Stock Code: 2233

TURVO INTERNATIONAL CO., LTD.

2022 Annual Report

The Annual Report is available at Market Observation Post System:

http://mops.twse.com.tw

25 May 2023

I. The spokesperson and deputy spokesperson of the Company:

Name of spokesperson: WU, CHIH-JUNG

Title: Vice president, Business Department

Tel: (04)2657-5790

E-mail: sales@turvo.com.tw

Name of deputy spokesperson: WU, HSIAO-JUI

Title: Senior manager, Finance Management Department

Tel: (04)2657-5790

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

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

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

Tel: (04)2657-5790

III. Stock Transfer Agent:

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

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

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

Tel: (02) 6636-5566

IV. CPAs of the Most Recent Financial Report:

CPAs: HUANG, ZI PING、HUANG, YU TING

Name of the Accounting Firm: Ernst & Young

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

Website: http://www.ey.com

Tel: (04) 2259-8999

V. Overseas Securities Exchange: None.

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

Table of Contents

I. Letter to Shareholders

Dear shareholders,

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

The Company would like to express our gratitude to all dedicated colleagues and the support and trust of shareholders and directors. I will provide an overview of the operating results for 2022 and the outlook for operations in 2023.

The 2022 Business Report is as follows:

I. 2022 Operating Results

(I) The results of the implementation of the business plan for 2022

Dear shareholders, as the global pandemic gradually subsides, the economic growth in the current year has been affected by factors such as the conflict between Russia and Ukraine and monetary policies. However, with the efforts of all colleagues, the Company achieved a consolidated revenue of NTD3,350,323 thousand for 2022, representing an increase of 3.64% compared to the previous year. The intensifying industry competition and continuous rise of cost factors, as well as the recognition of expenses related to public tender offers, resulted in a 16.08% decrease in consolidated operating net profit for 2022, amounting to NTD544,806 thousand, compared to the previous year. However, non-operating income was boosted by foreign exchange gains, resulting in a consolidated net profit of NTD613,553 thousand, representing an increase of 15.77% over 2021. The earnings per share for 2022 were NTD10.32. Looking ahead, in the face of rapid changes in the global political and economic environment and industry, the Company will strive to respond to these changes, and with the support and encouragement of the shareholders, the Company aims to create a brighter and more successful future.

Unit: NTD (in thousands)

Item	2021	2022	Change Ratio
Net Operating Revenue	3,232,810	3,350,323	3.64%
Gross Profit	1,149,311	1,103,636	-3.97%
Operating Income	649,199	544,806	-16.08%
Income Before Tax	651,720	774,813	18.89%
Net Income	529,978	613,553	15.77%

(II) Budget Implementation

In accordance with current regulations, the Company has not publicly disclosed the financial forecast for 2022. However, the overall actual operating conditions and performance are consistent with the business plan developed internally by the Company.

(III) Analysis of Receipts, Expenditures, and Profitability

Item		2021	2022
Financial Structure	Debt to assets ratio %	36.30%	30.80%
	Fixed assets to long term funds ratio %	232.03%	258.95%
Insolvency	Current ratio%	236.32%	277.72%
	Quick ratio%	177.03%	185.81%
Profitability	Return on assets%	11.67%	12.50%
	Return on equity%	17.73%	18.63%
	Net profit margin %	16.39%	18.31%
	Earnings per share (NTD) (Note)	9.01	10.32

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

(IV) Research and Development Work

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

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

In addition to the continuous development of automated equipment, the Company is currently focusing on the development of new products, the upgrading of existing technologies, the enhancement of existing product performance and the development of new products, assisting customers in the development of customized products, the integration of product development capabilities, and the provision of one-stop shopping services, which play a key role in the field of precision metal processing. At the same time, with the increasing demand for upgrading production line automation in factories around the world, the Company is committed to creating new value in the field of gear reducers for precise positioning in processing machines and automation systems, helping customers to reduce production costs and move towards a sustainable and smart manufacturing market worldwide.

