	676
Increase in notes payable		113,949	25,815
Increase in accounts payable		88,805	26,418
Decrease (increase) in other payables		(38,972)	29,399
(Decrease) increase in other current liabilities		42,819	(133)
Decrease in other non- current liabilities		(1,051)	-
Cash generated from operations		1,042,659	858,638
Income tax paid		(148,006)	(148,335)
Net cash provided by operating activities		894,653	710,303

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

(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

(Continued)		For the years ended 31 December 2023	2022
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(48,450)	(175,979)
Proceeds from disposal of property, plant and equipment		22,374	13,668
Acquisition of intangible assets		(3,129)	(2,054)
Increase in other non-current assets		(483,658)	(289,550)
Interest receive		17,242	12,386
Net cash used in investing activities		(495,621)	(441,529)
Cash flows from financing activities:			
Increase in short-term loans		134,000	834,238
Decrease in short-term loans		(134,000)	(1,267,930)
Increase in long-term loans (including current portion with maturity less than 1 year)		245,655	221,010
Decrease in long-term loans (including current portion with maturity less than 1 year)		(131,787)	(72,050)
Lease principal repayment		(60,663)	(55,256)
Cash dividends		(361,729)	(325,555)
Interest paid		(2,823)	(7,423)
Net cash used in financing activities		(311,347)	(672,966)
Effect of exchange rate changes		(13,735)	(9,948)
Net (decrease) increase in cash and cash equivalents		73,950	(414,140)
Cash and cash equivalents at beginning of period		1,212,776	1,626,916
Cash and cash equivalents at end of period	4,6(1)	$1,286,726	$1,212,776

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

1. ORGANIZATION AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated in 1987 to manufacture and market air tools, machine elements, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also process, manufacture, and market optical elements. Based on the purpose of management operation, the Company conduct a simple merge with the 100% owned reinvestment companies - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., after the resolution of the board of directors' meeting in June 2010, to set 1 August 2010 as the consolidation basis date. The company is a consolidated surviving company.

The Company applied to be listed on the GreTai Securities Market and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company was authorized to be listed on Taiwan Stock Exchange and was officially listed on 17 September 2019. The main registered location and operating base are in NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan. Zeng Hsing Industrial Co., Ltd. is the parentcompany of the Company, and the ultimate controlling party of the group.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (here referred to as "the Group") for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 7 March 2024.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group As of the end of the reporting period are listed below.

Items	Newly issued, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback –Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants –Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January, 2024. The Group assessed that the new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Group As of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make financial performance easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The amendments will apply for annual reporting periods beginning on 1 January 2025

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries 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.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components that previously recognized in other comprehensive income to profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are as follows:

			Percentage of ownership (%) as of	
Investor	Subsidiary	Business nature	31 December 2023	31 December 2022
the Company	TIPO INTERNATIONA CO., LTD.(SAMOA) [abbreviation: TIPO]	Investing and trading company	100.00%	100.00%
the Company	T&M Joint (Cayman) Holding Co., Ltd. (note) [abbreviation: T&M]	Holding company of reinvesting MSAT	35.71%	35.71%
the Company	TUF Technology CO., LTD. [abbreviation: TUF]	Trading	**100.00%**	Note2
TIPO	Hong Kong Xin-Feng Enterprise Limited [abbreviation: Hong Kong Xin-Feng]	Holding company of reinvesting Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	100.00%	100.00%
TIPO, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	TURVO International Co., Ltd.(YZ) [abbreviation: Zhejiang Yu-Zuan]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100.00%	100.00%
Hong Kong Xin-Feng	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. [abbreviation: Dong-Guan Xin-Feng]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and precision hardware	100.00%	100.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			Percentage of ownership (%) as of	
Investor	Subsidiary	Business nature	31 December 2023	31 December 2022
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%

Note 1: the company included T&M in the compilation since 1 January 2018, this is due to the Company being the single largest shareholder of T&M, and the remaining rights of T&M were widely held by many other shareholders. In addition, in the absence of contractual rights, due to the reasons such as the company had acquired a relatively higher voting rights on power of attorney and eligible to appoint T&M's key management personal who have the ability to lead main stakeholder activities. Therefore, the company determine that even if it hold less than 50% of the voting rights, it has control over T&M.

Note 2: TUF Technology CO., LTD. was incorporated on 25 July 2023.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

B. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Group holds the asset primarily for the purpose of trading
C. The Group expects to realize the asset within twelve months after the reporting period
D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as a current when:

A. The Group expects to settle the liability in its normal operating cycle
B. The Group holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Term 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(A) the Group’s business model for managing the financial assets
(B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the calculation condition of the following:

(A) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(B) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(C) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount or the below calculation conditions:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on the aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(B) the time value of money
(C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
(D) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the short term;

(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(B) a group of financial liabilities or financial assets and, financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium fees or transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instruments

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either a non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials/ inventories – Purchase costs under weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant, and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant, and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment*". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5～50 years
Machinery and equipment	3～15 years
Transportation equipment	3～10 years
Lease improvements	3～25 years
Other equipment	3～30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(14) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed periodically to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite shall be deferred application.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Group’s intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	uncertainty
Method of amortization	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill after recognition cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are precision metal components and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 60 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers and there is no significant financing component to the contract.

(17) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due (overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations).

(19) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized As of the beginning and end of that period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(20) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were generated.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Related to the deductible temporary differences arising from the initial recognition of assets or liabilities not arising from business combinations, at the time of the transaction, neither affect accounting profit nor taxable income (loss), and no equal taxable and deductible temporary differences were generated at that time.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the "International Tax Reform - Pillar Two Model Rules (Amendments to International Accounting Standard 12)," temporary exceptions are granted. Therefore, deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognized, and relevant information shall not be disclosed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Judgement of control over subsidiaries without the majority of voting rights.

The Company does not have majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute ratio of the Company's holding, relative ratio of the other shareholdings, dispersion degree of shareholdings, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories evaluation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. Lease liability and right-of-use asset measurement

The Group adopt the regulation of Amendments to IFRS 16 that required to measure lease liability and estimate right-of use-asset, including determining the leasing period and the implied interest rate of leases. The Group determined the lease period as non-cancellable period, with both followings:

(a) the period that covered by the option to extend the lease, if the Group can reasonably assure to exercise the right-of-use; and
(b) the period that covered by the option to cease the lease, if the Group can reasonably

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

assure to exercise the right-of-use.

Lease liability is estimated based on the present value of the lease implied rate; the Group adopted the incremental borrowing rate as the discount rate due to the lease implied rate is not readily available.

Please refer to Note 3 and Note 6 for the further information about the assumption of lease liability measurement.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2023	31 December 2022
Cash on hand	$668	$1,541
Bank deposits	1,286,058	1,211,235
Total	$1,286,726	$1,212,776

Cash and cash equivalents were not guaranteed.

(2) Financial assets measured at amortized cost

	As of	
	31 December 2023	31 December 2022
Restricted bank deposits	$1,224	$1,023

Please refer to Note 8 for more details on restricted bank deposits under pledge.

(3) Accounts receivable, net

	As of	
	31 December 2023	31 December 2022
Accounts receivable	$788,111	$683,712
Lease payments receivables	-	3,354
Less: unearned finance income	-	(596)
Less: loss allowance	(9,110)	(8,654)
Accounts receivable, net	$779,001	$677,816

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Trade receivables are generally on 60~90 days. The total carrying amount as of 31 December 2023 and 2022 were $ 788,111 and $686,470, respectively. Please refer to Note 6 (12) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

B. Please refer to Note 6(13) for further information of accounts receivable of finance leasing on machinery and equipment signed by the Group in 2022.

C. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As of	
	31 December 2023	31 December 2022
Merchandise inventories	$760	$1,198
Raw materials	205,604	303,945
Work in progress	225,248	186,542
Finished goods	307,003	407,184
Total	$738,615	$898,869

B. The Group cost of inventories recognized in cost of goods sold amounted to $2,246,291and $2,246,687 for the year ended 31 December 2023and 2022, including the loss from market value decline, obsolete(reversal) and slow-moving of inventories ($17,386) and $15,387.

C. Gain from price recovery of inventories were due to the sale of obsolete products and the net realized value recovery for the year ended 31 December 2023.

D. No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Property, plant and equipment

Owner occupied property, plant, and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2023	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
Additions	-	-	20,237	-	-	3,040	21,168	44,445
Disposals	-	(771)	(63,556)	(9)	-	(7,669)	-	(72,005)
Transfers	-	587,344	67,691	85	4,485	5,126	(12,633)	652,098
Exchange differences	51	575	(29,599)	(130)	(1,736)	(5,706)	(98)	(36,643)
As of 31 December 2022	$11,158	$861,709	$2,382,355	$14,808	$121,546	$376,334	$30,278	$3,798,188
As of 1 January 2023	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029
Disposals	-	11,093	198,263	1,059	11,807	33,070	-	255,292
Transfers	-	(141)	(43,693)	(9)	-	(7,538)	-	(51,381)
Exchange differences	-	179	(22,184)	(114)	(1,155)	(5,059)	-	(28,333)
As of 31 December 2023	$-	$109,651	$1,386,608	$11,525	$79,933	$272,890	$-	$1,860,607

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
As of 1 January 2022	$10,758	$270,677	$2,248,727	$16,855	$114,649	$360,543	$22,044	$3,044,253
Depreciation	-	-	81,654	-	14	8,007	47,894	137,569
Disposals	-	(20)	(53,280)	(2,190)	-	(10,447)	-	(65,937)
Transfers	-	-	80,550	-	2,541	18,681	(48,432)	53,340
Exchange differences	349	3,904	29,931	197	1,593	4,759	335	41,068
As of 31 December 2022	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
As of 1 January 2022	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Depreciation	-	10,967	200,138	1,078	15,658	34,216	-	262,057
Disposals	-	(20)	(44,068)	(2,190)	-	(9,973)	-	(56,251)
Exchange differences	-	1,104	10,843	156	736	4,444	-	17,283
As of 31 December 2022	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029
Net carrying amount as of:								
31 December 2023	$11,158	$752,058	$995,747	$3,283	$41,612	$103,445	$30,278	$1,937,581
31 December 2022	$11,107	$176,041	$1,133,360	$4,273	$49,516	$129,126	$21,841	$1,525,264

A. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

B. Components of building that have different useful lives are mainly company accommodation, main buildings, fire engineering of water and electricity, air conditioning engineering, etc., which are depreciated over 50 years, 35~50years, 10 years, and 8 years, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Please refer to Note 8 for property, plant and equipment pledged as collateral.

