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.

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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)

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

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

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.

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.

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 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.

(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 Name	Securities Value	Financing loan limit for individual party (Note 1)	Total limit of financing loan (Note 2)
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%

(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