II. Summary of the Business Plan for 2023

(I) Business Policy

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

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

3. Expansion of new factories in consideration of future operation.

4. Strictly enforcing cost control and continuously optimizing operational performance.

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

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

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

(II) Sales Volume Forecast and the Basis Thereof

The expected shipment volume of the Company and its subsidiaries is expected to significantly increase in 2023 with the injection of new production capacity. The estimated increase in shipment volume in 2023 is based on the overall production capacity status of the year and the projected growth of contract and existing orders from customers.

(III) Important Production and Sales Policies

1. Production Policies: The expansion of the factory to increase production capacity to meet customer orders, continuous research and development and optimization of manufacturing technology, rapid introduction of production and inspection automation, supplemented by the MES manufacturing management system and enhancing efficiency and reducing costs.

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

III. Outlook of the Company

In the face of rapid changes and challenges in the future market environment, the Company and its subsidiaries will continue to strengthen innovation and research and development, improve operational performance, maintain high-quality performance, implement quality policies, streamline costs and increase production efficiency, actively explore new customers and new market areas, and strive to make higher profits. This year, the Company and its subsidiaries will continue to focus on the development of automation, forging, heat treatment, and multi-spindle machine to provide consistent and differentiated services. The Company will drive intelligent manufacturing and create additional value, aiming to become the industry leader and create the highest value and profit for the shareholders.

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

As governments around the world ease the COVID-19 control measures, the global economy is gradually recovering. However, multiple countries adopting interest rate hikes and tight monetary policies will slow down global economic growth. The Company will continue to pay close attention to the sustained rise in global raw material prices and the impact of climate change. In addition to continuing to integrate various resources and assisting subsidiaries in sustainable business development, the Company will also comply with regulations established by regulatory authorities, collaborate with policy initiatives, prioritize employee talent development, and actively promote sustainable development in existing businesses, new products, and new ventures, based on the corporate philosophy of "environmental protection, social responsibility, and corporate governance".

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

Good health and good luck!

TURVO INTERNATIONAL CO., LTD.

Chairman: LIU, CHUN-CHANG

II. Company Overview

I. Company Profile

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

TURVO INTERNATIONAL CO., LTD. has established manufacturing plants in various locations such as China and Thailand, providing customers around the globe with timely services and product technology services. As of the end of 2022, the number of employees of TURVO INTERNATIONAL CO., LTD and its subsidiaries and second-tier subsidiaries were around 1690 people in total.