D. The capitalization amount of the borrowing costs of the Group in 2023 and 2022, and its interest rates are as follows:

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Construction in progress	$2,774	$-
Borrowing cost capitalization interest rate interval	1.595%	-%

(6) Other non-current assets

	As of	
	31 December 2023	31 December 2022
Prepayments for business facilities	$204,860	$431,267
Guarantee deposits paid	15,214	15,432
Other non-current assets, others	1,081	27,751
Total	$221,155	$474,450

(7) Other accounts payables

	As of	
Accounting title	31 December 2023	31 December 2022
Wages and salaries payable	$113,598	$112,226
Accrued manufacturing overhead	42,734	37,610
Accrued employee bonus	21,805	27,592
Income tax payable	12,192	26,042
Payable on machinery and equipment	10,011	12,727
Employee, and directorcompensation payables	6,142	18,335
Other accounts payables - other	48,109	68,915
Total	$254,591	$303,447

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Long-term loans

Details of long-term loans as of 31 December 2023 and 2022 are as follows:

A. For the years ended 31 December 2023

Creditor	Content	31 December 2023	Repayment period and methods	security
Bank of Taiwan	Secured loan	$255,857	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	144,937	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	25,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation	None

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2023	Repayment period and methods	security
			are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Subtotal		640,227		
Less: current portion (with maturity less than 1 year)		(108,525)		
Total		$531,702		
Interest rates		1.595%		

B. For the years ended 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Secured	$269,418	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured	181,941	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Secured loan	75,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first	None

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Creditor	Content	31 December 2022	Repayment period and methods	security
			three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Subtotal		526,359		
Less: current portion		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on unsecured bank loans.

(9) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute to the social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension expenses under the defined contribution plan of the year ended 2023 and 2022 were $11,363 and $10,634.

(10)Equities

A. Common stock

The Company's authorized and issued capital was NT$800,000 for the years begging 1 January 2023 , respectively, the paid-in capital of NT $602,881, and divided into 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2023, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As of	
	31 December 2023	31 December 2022
Premium from common stock issuance	$788,696	$788,696
Treasury Stock transaction	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213
Employee stock option	26,848	26,848
Other	280	280
Total	$818,217	$818,217

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

The company's Articles of Association deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

If there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the board of directors formulates the method of surplus distribution , the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of shareholders' meeting on 27 June 2023 and 30 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal Reserve	$62,235	$54,276		
Special reserve	(20,547)	11,218		
Common stock - cash dividends	361,729	180,864	$6.0	$3.0

On May 5, 2022 , the Board of Directors resolved to distribute cash in the amount of $144,691 thousand ($2.40 per share) from capital surplus.

The company will hold details of the 2023 earnings distribution by the board of directors' meeting.

D. For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

D. Please refer to Note 6(14) for information on the basis of estimating and recognizing employee compensation and directors' compensation.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Non-controlling interests

	For the years ended 31 December	
	2023	2022
Balance as of 1 January	$14,297	$21,874
Net loss for the period attributable to non-controlling interests	(4,028)	(8,793)
Other comprehensive income or loss attributable to non-controlling interests		
Exchange differences on translation of financial statements of foreign operating companies	120	1,216
Balance as of 31 December	$10,389	$14,297

(11)Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2023	2022
Net sales	$3,337,485	$3,350,323

Analysis of revenue from contracts with customers during the years ended on 31 December 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2023

	Taiwan	China	Other	Total
Sale of goods	$1,576,641	$1,756,927	$3,917	$3,337,485

For the year ended 31 December 2022

	Taiwan	China	Other	Total
Sale of goods	$1,797,231	$1,552,420	$672	$3,350,323

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Contract balances

Contract liabilities - current

	As of		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	$300	$941	$265

The significant changes in the Group's balances of contract liabilities during the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to revenue	$(941)	$(265)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	300	941
Changes during the period	$(641)	$676

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(12)Expected credit losses

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit losses		
Trade receivables	$519	$1,764

Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of 31 December 2023 and 2022 is as follows:

31 December 2023

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$744,378	$31,530	$-	$-	$3,216	$9,114	$ 788,238
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(9,110)	(9,110)
Carrying amount	$744,378	$31,530	$-	$-	$3,216	$4	$ 779,128

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$633,650	$45,070	$2,029	$253	$-	$8,654	$689,656
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(8,654)	(8,654)
Carrying amount	$633,650	$45,070	$2,029	$253	$-	$-	$681,002

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2023 and 2022 is as follows:

	Trade receivables
Beginning balance on 1 January 2023	$8,654
Addition for the current period	519
Exchange Rate Difference	(63)
Ending balance on 31 December 2023	$9,110
Beginning balance on 1 January 2022	$8,423
Addition for the current period	1,764
Exchange Rate Difference	(1,533)
Ending balance on 31 December 2022	$8,654

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Lease

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 1 to 8 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	31 December 2023	31 December 2022
Land	$6,090	$7,185
Land Improvements	274	360
Buildings	27,920	71,835
Transportation equipment	6,181	10,408
Office equipment	109	148
Total	$40,574	$89,936

b. Lease liabilities

	As of	
	31 December 2023	31 December 2022
Lease liabilities		
Current	$19,122	$48,028
Non-current	19,320	44,492
Total	$38,442	$92,520

Please refer to Note 6 (15) (c) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$2,885	$2,902
Land Improvements	86	31
Buildings	47,523	45,882
Transportation equipment	5,357	3,697
Office equipment	40	49
Total	$55,891	$52,561

(C) Income and costs relating to lessee and leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$705	$781

(D) Cash outflow relating to lessee and leasing activities

During the year ended 31 December 2023 and 2022, the Group’s total cash outflows for leases amounted to $61,368 and $56,037, respectively.

B. Group as a lessor

The Group enters into lease contracts for machinery and equipment contracts that are classified as finance leases due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets. ◦

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2023 and 2022 are as follows:

	As of	
	31 December 2023	31 December 2022
< 1 year	$ -	$ 3,101
1 ~ 2 years	-	5,902
2 ~ 3 years	-	5,902
3 ~ 4 years	-	5,902
4 ~ 5 years	-	4,745
> 5 years	-	3,030
Undiscounted lease payments	-	28,582
Less: Unearned finance income from finance leases	-	(1,721)
Net investment in leases (finance lease receivables)	$ -	$ 26,861
Current	$ -	$ 2,758
Non-Current	$ -	$ 24,103

(14) Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2023 and 2022, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$443,371	$265,390	$708,761	$511,919	$269,882	$781,801
Labor and health insurance	46,484	22,929	69,413	42,387	21,143	63,530
Pension	4,755	6,608	11,363	4,643	5,991	10,634
Others	15,337	17,055	32,392	20,281	17,743	38,024
Depreciation	254,236	56,947	311,183	262,513	52,105	314,618
Amortization	565	6,136	6,701	527	5,045	5,572

The number of employees in the Group were 1,330 and 1,350 as of 31 December 2023 and 2022, respectively.

According to the Articles of Incorporation, 3.5%~7% of profit of the current year is distributable as employees’ compensation and no higher than 1.7% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. 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, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on the profit of the year ended 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors in 2023 to be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate basis is distribute based on the current year's profit, the previous mentioned amount is accounted under salary expense. If the resolution of board of directors distribute employee compensation by stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of board of directors.

The details of employees' compensation and remuneration to directors for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Employees' compensation	$21,805	$27,592
Remuneration to directors	10,011	12,727

A resolution was passed at a board of directors meeting held on 7 March 2024 to distribute $21,805 and $10,011 in cash as the employees' compensation and remuneration to directors of 2023, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors for the year ended 31 December 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2022.

(15)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2023	2022
Interest income		
Current financial assets at fair value through profit or loss	$-	$2,090
Amortized cost of a financial asset	17,294	10,894
Grant revenue	11,677	24,965
Other revenue-rent discount	309	152
Other revenue-other	18,426	11,341
Total	$47,706	$49,442

B. Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$14,401	$185,499
Net gains on financial assets at fair value through profit or loss	-	2,517
Gains on disposal of property, plant and equipment	1,749	3,982
Other expense	(21,334)	(14)
	(187)	(4,001)
Total	$(5,371)	$187,983

C. Financial costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(367)	$(2,765)
Interest on lease liabilities	(2,536)	(4,653)
Total	$(2,903)	$(7,418)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16)Components of other comprehensive income

A. For the year ended 31 December 2023

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(40,820)	$-	$(40,820)	$8,188	**$(32,632)**

B. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$26,899	$-	$26,899	$(5,136)	$21,763

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Income tax

According to the amendments to industrial innovation regulations published on 24 July 2019, the undistributed surplus that used to construct, purchase certain assets, or techniques as of 2018 is recognized as calculation of deductions from distribution surplus.

According to The Management, Utilization, and Taxation of Repatriated Offshore Funds Act outlined on 24 July 2019, those who applied for new profit-seeking enterprises and repatriate deposit fund that within the approval term between 15 August 2019 and 14 August 2020, the applied tax rate decrease from 20% to 8%. The transfer fund shall deposit into the foreign exchange special account and deduct taxes when the accepted bank deposit funds into a special account. The Group repatriated USD 9,080 thousand through the approval of competent authority as of July and August in 2021 and deducted NTD $21,307 thousand of taxes.

(1) The major components of income tax expense are as follows:

A. Income tax recorded in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax payable	$83,324	$229,214
Adjustments in respect of current income tax of prior periods	(52,565)	(6,400)
Corporate income surtax on undistributed retained earnings	10,946	14,820
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(454)	(76,388)
Others	59	14
Income tax expense recognized in profit or loss	$41,310	$161,260

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations	$(8,188)	$5,136
Income tax relating to components of other comprehensive income		

(2) A reconciliation between tax expense and the product of accounting profit multiplied by the Group's applicable tax rate is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$571,240	$774,813
The amount of tax at each statutory income tax rate	$172,205	$232,009
Tax effect of revenue exempt from taxation	(82,124)	(65,130)
Tax effect of expenses non-deductible for tax purposes	102	509
Corporate income surtax on undistributed retained earnings	10,946	14,820
Adjustments in respect of current income tax of prior periods	(52,565)	(6,400)
Income tax impact adjusted according to other tax laws	(7,254)	(14,548)
Total income tax expenses recorded in profit or loss	$41,310	$161,260

Due to the High-tech Enterprise Certificate acquired by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd., and Zhejiang Yu-Zuan Precision Components Co., Ltd., , the companies enjoyed 10% of tax incentives on income tax as of December 2022 and applied the tax rate of 15%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Significant components of deferred income tax assets and liabilities are as follows:

(A) For the year ended 31 December 2023

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	$6,997	$(682)	$-	$6,315
Unrealized foreign currency exchange gain or loss	(1,728)	1,415	-	(313)
Loss allowance overdue	566	9	-	575
Unrealized gain on foreign investments	(85,786)	-	-	(85,786)
Provision for allowance to reduce inventories to market value	7,911	(288)	-	7,623
Exchange differences on translation of foreign operations	29,553	-	8,188	37,741
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$454	$8,188	
Net deferred tax assets/ (liabilities)	$(42,478)			$(33,836)
Reflected in balance sheet as follows:				
Deferred income tax assets	$15,492			$14,522
Deferred income tax liabilities	$(57,970)			$(48,358)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2022

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized intercompany transactions	$8,625	$(1,628)	$-	$6,997
Unrealized foreign currency exchange gain or loss	5,056	(6,784)	-	(1,728)
Loss allowance overdue	548	18	-	566
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	6,367	1,544	-	7,911
Exchange differences on translation of foreign operations	34,689	-	(5,136)	29,553
Gain or Loss on valuation of financial asset	353	(353)	-	-
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$76,388	$(5,136)	
Net deferred tax assets/ (liabilities)	$(113,730)			$(42,478)
Reflected in balance sheet as follows:				
Deferred income tax assets	$16,345			$15,492
Deferred income tax liabilities	$(130,075)			$(57,970)

D. The assessment of income tax returns

As of 30 September 2023, the assessment of income tax returns filed by the Company under Taiwan tax jurisdiction is as follows

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2021

As of 31 December 2023, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022.