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

II. Company History

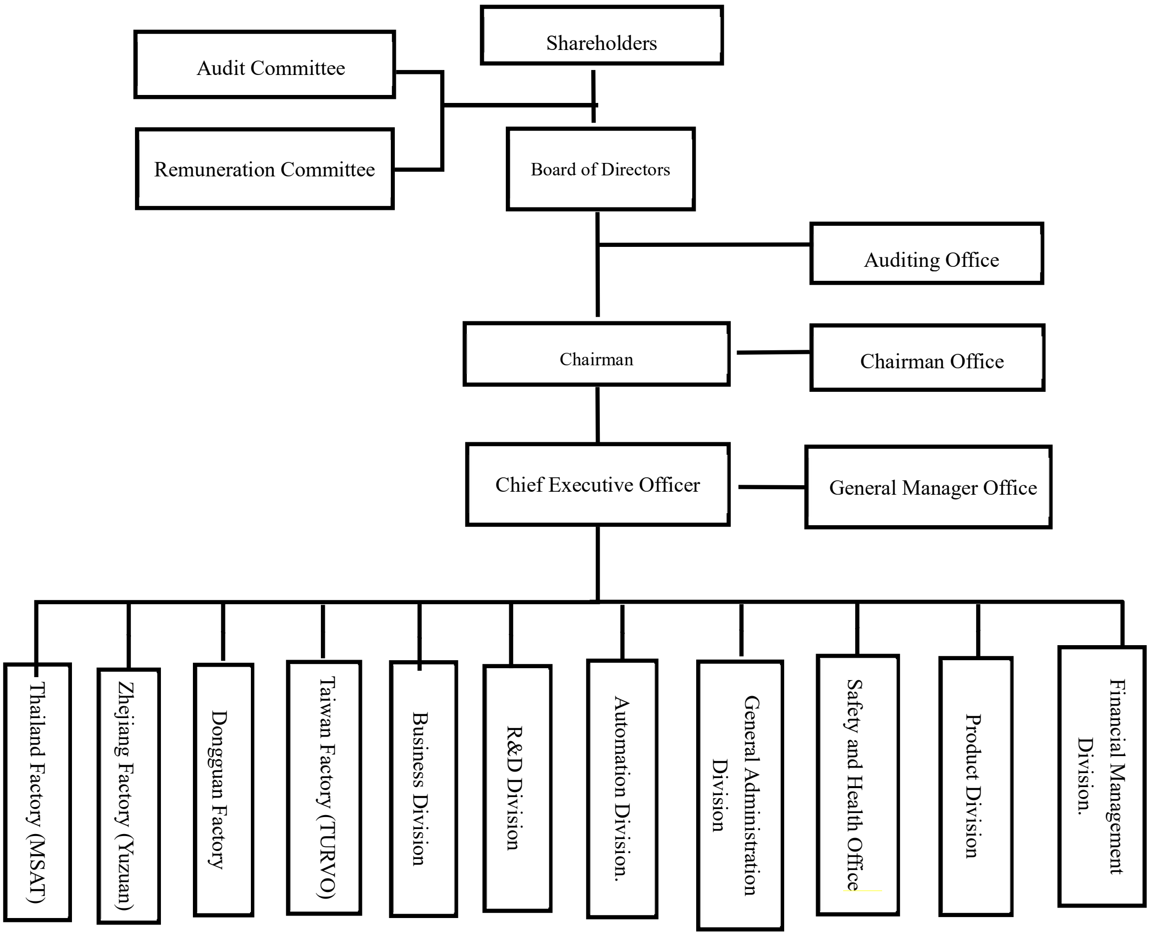
December 1987	Established TURVO INTERNATIONAL CO., LTD. The capital was NTD2000 thousand.
August 1990	Introduced Japanese-made CNC machines and European made precision inspection equipment.
March 1991	Became the qualified supplier of SEAGATE.
May 1992	Set up air conditioning system to maintain the product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

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

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

III. Organization Structure

(I) Organizational structure of the Company



(II) Major corporate functions

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

Departments	Functions
	factories with the research, improvement, development and application of original technology and new technology
Product Division	Oversee the decision-making, implementation, and assessment of the Business Department, organize the departments to coordinate with each other and operate to achieve operational goals
General Administration Division	(1) Responsible for planning human resource strategies and systems (2) Train and organize development strategies and plans (3) Provide employee services and general affairs (4) The Company's information management system, Internet, and information security
Finance Management Division	(1) Coordinate and manage matters related to finance and accounting (2) Short-term financial management and long-term investment evaluation and management (3) Supervision and control of finance and accounting in overseas subsidiaries (4) Coordinate various stock-related matters (5) Plan and promote other significant financial projects (5) Financial risk management

IV. Profiles of Board Members

(I) Information on Directors and Supervisors

1. Information on Directors and Supervisors

4 May 2023 Unit: Shares %

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2021	13,000,000	21.56	14,352,000	23.81	0	0.00	0	0.00			None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Representative: LIU, CHUN-CHANG	Male 60-69	31 August 2022		29 December 1987	1,826,599	3.03	1,826,599	3.03	0	0	0	0	Master's degree, Institute of Business and Management, Feng Chia University President, TURVO INTERNATIONAL CO., LTD.	Chairman, HONG KONG XINFENG ENTERPRISE LIMITED Chairman and president, TURVO International Co., Ltd Chairman and president, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd Director, Ying Chang Investment Co., Ltd. Chairman, TIPO INTERNATIONAL CO., LTD. Director, T&M JOINT(Cayman) HOLDING CO., LTD. Director, Goodway Machine Corp.				
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,352,000	23.81	0	0.00	0	0.00			None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Representative: LIN, CHIH-CHENG	Male 60-69	31 August 2022		31 August 2022	0	0.00	0	0.00	0	0.00	0	0.00	Department of Industrial Engineering, Feng Chia University Executive Master of Business Administration-Corporate Leadership Team, National Chung Hsing University President, Zeng Hsing Industrial Co., Ltd.	Chairman, Zeng Hsing Industrial Co., Ltd. Chairman, Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang] Chairman, Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading] Chairman, Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)] Chairman, SHINCO TECHNOLOGIES CO., LTD. President, JETSUN VIETNAM TECHNOLOGY CO., LTD., Chairman, Mitsumichi Industrial Co., Ltd. Chairman, Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.				