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Basic earnings per share (NTD)	$8.86	$10.32

B. Diluted earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Effect of dilution:		
Employees' compensation – stock (in thousands)	203	273
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,491	60,561
Diluted earnings per share (NTD)	$8.83	$10.28

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Zeng Hsing Industrial CO., Ltd. (Zeng Hsing Industrial)	Parent company of the Group
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd. (AWEA)	Substantive related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Substantive related party of the Group
Hongli Investment Co., Ltd. (Hongli Investment)	Substantive related party of the Group
Hongju Investment Co., Ltd. (Hongju Investment)	Substantive related party of the Group
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company

(2) Significant transactions with related parties

A. Sales

	For the years ended 31 December	
	2023	2022
GOODWAY	$1,382	$200
AWEA	35	-
TOTAL	$1,417	$200

The Company sets the sales prices for transactions with the aforementioned related parties based on the factors including market segmentation, business competition, product characteristics, bulk purchasing, and payment terms. These prices were determined in a manner that has no significant differences from the general sales processing procedures

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Accounts receivable

	As of	
	December 31 2023	December 31 2023
GOODWAY	$264	$18
AWEA	36	-
TOTAL	$300	$18

C. Acquisition of property, plant, and equipment

	As of	
	December 31 2023	December 31 2023
GOODWAY	$2,400	$3,592
ALLRICH	124	-
TOTAL	$2,524	$3,592

D. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$46,380	$53,122
Post-employment Benefits	1,132	1,146
Total	$47,512	$54,268

The key management of the Group comprises the chairman, directors, independent directors, and general manager.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as security:

Items	As of 31 December 2023	As of 31 December 2022	Secured liabilities
Financial assets measured at amortized cost, current	$1,224	$1,023	Performance guarantee mechanism
Property, Plant and Equipment- building	113,082	118,587	Bank loan
Property, Plant and Equipment- equipment	202,889	229,682	Bank loan
Property, Plant and Equipment- other	8,770	10,158	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The promissory note amount of unrecovered canalled license due to the borrowing cost of contract approval as of the year ended 2023 and 2022 are $ 2,580,058 and $2,313,099.

(2) The important contracts of construction in progress

A. As of 31 December 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2023
LOYU INTERIOR DESIGN CO., LTD	Design construction	Plant	$76,190	$61,577

The above construction payment is based on construction progress. ◦

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. As of 31 December 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2022
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$387,125
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$402,029

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As of 31 December 2023	As of 31 December 2022
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	$1,286,058	$1,211,235
Financial assets measured at amortized cost	1,224	1,023
Notes receivable	127	3,186
Accounts receivable	779,001	677,816
Other receivables	15,671	3,494

Financial Liabilities	As of 31 December 2023	As of 31 December 2022
Financial liabilities at amortized cost:		
Short-term loans		
Notes and accounts payables	$453,152	$338,568
Other payables	254,591	303,447
Lease liability	38,442	92,520
Lease liability (including long-term loans due within one year)	640,227	526,359

(2) Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Group is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk, and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

<u>Foreign currency risk</u>

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore, natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

A. When NTD appreciates/depreciates against USD by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(2,597) and $(4,240), respectively; and no impact on the equity.

B. When NTD appreciates/depreciates against RMB by 1%, the profit for the years ended 31 December 2023 and 2022 is increased by $(11,628) and $((4,224)), respectively; and no impact on the equity.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of $640 and $526 for the years ended 31 December 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures, and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be decreased by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2023, and 2022, amounts receivables from top ten customers represented 78% and 76% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2023					
Short-term loans					
Notes and accounts payable	$453,152	$-	$-	$-	$453,152
Lease liability(Note)	28,346	16,753	1,968	942	48,009
Long-term loans (within 1 year maturity)	113,564	201,083	193,503	154,600	662,750
As of 31 December 2022					
Short-term loans					
Notes and accounts payable	$338,568	$-	$-	$-	$338,568
Lease liability	59,043	41,831	3,880	-	104,754
Long-term loans (within 1 year maturity)	128,921	182,512	154,106	62,222	527,761

Note：(I) Including the cash flow of short-term leasing and the assets with low value bid.

(II) The following table provides further information about the expiry of lease liability:

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$28,346	$18,721	$942	$48,009

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2023	$-	$526,359	$92,520	$618,879
Cash flow	-	113,868	(60,663)	53,205
Non-cash changes	-	-	6,741	6,741
Foreign exchange differences	-	-	(156)	(156)
As of 31 December 2023	$-	$640,227	$38,442	$678,669

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2022	$433,692	$377,399	$128,783	$939,874
Cash flow	(433,692)	148,960	(55,256)	(339,988)
Non-cash changes	-	-	17,068	17,068
Foreign exchange differences	-	-	1,925	1,925
As of 31 December 2022	$-	$526,359	$92,520	$618,879

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds, and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable, and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring or recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unit: Thousands

	As of					
	31 December 2023			31 December 2022		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$8,450	30.735	$259,711	$13,807	30.7080	$423,985
CNY	321,070	4.3394	1,393,251	138,057	4.4092	608,721
EUR	3,486	34.0114	118,564	4,151	32.7086	135,773
Financial liabilities						
Monetary item:						
CNY	$53,097	4.3394	$230,409	$42,266	4.4092	$186,359
EUR	2,006	34.0114	68,227	1,797	32.7086	58,777

Due to the large number of functional currencies used in the Group, it’s impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized $14,401 and $185,499 for foreign exchange loss for the years ended 31 December 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) Other matters

To facilitate comparison in the financial statements, certain items have been reclassified as of December 31, 2023.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. ADDITIONAL DISCLOSURES

A. Information on significant transactions

(A) Financing provided:

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
0	TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD	Other receivables due from related parties	Yes	$184,410	$122,940	$-	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$6,547	$2,612	$2,164	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$134,670	$80,802	$35,912	3%	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,136	$-	$-	-%	2	$-	Purchase of equipments and materials	$-	-	$-	$357,318	1,429,275

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO International Co., Ltd.(YZ)	Other receivables due from related parties	Yes	$43,394	$-	$-	-%	2	$-	Operating cycle	$-	-	$-	$1,399,488 (Note 4)	$1,399,488 (Note 4)

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

(B) Endorsement/guarantee provided: None.

(C) Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): None.

(D) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or above 20% of the paid-in capital: None.

(E) Acquisition of individual real estate that cost at least $300 million or above 20% of the paid-in capital: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(F) Disposal of individual real estate at prices of at least $300 million or above 20% of the paid-in capital: None.

(G) Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20% of capital stock: refer to Note 13 (1) (J).

(H) Receivables from related parties amounting to over $100 million or 20% of the paid-in capital: None

(I) Information about derivatives of investees over which the Group has a controlling interest: refer to Note 12 (7).

(J) Inter-company relationships and significant intercompany transactions:

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Purchase of goods	$583,168 (USD 19,055,885 EUR 2)	Regular trade	17.47%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	$165,974 (USD 5,400,150 EUR 2)	Regular trade	3.21%

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Accounted for 3% total consolidate revenue or total asset (Note 3)
0	TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(YZ)	(1)	Purchase of goods	$141,806 (USD 4,097 ERU 3,161 RMB 32,278,051)	Regular trade	4.25%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$583,168 (USD 19,055,885 EUR 2)	Regular trade	17.47%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	$165,974 (USD 5,400,150 EUR 2)	Regular trade	3.21%
2	TURVO International Co., Ltd.(YZ)	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$141,806 (USD 4,097 EUR 3,161 RMB 32,278,051)	Regular trade	4.25%

Note 1: The Company and its subsidiaries are coded as follows:
(1) The Company is coded "0".
(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.
(2) represents the transactions from a subsidiary to the parent company.
(3) represents the transactions from a subsidiary to a subsidiary

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Information on investees

(A) Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance As of 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Investment income (loss) (Note 2)	Notes
				31 December 2023	31 December 2022	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD31,133,211)	$946,313 (USD31,133,211)	31,133,211 shares	100%	$2,539,499	$410,793	$410,111	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	$61,760 (USD 2,045,753)	$61,760 (USD 2,045,753)	4,912,749 shares	35.71%	$5,771	$(6,266)	$(2,237)	Subsidiary
TURVO INTERNATIONAL Co., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	$900	$-	90,000 shares	100%	$866	$(34)	$(34)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD7,133,211 HKD220,000)	$216,811 (USD7,133,211 HKD220,000)	-	100%	$1,349,468	$313,562	Cope with subsidiary	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	$204,635 (USD 6,606,203)	$204,635 (USD 6,606,203)	216,276 shares	99.99%	$18,327	$(5,922)	Cope with subsidiary	Second-tier subsidiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo (BVI)	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%	$313,624	$1,345,832	$717,836
TURVO International Co., Ltd.(YZ)	Manufacturing and trading	USD 28,000,000 (Note 4)	Indirect investments through Turvo (BVI)	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100% (Note 4)	$68,723	$1,149,58	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$917,245 (USD30,120,536)	$917,245 (USD30,120,536)	$2,143,913 (note 2)

Note1：Part of the voting right acquired through the equity transfer

Note2：Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note3：The recognized profit and loss under investment should base on the financial statement that audited by accountants.

Note 4: Funds of US$5,000,000 were injected into TURVO International Co., Ltd.(YZ) by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. Acquired 17.86% ownership in TURVO International Co., Ltd.(YZ). The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

(B) As of 31 December 2023, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (J). The unrealized profit amount generated due to the previous significant transaction items accounted for $1,110 thousand.

D. Information of major shareholders

For the year ended 31 December 2023

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.

14. OPERATING SEGMENT INFORMATION

A. For management purposes, the Group is organized into business units based on operating strategies and has two reportable segments as follows:

Taiwan segment produces, manufacture, and trading precision metal processing including automobile, industrial application, and household application, etc.

China segment produces, manufacture, and trading precision metal processing, including computer, medical equipment, optical, precision metal hardware, etc.

Other segment is responsible for transpose during departments.
No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.
Transfer listed price between operating department is based on the executed function and affordable risks as the basis of consideration.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. The reportable segments' profit and loss, information are listed as follows:

(A) For the year ended 31 December 2023

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
Revenue					
External customers	$1,576,641	$1,756,927	$3,917	$-	$3,337,485
Inter-segment	2,232	737,852	20,842	(760,926)	-
Interest revenue	6,175	11,328	1,321	(1,530)	17,294
Total revenue	1,585,048	2,506,107	26,080	(762,456)	3,354,779
Interest expense	651	2,394	1,390	(1,532)	2,903
Depreciation and amortization	95,007	214,194	8,683	-	317,884
Investment income	407,840	-	689,986	(1,097,826)	-
Segment profit	$558,624	$398,275	$404,527	$(790,186)	$571,240
Assets					
Investment using the equity method	$2,546,136	$-	$3,863,208	$(6,409,344)	$-
Capital expenditures of non-current assets	43,165	5,285	-	-	48,450
Operating segment Assets	$4,904,464	$3,101,244	$4,028,398	$(6,867,023)	$5,167,083
Operating segment liabilities	$1,330,409	$449,773	$86,000	$(282,677)	$1,583,505

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2022

	Taiwan	China	Other	Adjustments and eliminations (Note 1)	Total of the Group
Revenue					
External customers	$1,797,231	$1,552,420	$672	$-	$3,350,323
Inter-segment	8,918	679,431	10,936	(699,285)	-
Interest revenue	7,277	6,771	399	(1,463)	12,984
Total revenue	1,813,426	2,238,622	12,007	(700,748)	3,363,307
Interest expense	2,974	5,066	841	(1,463)	7,418
Depreciation and amortization	88,817	222,432	8,941	-	320,190
Investment income	319,139	-	538,499	(857,638)	-
Segment profit	$708,415	$373,939	$550,097	$(857,638)	$774,813
Assets					
Investment using the equity method	$2,175,608	$-	$3,153,355	$(5,328,963)	$-
Capital expenditures of non-current assets	79,241	88,197	8,541	-	175,979
Operating segment Assets	$4,668,201	$2,579,908	$3,322,063	$(5,587,291)	$4,982,881
Operating segment liabilities	$1,234,489	$425,835	$111,885	$(237,337)	$1,534,872

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Geographic information

(A) Revenue from external customers:

Country	For the years ended 31 December 2023	2022
China	$1,757,433	$1,552,431
Germany	381,005	353,810
Turkey	358,142	199,147
Taiwan	321,604	641,087
Mexico	112,238	106,361
India	107,127	89,149
Hungary	98,021	84,324
Poland	53,247	47,138
Japan	36,161	44,358
USA	34,465	69,284
Other countries	34,465	163,234
Total	$3,337,485	$3,350,323

(B) Important customer information

	For the years ended 31 December			
	2023		2022	
Customers	Amount	%	Amount	%
Company A	$405,685	12	$617,628	19
Company B	358,142	11	375,863	11
Company C	304,443	9	243,619	7
Total	$1,068,270	32	$1,237,110	37

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2023

Notice to readers:

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City , Taiwan, R.O.C.
Telephone: 886-4-26575790

Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, the parent company only changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 parent company only financial statements in 2023. 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, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2023, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD 283,451 thousand and NTD 3,547 thousand, respectively. Net accounts receivable represented 6% of the parent company only total assets and have significant impacts on the Company. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control over accounts receivable; assessing the reasonableness of loss allowance policy, including understanding related information to evaluate expected credit loss ratio; investigating accounts receivable details at end of the period, recalculating the reasonableness of loss allowance based on the expected credit loss ratio of each Group; evaluating the reasonableness of the allowance for doubtful accounts based on individual customers with significant overdue accounts or longer aging, reviewing the collection in subsequent period; analyzing the receivable turnover to evaluate recoverability based on individual customers with significant sales amount.

In addition, we also considered the adequacy of the disclosures related to accounts receivable in Notes 5 and 6 to the parent company only financial statements.

Valuation for inventories (including investments accounted for under the equity method- inventory of subsidiaries)

As of December 31, 2023, inventories of the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue as a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of internal control system with respect to obsolete and slow-moving inventory; testing management level to evaluate the correctness of the net present value on inventories; observe and evaluate the planning and performing of inventory check on management to confirm the numbers and conditions of inventories; acquiring the inventory aging correctness of inventory aging sheet and testing the correctness of stock in or stock out.

In addition, we also considered the adequacy of the disclosures related to inventory in Notes 5 and 6 to the parent company only financial statements.

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 requirements of 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 ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 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 the parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing 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 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 internal control of the Company.

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 ability to continue as a going concern of the Company. 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 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 auditor's 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 accompanying notes, 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent company only financial statements 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.

Chen, Ming Hung
Lo, Wen Chen
Ernst & Young, Taiwan
March 7, 2024

Notice to Readers：
The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of 31 December 2023	 31 December 2022
Current Assets			
Cash and cash equivalents	4, 6(1)	$389,023	$807,447
Financial assets measured at amortized cost, current	4, 6(2), 8	1,224	1,023
Notes receivable	6(13)	127	3,186
Accounts receivable, net	4, 6(3),6(13),7	283,451	278,296
Other receivables		81	269
Accounts receivable-related parties, net	7	38,901	61,858
Inventories, net	4, 6(4)	158,879	237,600
Prepayment		76,286	39,441
Other current assets		27,497	5,174
Total current assets		975,469	1,434,294
Non-current assets			
Investments accounted for under the equity method	4, 6(5)	2,546,136	2,175,608
Property, plant and equipment	4, 6(6), 8	1,140,833	562,990
Right of use assets	4, 6(14)	18,452	26,395
Intangible assets	4	9,866	7,715
Deferred tax assets	4, 6(18)	5,302	4,743
Other non-current assets	4, 6(7)	207,540	456,456
Total non-current assets		3,928,129	3,233,907
Total assets		$4,903,598	$4,668,201

(The accompanying notes are an integral part of the parent company only financial statements)
(continued)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2023	As of 31 December 2022
Current liabilities			
Contract liabilities, current	4, 6(12)	$300	$941
Notes payable	4	132,047	98,233
Accounts payable	4	52,456	43,305
Other payables	6(8)	111,692	146,907
Accounts payable-related parties	6(8), 7	199,479	163,343
Current tax liabilities	6(18)	70,236	158,062
Current lease liabilities	4, 6(14)	8,044	10,437
Other current liabilities		56,918	11,551
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(9)	108,525	128,454
Total current liabilities		739,697	761,233
Non-current liabilities			
Long-term loans	4, 6(9)	531,702	397,905
Deferred tax liabilities	4, 6(18)	48,358	57,969
Non-current lease liabilities	4, 6(14)	10,652	16,070
Other non-current liabilities		-	1,312
Total non-current liabilities		590,712	473,256
Total liabilities		1,330,409	1,234,489
Equity attributable to the parent company	6(11)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	818,217
Retained earnings			
Legal reserve		444,771	382,536
Special reserve		137,354	157,901
Retained earnings		1,740,072	1,609,531
Total Retained earnings		2,322,197	2,149,968
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(170,106)	(137,354)
Treasury stock		-	-
Total equity		3,573,189	3,433,712
Total liabilities and equity		$4,903,598	$4,668,201

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended 31 December	
	Notes	2023	2022
Net Sales	4, 6(12), 7	$1,578,873	$1,806,149
Cost of Sales	6(4), 6(10), 6(15), 7	(1,159,868)	(1,254,956)
Gross Profit		419,005	551,193
Unrealized intercompany profit		(21,626)	(13,295)
Realized intercompany profit		24,354	19,807
Gross Profit, net		421,733	557,705
Operating Expenses	6(10), 6(15)		
Selling and marketing		(42,514)	(24,743)
Management and administrative		(151,232)	(201,808)
Research and development		(107,702)	(88,154)
Expected credit (losses) gains	6(13)	(778)	(213)
Total Operating Expenses		(302,226)	(314,918)
Operating Income		119,507	242,787
Non-operating income and expenses			
Other income	6(16)	20,372	23,321
Other gain and loss	6(16)	11,590	126,142
Financial costs	4, 6(16)	(651)	(2,974)
Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(5)	407,840	319,139
Total non-operating income and expenses		439,151	465,628
Income from continuing operations before income tax		558,658	708,415
Income tax expense	4, 6(18)	(24,700)	(86,069)
Net income		533,958	622,346
Other comprehensive income (loss)	6(17)		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	6(5)	(40,940)	25,683
Income tax related to items that may be reclassified subsequently		8,188	(5,136)
Total other comprehensive income, net of tax		(32,752)	20,547
Total comprehensive income		$501,206	$642,893
Earnings per share	6(19)		
Earnings per share-basic (NTD)		$8.86	$10.32
Earnings per share-diluted (NTD)		$8.83	$10.28

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total Equity
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$3,116,374
Appropriations of earnings, 2021								
Legal reserve				54,276		(54,276)		-
Special reserve					11,218	(11,218)		-
Cash dividends						(180,864)		(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)					(144,691)
Net income for the year ended 31 December 2022						622,346		622,346
Other comprehensive income (loss), net of tax for the year ended							20,547	20,547
Total comprehensive income (loss)	6(17)					622,346	20,547	642,893
Balance as of 31 December 2022		$602,881	$818,217	$382,536	$157,901	$1,609,531	($137,354)	$3,433,712
Balance as of 1 January 2023		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$3,433,712
Appropriations of earnings, 2022								
Legal reserve				62,235		(62,235)		-
Reversal of special reserve					(20,547)	20,547		-
Cash dividends						(361,729)		(361,729)
Net income for the year ended 31 December 2023						533,958		533,958
Other comprehensive income (loss), net of tax for the years ended	6(17)						(32,752)	(32,752)
Total comprehensive income (loss)						533,958	(32,752)	501,206
Balance as of 31 December 2023		$602,881	$818,217	$444,771	$137,354	$1,740,072	$(170,106)	$3,573,189