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Zhonghu Investment Co., Ltd	–	31 August 2022	3 years	31 August 2022	12,000	0.02	12,000	0.02	0	0	0	0			None	None	None	

Director	ROC	Representative: YANG, TE-HWA	Male 70-79	31 August 2022		17 June 2019	62,213	0.10	62,213	0.10	0	0	0	0	Master, EMBA, National Chung Hsing University, Director, Alumni Association, National Chung Hsing University President, Credit Insurance Fund Association President, Shalu High-tech Culture and Education Foundation Chairman, ACCUWAY MACHINERY CO., LTD. Chairman, Yashide Co., Ltd. Chairman Chairman, Hanhua Venture Capital Co., Ltd. Chief Director, Taiwan Association of Machinery Industry Convenor, Taiwan Association of Machinery Industry Director, Precision Machinery Development Association of R.O.C (CMD) Councilor,	Chairman, Goodway Machine Corp. Chairman, AWEA Mechantronic Co., Ltd. Chairman, Yang Wenxu Charity Foundation Chief Director, Precision Machinery Research & Development Center Chief Director, Taiwan Machine Tool Foundation Director, China Association of Industry, Education and Training Chairman, Hung Jiu Machine Co., Ltd. Director, Hong Hua Environmental Protection and Digital Future Foundation				

															Manufacturers Association of Taichung Industrial Zone Director, Taiwan Machine Tool & Accessory Builders' Association Director, Chinese National Federation of Industry Supervisor, The Allied Association For Science Park Industry Director, Taiwan External Trade Development Council Director, Fittech Co., Ltd Member, Industrial Development and Investment Promotion Committee, Chiayi Member, Taichung Industrial and Commercial Development Investment Promotion Association					
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,352,000	23.81	0	0.00	0	0.00			None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Representative: SZU, CHING-HSING	Male 60-69	31 August 2022		12 May 2010	710,780	1.18	710,780	1.18	0	0	0	0	Electronics Engineering, Nan Kai University of Technology Supervisor, TURVO INTERNATIONAL CO., LTD	CHIA TE WEI INDUSTRIAL CO., LTD. Supervisor, Godway Growing Co., Ltd.				
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,352,000	23.81	0	0.00	0	0.00			None	None	None	
		Representative: LIU, TUNG-LIANG	Male 60~69	31 August 2022		31 August 2022	0	0.00	0	0.00	0	0.00	0	0.00	Master, Department of Business Administration, Lunghwa University of Science and Technology Chief, Panasonic Taiwan Co., Ltd.	President, Zeng Hsing Industrial Co., Ltd. President, Zeng Hsing Industrial Co., Ltd. (VN) [Zeng Hsing (VN)] Director, Zhangjiagang Zenghsing Machinery & Electronics Co., Ltd. [Zhangjiagang] Director, Zhangjiagang Zenghsing Trading Co., Ltd. [Zhangjiagang trading] Director, SHINCO TECHNOLOGIES CO., LTD. Director, Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.				

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Zeng Hsing Industrial Co., Ltd.	–	31 August 2022	3 years	31 August 2022	13,000,000	21.56	14,352,000	23.81	0	0.00	0	0.00			None	None	None	
		CAI, CHONG TING	Male 50-59	31 March 2023		31 March 2023	22,000	0.04	22,000	0.04	0	0.00	0	0.00	Master, Department of Business Administration, California State University, San Bernardino Manager, Marketing planning center, Zeng Hsing Industrial Co., Ltd.	Director, Canxin Investment Co., Ltd. Director, Zeng Hsing Industrial Co., Ltd. Vice President, Marketing Business Department, Zeng Hsing Industrial Co., Ltd.				