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2023	2022
Cash flows from operating activities:			
Net income before tax		$558,658	$708,415
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation		88,612	83,671
Amortization		6,395	5,146
Expected credit losses (gains)		778	213
Net (gain) loss of financial assets at fair value through profit or loss		-	(2,517)
Interest cost		651	2,974
Interest income		(6,175)	(7,277)
Share of profit or loss of associates and joint ventures accounted for using equity method		(407,840)	(319,139)
Gain on disposal of property, plant and equipment		253	(2,320)
Realized intercompany (profit)		(2,728)	(6,512)
Inventory falling price losses		2,835	4,378
Changes in operating assets and liabilities:			
Decrease in financial assets at fair value through profit or loss		-	755
Increase in financial assets measured at amortized cost, current		(201)	(8)
Decrease in notes receivable		633	5,653
Increase in accounts receivable		(8,691)	(87,275)
Decrease in other receivables		188	795
(Increase) decrease in accounts receivable-related parties		22,957	(22,594)
(Increase) decrease in inventories, net		73,536	(85,901)
Increase in prepayments		(39,934)	(27,639)
Increase in other current assets		(22,323)	(3,993)
Increase (decrease) in contract liabilities		(641)	676
Increase in notes payable		33,814	11,515
Increase in accounts payable		89,286	30,175
Increase in other payables-related parties		36,136	36,893
Increase (decrease) in other payables		(16,177)	22,971
(Decrease) increase in other current liabilities		45,483	(674)
Decrease in other non- current liabilities		(1,312)	-
Cash generated from operations		454,193	348,381
Income tax paid		(114,507)	(99,328)
Net cash provided by operating activities		339,686	249,053

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

		For the Years Ended 31 December	
		2023	2022
(Continued)			
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(43,165)	(79,241)
Proceeds from disposal of property, plant and equipment		12,873	10,102
Acquistion of Investments accounted for under the equity method		(900)	-
Acquisition of intangible assets		(2,923)	(2,054)
Increase in other non-current assets		(467,388)	(317,090)
Interest receive		6,124	6,679
Dividends received		-	417,955
Net cash provided by (used in) investing activities		(495,379)	36,351
Cash flows from financing activities:			
Increase in short-term loans		134,000	834,238
Decrease in short-term loans		(134,000)	(1,267,930)
Increase in long-term loans (including current portion with maturity less than 1 year)		245,655	221,010
Decrease in long-term loans (including current portion with maturity less than 1 year)		(131,787)	(72,050)
Lease principal repayment		(14,553)	(10,957)
Cash dividends		(361,729)	(325,555)
Interest paid		(317)	(2,979)
Net cash used in financing activities		(262,731)	(624,223)
Net decrease in cash and cash equivalents		(418,424)	(338,819)
Cash and cash equivalents at beginning of period		807,447	1,146,266
Cash and cash equivalents at end of period	6(1)	$389,023	$807,447

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONL CO., LTD.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. ORGANIZATION AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated in 1987 to manufacture and market air tools, machine elements, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also process, manufacture, and market optical elements. Based on the purpose of management operation, the Company conduct a simple merge with the 100% owned reinvestment companies - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., after the resolution of the board of directors' meeting in June 2010, to set 1 August 2010 as the consolidation basis date. The company is a consolidated surviving company.

The Company applied to be listed on the GreTai Securities Market and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company was authorized to be listed on Taiwan Stock Exchange and was officially listed on 17 September 2019. The main registered location and operating base are in NO. 59, Jing 2 Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 7 March 2024.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback –Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants –Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024, the remaining standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) FRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in

Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make financial performance easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. The amendments will apply for annual reporting periods beginning on 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The Parent Company Only Financial Statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The Parent Company Only Financial Statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

A. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

B. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income, and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. ◦
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to liquidate a liability for at least twelve months after the reporting period.

All other assets are classified as non-current:

A liability is classified as current when:
(a) The Company expects to liquidate the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be liquidated within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(A) the Company's business model for managing the financial assets
(B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivable, trade receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(A) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(C) Interest revenue is calculated by using the effective interest method. This

is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at the initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

A. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(B) the time value of money
(C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(D) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

B. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

C. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(B) a Company of financial liabilities or financial assets and, financial liabilities are managed, and its performance is measured at fair value, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount, premium, and transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Materials	— Purchase cost under weighted average cost method.
Work in process and finished goods	— Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and not within the scope of inventories.

(10) Investment accounted for using the equity method

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting "Investments accounted for under the equity method", "share of profit or loss of associates and joint ventures accounted for under equity method", and "share of other comprehensive income of associates and joint ventures accounted for using the equity method".

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur were not those recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in 'Additional Paid in Capital' and 'Investment accounted for using the equity method'. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant, and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "*Property, plant and equipment*". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5～50 years
Machinery and equipment	5～15 years
Transportation equipment	5～10 years
Lease improvements	5～4 years
Other equipment	2～30 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(12) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(13) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Company’s intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	Uncertain
Method of amortization	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are precision metal components, and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(16) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(18) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(19) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were generated.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Related to the deductible temporary differences arising from the initial recognition of assets or liabilities not arising from business combinations, at the time of the transaction, neither affect accounting profit nor taxable income (loss), and no equal taxable and deductible temporary differences were generated at that time.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the "International Tax Reform - Pillar Two Model Rules (Amendments to International Accounting Standard 12)," temporary exceptions are granted. Therefore, deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognized, and relevant information shall not be disclosed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

The judgement of having control over a subsidiary when the Company does not have a majority of voting rights

The Company does not hold a majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute size of the Company’s holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

C. Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. Measurement of lease liability and right-of-use asset

Based on the regulation of IFRS 16, the Company should measure lease liability and estimate right-of-use asset, including leasing duration and decide the implicit interest rate.

The Company determine leasing period as leasing cancellable period that cannot be canceled, include both of the following:

A. During the period of the leasing extension option, if the Company can reasonably assure to exercise the using rights; and

B. During the period of the leasing determination option, if the Company can reasonably assure to not exercise that using rights.

Lease liability is based on the given present value of lease implicate rate, that rate is not readily available, the Company using incremental borrowing rate as discount rate.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the assumption of measuring lease liability, please refer to the explanation in Note 4 and Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2023	31 December 2022
Cash on hand	$271	$317
Bank deposits	388,752	807,130
Total	$389,023	$807,447

Cash and cash equivalents were not guaranteed.

(2) Financial assets measured at amortized cost

	As of	
	31 December 2023	31 December 2022
Restricted bank deposit	$1,224	$1,023

Please refer to Note 8 for more details on restricted bank deposits under pledge.

(3) Accounts receivable, net

A.	As of	
	31 December 2023	31 December 2022
Accounts receivable – non-related parties	$286,998	$278,307
Lease payments receivables	-	3,354
Unearned finance income	-	(596)
Less: loss allowance	(3,547)	(2,769)
Accounts receivable, net	$283,451	$278,296

B. Trade receivables are generally on 60 ~ 90 day terms. The total carrying amount as of 31 December 2023 and 2022 were $286,998 and $281,065, respectively. Please refer to Note 6 (13) for more details on loss allowance of trade receivables for the years ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. For the related information on finance lease liability payable of machinery and equipment signed by the Company in 2022, please refer to Note 6(14).

D. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

A.	As of	
	31 December 2023	31 December 2022
Merchandise inventories	$760	$1,198
Raw materials	25,600	53,429
Supplies	6,576	8,578
Work in progress	59,834	68,499
Finished goods	66,109	105,896
Total	$158,879	$237,600

B. The Company cost of inventories recognized in cost of goods sold amounted to $ 1,159,868and $ 1,254,956 for the year ended 31 December 2023and 2022, including the loss from market value decline, obsolete and slow-moving of inventories $2,835 and $ 4,378.

C. No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Investments accounted for using the equity method

The company express 'Investment accounted for using the equity method' of the parent company only financial statement under the investment of subsidiary, and make adjustments, if necessary, details are as follows:

	2023.12.31		2022.12.31	
Investees	Amount	% of ownership	Amount	% of ownership
TIPO INTERNATIONAL CO., LTD. [abbreviation: TIPO]	$2,539,499	100.00%	$2,167,667	100.00%
T&M Joint (Cayman) Holding Co., Ltd. [abbreviation: T&M]	5,771	35.71%	7,941	35.71%
TUF Technology CO., LTD. [abbreviation: TUF]	866	100.00%	-	-%
Total	$2,546,136		$2,175,608	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Details of exchange difference on proportion of profit and loss, foreign operating financial statement of subsidiaries, associates, and joint adventures with investment accounted for using the equity method as of the year ended 2023 and 2022, are as follows:

	2023.12.31		2022.12.31	
Investees	The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	Exchange difference in the conversion of financial statement of foreign operating institutions	The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	Exchange difference in the conversion of financial statement of foreign operating institutions
TIPO INTERNATIONAL CO., LTD.	$410,111	$(41,007)	$324,023	$25,008
T&M Joint (Cayman) Holding Co., Ltd.	(2,237)	67	(4,884)	675
TUF Technology CO., LTD.	(34)	-	-	-
Total	$407,840	$(40,940)	$319,139	$25,683

Details of dividend received as of the year ended 2023 and 2022 are as follows:

Investees	2023.12.31	2022.12.31
TIPO INTERNATIONAL CO., LTD.	$-	$417,955

No securities were pledged under the investment accounted for using equity method.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Property, plant and equipment

	As of 31 December 2023	As of 31 December 2022
Owner occupied property, plant and equipment	$1,140,833	$562,990

A. Owner occupied property, plant and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2023	$5,850	$215,827	$581,196	$6,319	$9,629	$84,615	$19,917	$923,353
Additions	-	-	13,124	-	-	2,892	17,882	33,898
Disposals	-	(770)	(17,925)	-	-	(2,188)	-	(20,883)
Transfers	-	587,344	51,181	-	4,143	1,135	(12,803)	631,000
As of 31 December 2023	$5,850	$802,401	$627,576	$6,319	$13,772	$86,454	$24,996	$1,567,368
As of 1 January 2023	$-	$80,891	$221,615	$3,805	$7,611	$46,441	$-	$360,363
Depreciation	-	8,129	54,040	366	2,518	8,876	-	73,929
Disposals	-	(141)	(5,428)	-	-	(2,188)	-	(7,757)
As of 31 December 2023	$-	$88,879	$270,227	$4,171	$10,129	$53,129	$-	$426,535

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

Notes to Parent Company Only Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2022	$5,850	$215,847	$510,449	$6,319	$9,301	$81,424	$11,662	$840,852
Addition	-	-	49,248	-	14	5,173	12,207	66,642
Disposals	-	(20)	(25,405)	-	-	(3,792)	-	(29,217)
Transfers	-	-	46,904	-	314	1,810	(3,952)	45,076
As of 31 December 2022	$5,850	$215,827	$581,196	$6,319	$9,629	$84,615	$19,917	$923,353
As of 1 January 2022	$-	$72,759	$192,080	$3,439	$1,097	$39,895	$-	$309,270
Depreciation	-	8,152	47,977	366	6,514	9,519	-	72,528
Disposals	-	(20)	(18,442)	-	-	(2,973)	-	(21,435)
As of 31 December 2022	$-	$80,891	$221,615	$3,805	$7,611	$46,441	$-	$360,363
Net carrying amount as of:								
31 December 2023	$5,850	$713,522	$357,349	$2,148	$3,643	$33,325	$24,996	$1,140,833
31 December 2022	$5,850	$134,936	$359,581	$2,514	$2,018	$38,174	$19,917	$562,990

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

C. Components of building that have different useful lives are main building structure, air conditioning units and elevators, which are depreciated over 50 years, 35 ~50 years, 10 years, and 8 years, respectively.

D. Please refer to Note 8 for property, plant and equipment pledged as collateral.

E. The capitalization amount of the borrowing costs of the Company in 2023, 2022, and its interest rates are as follows:

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Construction in progress	$2,774	$-
Borrowing cost capitalization interest rate interval	1.595%	-%

(7) Other non-current assets

	As of	
	31 December 2023	31 December 2022
Prepayments for business facilities	$202,990	$427,461
Guarantee deposits paid	4,470	4,470
Other non-current assets, others	80	24,525
Total	$207,540	$456,456

(8) Other accounts payables

	As of	
Accounting title	31 December 2023	31 December 2022
Wages and salaries payable	$54,633	$60,827
Employee compensation payable	21,805	27,592
Accrued directors' remuneration	10,011	12,727
Payable on machinery and equipment	5,475	14,742

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accounting title	As of 31 December 2023	As of 31 December 2022
Insurance payable	4,560	5,011
Accrued processing cost	3,373	9,066
Pension payable	2,843	3,109
Other accounts payables-other	8,992	13,833
Subtotal	111,692	146,907
Other payables to related parties	199,479	163,343
Total	$311,171	$310,250

(9) Long-term loans

Details of long-term loans as of 31 December 2023 and 2022 are as follows:

A. For the years ended 31 December 2023

Creditor	Content	31 December 2023	Repayment period and methods	security
Bank of Taiwan	Secured loan	$255,857	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one	Buildings and facilities

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2023	Repayment period and methods	security
			installment, and the principal is repaid in equal installments on the 15th of each month.	
Bank of Taiwan	Secured loan	144,937	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	25,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		640,227		
Less: current portion (with maturity less than 1 year)		(108,525)		
Total		$531,702		
Interest rates		1.595%		

B. For the years ended 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Secured	$269,418	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments,	Buildings and facilities

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Creditor	Content	31 December 2022	Repayment period and methods	security
			with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Bank of Taiwan	Secured	181,941	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Secured loan	75,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		526,359		
Less: current portion		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on unsecured bank loans.

(10) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Pension expenses under the defined contribution plan were $11,364 and $ 10,634 as of the year ended 2023 and 2022.

(11)Equities

A. Common stock

The Company's authorized and issued capital was NT$800,000 for the years begging 1 January 2023, respectively, the paid-in capital of NT $602,881, and divided into 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

As of December 31, 2023, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As of	
	31 December 2023	31 December 2022
Premium from common stock issuance	$788,696	$788,696
Treasury Stock	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213
Employee stock option	26,848	26,848
Other	280	280
Total	$818,217	$818,217

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

(1) The company's Articles of Association deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

(2) If there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance

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of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

C. Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 27 June 2023 and 30 June 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2022	2021	2022	2021
Legal Reserve	$62,235	$54,276		
Special reserve	(20,547)	11,218		
Common stock - cash dividends	361,729	180,864	$6.0	$3.0

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On May 5, 2022 , the Board of Directors resolved to distribute cash in the amount of $144,691 thousand ($2.40 per share) from capital surplus.

D. For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

E. Please refer to Note 6.15 for information on the basis of estimating and recognizing employee compensation and directors' compensation.

(12) Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2023	2022
Net sales	$1,578,873	$1,806,149

The Company recognize revenue with buyers at the time when controlling and transferring commodity, thus, belong to satisfy performance obligation at some point in time.

A. Contract balances

Contract liabilities - current

	As of		
	31 December 2023	31 December 2022	1 January 2022
Sales of goods	$300	$941	$265

The significant changes in the Company’s balances of contract liabilities during the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
The opening balance transferred to revenue	$(941)	$(265)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	300	941
Total	$(641)	$676

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Transaction price allocated to unsatisfied performance obligations

None.

C. Assets recognized from costs to fulfil a contract

None.

(13)Expected credit losses

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit losses		
Trade receivables	$778	$213

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of 31 December 2023 and 2022 is as follows:

31 December 2023

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$279,424	$807	$79	$-	$3,216	$3,599	$287,125
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(3,547)	(3,547)
Carrying amount	$279,424	$807	$79	$-	$3,216	$52	$283,578

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$277,533	$1,690	$2,006	$253	$-	$2,769	$284,251
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(2,769)	(2,769)
Carrying amount	$277,533	$1,690	$2,006	$253	$-	$-	$281,482

Note: The Company’s note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2023 and 2022 is as follows:

	Trade receivables
Beginning balance at 1 January 2023	$2,769
Addition for the current period	778
Ending balance at 31 December 2023	$3,547
Beginning balance at 1 January 2022	$2,556
Addition for the current period	213
Ending balance at 31 December 2022	$2,769

(14) Operating lease commitment

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment, and office equipment. The lease terms range from 1 to 8 years.

The Company’s leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	31 December 2023	31 December 2022
Land	$6,090	$7,185
Land Improvements	273	360
Buildings	6,596	10,208
Transportation equipment	5,493	8,642
Total	$18,452	$26,395

b. Lease liabilities

	As of	
	31 December 2023	31 December 2022
Lease liabilities		
Current	$8,044	$10,437
Non-current	10,652	16,070
Total	$18,696	$26,507

Please refer to Note 6 (16) (c) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$2,885	$2,902
Land Improvements	86	31
Transportation equipment	7,425	5,606
Office equipment	4,287	2,604
Total	$14,683	$11,143

(C) Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$307	$449

(D) Cash outflow relating to leasing activities

During the year ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounted to $ 14,860 and $ 11,406, respectively.

B. Company as a lessor

The Company enters into lease contracts for machinery and equipment contracts that are classified as finance leases due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets. 。

The Company has entered into finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2023 and 2022 are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	2023.12.31	2022.12.31
< 1 year	$-	$ 3,101
1 ~ 2 years	-	5,902
2 ~ 3 years	-	5,902
3 ~ 4 years	-	5,902
4 ~ 5 years	-	4,745
> 5 years	-	3,030
Undiscounted lease payments	-	28,582
Less: Unearned finance income from finance leases	-	(1,721)
Net investment in leases (finance lease receivables)	$-	$ 26,861
Current	$-	$ 2,758
Non-Current	$-	$ 24,103

(15) Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2023 and 2022, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$127,506	$161,998	$289,504	$157,071	$171,700	$328,771
Labor and health insurance	15,332	13,674	29,006	14,207	12,433	26,640
Pension	4,756	6,608	11,364	4,643	5,991	10,634
Remuneration to Directors	-	10,011	10,011	-	12,727	12,727
Others	4,761	6,150	10,911	6,964	5,874	12,838
Depreciation	72,278	16,334	88,612	70,319	13,352	83,671
Amortization	565	5,830	6,395	527	4,619	5,146

The number of employees were 409 and 417 as of 31 December 2023 and 2022, respectively, the number of directors who do not concurrently serve as employees were 8 people.

Average labor cost for the years ended 31 December 2023 and 2022 were $850 and $926, respectively; average salary and bonus for the years ended 31 December 2023 and 2022 were $722 and $804, respectively; the average salary and bonus decreased by 10.1% year over year.

The Company’s policy for compensation of directors, managers and employees is as follows:

To comply with the Company's "Remuneration Measures for Independent Directors, Directors, and Managers, and Salary Operation System," we consider the industry's usual payment levels, personal seniority, position, achievement performance, work performance, as well as the salary and remuneration provided by the company to individuals in similar positions in recent years. Furthermore, we evaluate the reasonableness of the relationship between personal performance and the company's operating performance and future risks, taking into account the achievement of the company's short-term and long-term business objectives, its financial status, and other factors. Based on these evaluations, we provide reasonable remuneration. The Remuneration Committee and the Board of Directors review the relevant performance appraisal and remuneration policies promptly, considering the actual operating conditions and relevant laws and regulations. This is done to maintain a balance between the company's sustainable operation and risk control.

According to the Articles of Incorporation, 3.5%~7% of profit of the current year is distributable as employees’ compensation and no higher than 1.7% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. 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, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition, there to a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

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Based on the profit of the year ended 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors in 2023 to be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate basis is distributing based on the current year's profit; the previous mentioned amount is accounted under salary expense. If the resolution of board of directors distribute employee compensation by stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of board of directors.

The details of employees' compensation and remuneration to directors for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Employees' compensation	$21,805	$27,592
Remuneration to directors	10,011	12,727

A resolution was passed at a board of directors meeting held on 7 March 2024 to distribute $21,805 and $10,011 in cash as the employees' compensation and remuneration to directors of 2023, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors for the year ended 31 December 2023.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended 31 December 2022.