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	HUANG, LI-HEN	Male 60~69	31 August 2022	3 years	17 June 2019	0	0.00	0	0.00	0	0.00	0	0.00	Master's degree, EMBA, Feng Chia University Executive Vice President, Union Foods Co., Ltd. Chief Financial Officer, Yiding Optoelectronics Co., Ltd. Supervisor, HOLUX TECHNOLOGY, INC. Financial Officer, VIGOR KOBO COMPANY LIMITED	Independent Director, ROSSMAX INTERNATIONAL LTD.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	YI, CHANG-YUN	Male 40~49	31 August 2022	3 years	17 June 2019	0	0.00	0	0.00	0	0.00	0	0.00	Master's degree, EMBA, Feng Chia University Chief of Audit Team, KPMG Independent Director, TRANSART GRAPHICS CO., LTD.	Chief of ChangHua Office, EnWise CPAs & Co Chairman, Kai Yu International Co., Ltd. Independent Director, Merry Electronics Co., Ltd. Independent Director, Shuz Tung Machinery Industrial Co., Ltd Independent Director, UVAT TECHNOLOGY CO., LTD. Director, Dingwei Construction Development Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of a Third Party		Major Work experience (Education)	Concurrent positions with the Company and other companies	Other Officer or Director who is the spouse or kindred within the 2nd tier			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	LO, SHIH-MIN	Male 50~59	31 August 2022	3 years	31 August 2022	0	0.00	0	0.00	0	0.00	0	0.00	Ph.D., International Business, National Taiwan University Master, Department of Mechanical Engineering, National Taiwan University Bachelor, Department of Mechanical Engineering, National Taiwan University Director, Basso Industry Corp Chief, Chunghwa Picture Tubes, Ltd. Manager, Lumens Digital Optics Inc. Team Leader, UMAX Computer Corporation	Associate professor, Department of International Business Studies, National Chi Nan University	None	None	None	

2. Major Shareholders of Corporate Shareholders:

Name of Institutional Shareholders	Major Shareholders	Shareholding (%)
Zeng Hsing Industrial Co., Ltd.	HONG, RUI YI	3.04
	HONG, QING WEN	2.21
	Fubon Life Insurance Co., Ltd.	1.68
	HE, MENG ZONG	1.55
	LIN, CHIH-CHENG	1.54
	CAI, CHONG TING	1.51
	LI, FENG CI	1.42
	Canxin Investment Co., Ltd.	1.42
	LIAO, SHU CHENG	1.37
	Longhuan Investment Co., Ltd.	1.19
Hongjhu Investment Co., Ltd	YANG, TE-HWA	31.33
	LIAO, SHU CHENG	12.50
	YANG, SHANG RU	12.50
	JIANG, JIANG BIN	8.33
	XIAO, SU WAN	8.33
	JIANG, SHANG HUA	5.00
	WU, QING ZHANG	5.00
	Yu-en Investment Co., Ltd	4.17
	Zonghan Investment Co., Ltd	4.17
	CAI ZHI QI ZHANG CHANG	3.33
Hongi Investment Co., Ltd.	YANG, TE-HWA	27.40
	YANG, CHENG JUN	27.20
	YANG, SHANG RU	24.20
	YANG, SHU HAN	24.20

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

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

V. Major Managers

(I) Information on the Management Team

4 May 2023 Unit: Shares: %

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	LIU, CHUN-CHANG	Male	1 January 2020	1,826,599	3.03	0	0.00	0	0.00	Master's degree, EMBA, Feng Chia University President, TURVO INTERNATIONAL CO., LTD.	Chairman, HONG KONG XINFENG ENTERPRISE LIMITED Chairman, TURVO International Co., Ltd Chairman, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd Director, Ying Chang Investment Co., Ltd. Chairman, TIPO INTERNATIONAL CO., LTD Director, T&M JOINT(Cayman) HOLDING CO., LTD. Director, GOODWAY MACHINE CORP	None	None	None	
Chief Executive Officer	ROC	TSAI, MING-TUNG	Male	1 July 2021	130,000	0.22	0	0.00	0	0.00	Division of Administration & Finance, California State University, San Bernardino Chief Representative, ENTRUST INTERNATIONAL COMPANY LIMITED (Taiwan Branch) Executive Vice President, TURVO INTERNATIONAL CO., LTD.	None.	None	None	None	