(16)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2023	2022
Interest income		
Current financial assets at fair value through profit or loss	$-	$2,090
Amortized cost of a financial asset	6,175	5,187

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2023	2022
Grant revenue	10,281	5,623
Rental income	309	152
Other revenue-other	3,607	10,269
Total	$20,372	$23,321

B. Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$15,105	$121,305
Net gains on financial assets at fair value through profit or loss	-	2,517
Gains (losses) on disposal of property, plant, and equipment	(253)	2,320
Other expense	(3,262)	-
Total	$11,590	$126,142

C. Financial costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$(367)	$(2,765)
Interest on lease liabilities	(284)	(209)
Total	$(651)	$(2,974)

(17)Components of other comprehensive income

A. For the year ended 31 December 2023

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$(40,940)	$-	$(40,940)	$8,188	$(32,752)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment during the period	Other comprehensive income, net of tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$25,683	$-	$25,683	$(5,136)	$20,5,47

(18)Income tax

(1) The major components of income tax expense are as follows:

A. Income tax recorded in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$37,278	$153,851
Adjustments in respect of current income tax of prior periods	(21,542)	(5,395)
Corporate income surtax on undistributed retained earnings	10,946	14,820
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(1,982)	(77,207)
Income tax expense recognized in profit or loss	$24,700	$86,069

B. Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2023	2022
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations		
Income tax relating to components of other comprehensive income	$(8,188)	$5,136

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) A reconciliation between tax expense and the product of accounting profit multiplied by the Company's applicable tax rate is as follows:

	For the years ended 31 December	
	2023	2022
Accounting profit before tax from continuing operations	$558,658	$614,798
The amount of tax at each statutory income tax rate	$111,731	$141,683
Tax effect of revenue exempt from taxation	(82,124)	(65,130)
Tax effect of expenses not deductible for tax purposes	-	91
Corporate income surtax on undistributed retained earnings	10,946	14,820
Adjustments in respect of current income tax of prior periods	(21,542)	(5,395)
Income tax impact adjusted according to other tax laws	5,689	-
Total income tax expenses recorded in profit or loss	$24,700	$86,069

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C.Significant components of deferred income tax assets and liabilities are as follows:

(A) For the year ended 31 December 2023

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized foreign currency exchange gain or loss	$(1,728)	$1,415	-	$(313)
Unrealized gain on foreign investments	(85,786)	-	-	(85,786)
Provision for allowance to reduce inventories to market value	4,726	567	-	5,293
Exchange differences on translation of foreign operations	29,553	-	8,188	37,741
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$1,982	$8,188	
Net deferred tax assets/ (liabilities)	$(53,226)			$(43,056)
Reflected in balance sheet as follows:				
Deferred income tax assets	$4,743			$5,302
Deferred income tax liabilities	$(57,969)			$(48,358)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) For the year ended 31 December 2022

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized foreign currency exchange gain or loss	$5,056	$(6,784)	-	$(1,728)
Loss allowance overdue	123	(123)		-
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	3,850	876	-	4,726
Exchange differences on translation of foreign operations	34,689	-	(5,136)	29,553
Gain or Loss on valuation of financial asset	353	(353)	-	-
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$77,207	$(5,136)	
Net deferred tax assets/ (liabilities)	$(125,297)			$(53,226)
Reflected in balance sheet as follows:				
Deferred income tax assets	$4,778			$4,743
Deferred income tax liabilities	$(130,075)			$(57,969)

D. The assessment of income tax returns

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2021

(19)Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Basic earnings per share (NTD)	$8.86	$10.32

B. Diluted earnings per share

	For the years ended 31 December	
	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$533,958	$622,346
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Effect of dilution:		
Employees' compensation – stock (in thousands)	203	273
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,491	60,561
Diluted earnings per share (NTD)	$8.83	$10.28

There have been no other significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
TIPO INTERNATIONAL CO., LTD. (TIPO)	Investee company (subsidiary) using the equity method
Hong Kong Xin-Feng Co., Ltd (Hong Kong Xin-Feng)	Investee company (subsidiary) evaluated by TIPO using the equity method
TURVO International Co., Ltd.(Yu-Zuan)	Investee company (subsidiary) evaluated by TIPO using the equity method
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. (Dong-Guan Xin-Feng)	Investee company (third-tier subsidiary) evaluated by Hong Kong Xin-Feng using the equity method
T&M Joint (Cayman) Holding Co., LTD. (T&M)	Investee company (subsidiary) evaluated by TIPO using the equity method
Matec Southeast Asia (Thailand) Co., Ltd. (MSAT)	Investee company (second-tier subsidiary) evaluated by T&M using the equity method

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name of the related parties	Nature of relationship of the related parties
TUF Technology CO., LTD. (TUF)	Investee company (subsidiary) using the equity method
Zeng Hsing Industrial CO., Ltd. (Zeng Hsing Industrial)	Parent company of the Group
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd. (AWEA)	Substantive related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Substantive related party of the Group
Hongli Investment Co., Ltd. (Hongli Investment)	Substantive related party of the Group
Hongju Investment Co., Ltd. (Hongju Investment)	Substantive related party of the Group
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company

(2) Significant transaction between the Company and related parties

A. Sales

Transactions of materials and supplies sold to related parties for the years ended 31 December 2023 and 2022are summarized as follows:

	For the years ended 31 December	
Name of Related Parties	2023	2022
Yu-Zuan	$2,232	$5,593
GOODWAY	1,382	200
AWEA	35	-
Dong-Guan Xin-Feng	-	3,146
MSAT	-	179
Total	$3,649	$9,118

The Company set the selling price for the above related parties based on factors such as different markets, business competition, product characteristics, bulk purchasing, and receivable terms, etc. There are no significant differences from general sales procedures.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Purchase

Details of purchase items of the related parties as of the year ended 2023 and 2022 of the Company are as follows:

Name of Related Parties	For the years ended 31 December 2023	2022
Dong-Guan Xin-Feng	$583,168	$514,249
Yu-Zuan	141,806	146,086
Total	$724,974	$660,335

The Company calculated prices based on high/low quality when purchasing goods from the above related parties, where the transaction term is the same as regular companies.

C. Accounts receivable

	As of December 31 2023	December 31 2022
GOODWAY	$264	$18
AWEA	36	-
TOTAL	$300	$18

D. Other receivables

Name of Related Parties	As of December 31 2023	December 31 2022
MSAT	$36,733	$60,032
T&M	2,168	1,826
Total	$38,901	$61,858

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Other receivables of the above related parties of the Company are mainly borrowing funds, where the interest rate is based on principle and period. Borrowing terms is the same as regular companies.

E. Other payable

	As of	
	December 31 2023	December 31 2022
Dong-Guan Xin-Feng	$165,974	$143,218
Yu-Zuan	33,505	20,125
Total	$199,479	$163,343

F. Acquisition of property, plant and equipment

	For the years ended 31 December	
Name of Related Parties	2023	2022
GOODWAY	$2,400	$ 3,592
ALLRICH	124	-
Total	$2,524	$ 3,592

No significant difference between acquisition and payment requirement of property, plant, and equipment and regular trading.

G. Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$37,634	$40,408
Post-employment Benefits	1,132	1,146
Total	$38,766	$41,554

The key management of the Company comprises the chairman, directors, independent directors, and general manager.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Company pledged as security:

	Carrying amount		
Items	31 December 2023	31 December 2022	Secured liabilities
Financial assets measured at amortized cost, current	$1,224	$1,023	Performance guarantee
Property, Plant and Equipment- building	113,082	118,587	Bank loan
Property, Plant and Equipment- equipment	202,889	229,682	Bank loan
Property, Plant and Equipment- other	8,770	10,158	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The amount of guaranteed promissory notes write-off that has not been recovered due to issuance of the loan accounted to $2,580,058 and $2,313,099 as of the year ended 2023and 2022of the Company.

(2) The important contracts of construction in progress

A. As of 31 December 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2023
LOYU INTERIOR DESIGN CO., LTD	Design construction	Plant	$76,190	$61,577

The above construction payment is based on construction progress.

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B. As of 31 December 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2022
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$387,125
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$402,029

The above construction payment is based on construction progress.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As of	
	31 December 2023	31 December 2022
Financial assets at fair value through profit or loss:		
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	$388,752	$807,130
Financial assets measured at amortized cost	1,224	1,023
Notes receivable	127	3,186
Accounts receivable	283,451	278,296
Other receivables	38,982	62,127

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial Assets	As of	
	31 December 2023	31 December 2022
Financial Liabilities		
Contract liability	$300	$941
Notes and accounts payables	184,503	141,538
Other payables	311,171	310,250
Lease liability	18,696	26,507
Long-term loans (Long-term loans due within one year)	640,227	526,359

(2) Financial risk management objectives and policies

The Company's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Company is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analysis is as follows:

A. When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(26,033) and $(22,933), respectively; and no impact on the equity.

B. When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(852) and $(846), respectively; and no impact on the equity.

C. When NTD strengthens/weakens against RMB by 1%, the profit for the years ended 31 December 2023 and 2022 is decreased by $(266) and $(328), respectively; and no impact on the equity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to Company's bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of $640 and $526 for the years ended 31 December 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Company's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2023, and 2022, amounts receivables from top ten customers represented 94% and 92% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Company’s financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2023					
Short-term loans					
Notes and accounts payable	$184,503	$-	$-	$-	$184,503
Lease liability	8,230	7,968	1,968	942	19,108
Long-term loans	113,564	201,083	193,503	154,600	662,750
As of 31 December 2022					
Short-term loans					
Notes and accounts payable	$141,538	$-	$-	$-	$141,538
Lease liability	10,688	12,500	3,847	-	27,035
Long-term loans	128,921	182,512	154,106	62,222	527,761

Note：(i) Include the cash flow of lease contract from short-term lease and low-value target assets

(ii) The following table provide further analysis about the maturity of lease liability:

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$8,230	$9,936	$942	$19,108

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2023	$-	$526,359	$26,507	$552,866
Cash flow	-	113,868	(14,553)	99,315
Non-cash changes	-	-	6,742	6,742
As of 31 December 2023	$-	$640,227	$18,696	$658,923

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2022	$433,692	$377,399	$20,540	$831,631
Cash flow	(433,692)	148,960	(10,957)	(295,689)
Non-cash changes	-	-	16,924	16,924
As of 31 December 2022	$-	$526,359	$26,507	$552,866

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis.

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unit: Thousands

	As of					
	31 December 2023			31 December 2022		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$7,262	30.735	$223,198	$8,212	30.708	$252,174
EUR	3,474	34.0114	118,156	3,640	32.7086	119,059
RMB	6,119	4.3394	26,553	7,428	4.4092	32,752
Non-monetary item						
USD	$82,842	30.735	$2,546,149	$70,848	30.708	$2,175,600
Financial liabilities						
Monetary item:						
USD	$5,401	30.735	$166,000	$4,380	30.708	$134,501
EUR	970	34.0114	32,991	1,055	32.7086	34,508

Due to the large number of functional currencies used in the Company, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Company recognized $15,105 and $121,305 for foreign exchange loss for the years ended 31 December 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) Other matters

To facilitate comparison in the financial statements, certain items have been reclassified as of December 31, 2023.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. ADDITIONAL DISCLOSURES

A. Information on significant transactions

(A) Financing provided:

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
0	TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD	Other receivables due from related parties	Yes	$184,410	$122,940	$-	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$6,547	$2,612	$2,164	NA	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$134,670	$80,802	$35,912	3%	2	$-	Operating cycle	$-	-	$-	$357,318	1,429,275
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,136	$-	$-	-%	2	$-	Purchase of equipments and materials	$-	-	$-	$357,318	1,429,275

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

Notes to Parent Company Only Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No.	Lending company	Loaning object	Transaction subject	Related parties	Highest amount of the period	Ending balance (approved by the shareholders meeting)	Actual payout amount at the end period	Rate	Loaning nature (Note 3)	Business transaction amount	Reasons for short-term financing fund	Allowance for doubtful debts	Securities		Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
													Name	Value		
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO International Co., Ltd.(YZ)	Other receivables due from related parties	Yes	$43,394	$-	$-	-%	2	$-	Operating cycle	$-	-	$-	$1,399,488 (Note 4)	$1,399,488 (Note 4)

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

(B) Endorsement/guarantee provided: none.

(C) Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): none.

(D) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or 20% of the paid-in capital: none.

(E) Acquisition of individual real estate that cost at least $300 million or 20% of the paid-in capital: none.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(F) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: none.

(G) Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20% of capital stock:

Company Name	Counter Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Notes
			Purchases (Sales)	Amount	% to Total	Term	Unit price	Term	Balance	% to Total	
TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	subsidiary.	Purchases	$583,168	55.78%	There is no difference with other clients	Regular	Regular	Account payable $-	-%	
TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(YZ)	subsidiary.	Purchases	$141,806	13.56%	There is no difference with other clients	Regular	Regular	Account payable $-	-%	

(H) Receivables from related parties amounting to over $100 million or 20% of the paid-in capital: none

(I) Information about derivatives of investees over which the Company has a controlling interest: refer to Note 12 (8).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Information on investees

(A) Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance As of 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Investment income (loss) (Note 2)	Notes
				31 December 2023	31 December 2022	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD31,133,211)	$946,313 (USD31,133,211)	31,133,211 shares	100%	$2,539,499	$410,793	$410,111	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	$61,760 (USD 2,045,753)	$61,760 (USD 2,045,753)	4,912,749 shares	35.71%	$5,771	$(6,266)	$(2,237)	Subsidiary
TURVO INTERNATIONAL Co., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	$900	$-	90,000 shares	100%	$866	$(34)	$(34)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD7,133,211 HKD220,000)	$216,811 (USD7,133,211 HKD220,000)	-	100%	$1,349,468	$313,562	Cope with subsidiary	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	$204,635 (USD 6,606,203)	$204,635 (USD 6,606,203)	216,276 shares	99.99%	$18,327	$(5,922)	Cope with subsidiary	Second-tier subsidiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(B) Information about major transactions of investee companies with controlling power

(1) Financing provided: refer to Note 13(1) (A)

(2) Endorsement/guarantee provided: none.

(3) Marketable securities held: none.

(4) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or 20% of the paid-in capital: none.

(5) Acquisition of individual real estate that cost at least $300 million or 20% of the paid-in capital: none.

(6) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: none.

(7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital:

Company Name	Counter Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Notes
			Purchases (Sales)	Amount	% to Total	Term	Unit price	Term	Balance	% to Total	
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	Associated Company	Sales	$583,168	55.78%	There is no difference with other clients	Regular	Regular	Account Receivable $-	-%	
TURVO International Co., Ltd.(YZ)	TURVO INTERNATIONAL Co., LTD	Associated Company	Sales	$141,806	13.56%	There is no difference with other clients	Regular	Regular	Account Receivable $-	-%	

(8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: none

(9) Information about derivatives of investees over which the Company has a controlling interest: refer to Note 12(7)。

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

Notes to Parent Company Only Financial Statements

(Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo (BVI)	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%	$313,624	$1,345,832	$717,836
TURVO International Co., Ltd.(YZ)	Manufacturing and trading	USD 28,000,000 (Note 4)	Indirect investments through Turvo (BVI)	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100% (Note 4)	$68,723	$1,149,58	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$917,245 (USD30,120,536)	$917,245 (USD 30,120,536)	$2,143,913 (Note 2)

Note1：Part of the voting right acquired through the equity transfer

Note2：Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note3：The recognized profit and loss under investment should base on the financial statement that audited by accountants.

Note4：Funds of US$5,000,000 were injected into TURVO International Co., Ltd.(YZ) by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. Acquired 17.86% ownership in TURVO International Co., Ltd.(YZ). The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

D. As of 31 December 2023, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (G). The unrealized profit amount generated due to the previous significant transaction items accounted for $1,110 thousand.

E. Information of major shareholders

For the year ended 31 December 2023

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

THE CONTENTS OF STATEMENTS OF MAJOR
ACCOUNTING ITEMS
FOR THE YEAR ENDED 31 DECEMBER 2023

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

1.STATEMENT OF CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand	Petty cash/working fund	$271	
Bank savings			
Check Deposit		38,545	
Demand deposits－NTD		62,987	
Demand deposits－foreign currency	JPY 91,699 thousand, EUR 754 thousand, USD 41,791 thousand, etc.	111,916	
Time Deposits		175,304	
		$389,023	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

2. STATEMENT OF ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Client A		$84,816	
Client B		35,654	
Client C		30,049	
Client D		5,645	
Client E		23,798	
Client F		20,778	
Client G		19,986	
Others (Note)		46,272	
Subtotal		286,998	
Less: loss allowance		(3,547)	
Total,(Net)		$ 283,451	

(Note) The amount of individual client in others does not exceed 5% of the account blance.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

3. STATEMENT OF INVENTORIES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		$29,308	$32,652	
Supplies		12,269	13,109	
Work in process		65,656	137,991	
Finished goods		77,075	96,771	
Merchandise inventories		1,034	2,404	
Subtotal		185,342	$282,927	
Less: Allowance for Inventory Valuation and Obsolescence Losses		(26,463)		
Total,(Net)		$158,879		

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

4. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NONCURRENT
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Name of Securities	As of 1 January 2023		Additions (Decrease)		Investment income (loss)	Realized (Unrealized) Gain on Transactions	Exchange differences	As of 31 December 2023			Evaluation Basis	Collateral
	Shares	Amount	Shares	Amount				Shares	%	Amount		
TIPO INTERNATIONAL CO., LTD.	31,133,211	$2,167,667	-	$-	$410,111	$2,728	$ (41,007)	31,133,211	100	$2,539,499	Equity	None
T&M Joint (Cayman) Holding Co., Ltd.	4,912,749	7,941	-	-	(2,237)	-	67	4,912,749	35.71	5,771	Equity	None
TUF Technology CO., LTD.	-	-	90,000	900	(34)	-	-	-	100	866	Equity	None
Total		$2,175,608		$900	$407,840	$2,728	$ (40,940)			$2,546,136		

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

5. STATEMENT OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Vendor A	Pay for raw materials	$20,382	
Vendor B	Pay for raw materials	3,043	
Vendor C	Pay for raw materials	2,830	
Others (Note)		26,201	
Total		$52,456	

(Note) The amount of individual vendor in others does not exceed 5% of the account balance.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

6. STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Period	Discount rate	Amount	Note
Land	Factory and Office Lease.	4~8 years	0.95-1.36%	$6,470	
Buildings	Factory Lease	1~2 years	0.95-1.36%	6,688	
Transportation equipment	Car leases	2~3 years	0.95-1.36%	5,538	
				18,696	
Less: Current portion				(8,044)	
Lease liabilities -non current				$10,652	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

7. STATEMENT OF NET OPERATING REVENUES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Shipments (Piece)	Amount	Note
Precision Metal Parts	48,568 thousands PCS	$1,578,873	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

8. STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
A. Cost of sales of goods manufactured		
Direct material：Raw material, beginning of year	$58,843	
Add：Raw material purchased	263,729	
Transferred from Work in process	2,785	
Less：Raw material, end of year	(29,308)	
Sale of Raw material	(205,387)	
Loss on scrap of Raw material	(42)	
Direct material used	90,620	
Supplies：Raw material, beginning of year	13,802	
Add：Supplies purchased	8,094	
Transferred from Work in process	8,189	
Less：Supplies, end of year	(12,269)	
Sale of Supplies	(3,460)	
Loss on Supplies	(1)	
Supplies used	14,355	
Direct labor	118,854	
Manufacturing expenses (Refer to 9)	198,603	
Manufacturing cost	422,432	
Add：Work in process, beginning of year	72,395	
Other	2,942	
Less：Work in process, end of year	(65,656)	
Sale of Work in process	(942)	
Loss on scrap of Work in process	(1)	
Transferred to Raw material	(2,785)	
Transferred to Supplies	(8,189)	
Transferred to Merchandise	(10,574)	
Loss on Work in process	(11)	
Cost of Finished goods	409,611	
Add：Finished goods, beginning of year	114,990	
Finished goods purchased	717,915	
Less：Finished goods, end of year	(77,075)	
Loss on scrap of Finished goods	(2,830)	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

8. STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

(Continued from previous page.)

Item	Amount	Note
Cost of sales of goods manufactured (A)	1,162,611	
B. Cost of sales of goods purchased		
Add：Merchandise, beginning of year	1,198	
Merchandise purchased	(1,023)	
Transferred from Work in process	10,574	
Less：Sale of Merchandise	(8,237)	
Merchandise, end of year	(1,034)	
Cost of sales of goods purchased (B)	1,478	
C. Other operating cost		
Sales of Raw material, Supplies and Merchandise	218,026	
Purchased on behalf of others	(214,922)	
Revenue from sale of scraps	(13,124)	
Write-downs of inventories	2,835	
Loss on scrap of inventories	2,873	
Loss on valuation	12	
Others	79	
Cost of goods sold	$1,159,868	

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

9. STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation Expense	$72,278	
Processing Costs	34,197	
Indirect Labor	29,402	
Utilities Expenses	17,206	
Consumable Materials and Tools	14,686	
Others(Note)	30,834	
Total	$198,603	

(Note) The amount of other manufacturing expense in others does not exceed 5% of the expense total amount.

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES

10. STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	Management and Administrative Expenses	Research and Development Expenses	Expected Credit Losses	Total	Note
Salaries	$17,122	$92,969	$51,907	$-	$161,998	
Sample Material Expenses	-	-	18,573	-	18,573	
Depreciation	2,626	7,405	6,303	-	16,334	
Insurance Expense	1,595	6,927	5,514	-	14,036	
Research Commission Expenses	-	-	11,856	-	11,856	
Import and Export Expenses	9,553	-	-	-	9,553	
Travel Expenses	3,250	2,307	951	-	6,508	
Amortization	57	5,136	637	-	5,830	
Advertising Expenses	4,061	37	634	-	4,732	
Expected credit losses	-	-	-	778	778	
Others(Note)	4,250	36,451	11,327	-	52,028	
Total	$42,514	$151,232	$107,702	$ 778	$302,226	

(Note) The amount of other operating expense in others does not exceed 5% of the expense total amount.

E. Information of major shareholders

For the year ended 31 December 2023

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.