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President and spokesperson, Business Division	ROC	WU, CHIH-JUNG	Male	1 January 2019	0	0.00	0	0.00	0	0.00	EMBA, School of Management at National Central University Senior Director, Jabil Green Point	None.	None	None	None	(Note 1)
Vice President, Product Division	ROC	LIN, SHU-TA	Male	1 April 2011	0	0.00	0	0.00	0	0.00	Master's Degree, Mechatronics Engineering, National Changhua University of Education Manager of Solar Energy Department, Gallant Precision Machining	None.	None	None	None	(Note 2)
Vice President, Taiwan Factory (TURVO)	ROC	CHIANG, CHENG-CHI	Male	1 April 2022	0	0.00	0	0.00	0	0.00	Master's Degree, Business Administration, Tunghai University Factory Director, YI Jinn Industrial CO., LTD.	None	None	None	None	
Vice President, Thailand Factory (MSAT)	ROC	CHEN, BING-HE	Male	4 May 2010	549	0.00	0	0.00	0	0.00	Mechanical Engineering, National United University, Factory Director, Yu Shin Development Co., Ltd.	Director, T&M JOINT(Cayman) HOLDING CO., LTD. Responsible person, Matec Southeast Asia (Thailand) CO., LTD.	None	None	None	
Director, Zhejiang Factory (Yuzuan)	ROC	TSAI, CHENG-CHIH	Male	14 December 2015	0	0.00	0	0.00	0	0.00	Master, Department of Mechanical Design, National Cheng Kung University Chief, Manufacturing Department, E-Sun System Technology Co., Ltd.	None	None	None	None	(Note 3)
Chief Engineer and Head of R&D	ROC	CHANG, YU-TSUNG	Male	10 September 2004	7	0.00	707	0.00	0	0.00	Department of Machine Building, National Yunlin Institute of Technology Section Manager, TAKUMI Machinery Co., Ltd.	None.	None	None	None	
Director, Automation	ROC	PAN,	Male	1	0	0.00	0	0.00	0	0.00	Mechatronics Engineering, National Changhua University of	None.	None	None	None	

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Business Division		HUAI-CHI		September 2014							Education Manager, Gallant Precision Machining					
Director, R&D Division	ROC	LIN, CHING-HSUN	Male	1 September 2022	0	0.00	0	0.00	0	0.00	Department of Mechanical Engineering National Taipei University of Technology Manager, Manufacturing Department, wah mei enterprise co., ltd.	None	None	None	None	
Director, General Administration Division	ROC	CHANG, PU-CHING	Male	1 December 2022	0	0.00	0	0.00	0	0.00	Master, Department of Management Sciences, Tamkang University Senior manager, Suzhou factory, Advanced Semiconductor Engineering, Inc.	None	None	None	None	
Director, Finance Management Department, Accounting Supervisor, Finance supervisor and corporate governance supervisor	ROC	WU, HSIAO-JUI	Female	18 November 2010	0	0	0	0	0	0	Master's Degree. Accounting, National Cheng Kung University Manager, Audit Department, Deloitte & Touche	None	None	None	None	(Note 4)
Special Assistant, General Manager Office	ROC	LEE, YI-YEN	Female	7 November 2022	0	0.00	0	0.00	0	0.00	Master, EMBA, Feng Chia University Assistant Vice President, and spokesperson, Cryomax Cooling System Corp. Manager of Business Management	None	None	None	None	

Title (Note1)	Nationality	Name	Gender	Date Elected	Shareholdings		Shares Currently Held by Spouse & Minors		Shares held in the name of a third party		Major Work Experience (Education) Note 2)	Concurrent positions with the Company and other companies	Other Officer or Director who is the Spouse or Kindred within the 2nd Tier.			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Department, Avertronics INC.					
Manager, Auditing Office	ROC	LAN, MENG-CHEN	Female	3 March 2022	0	0.00	0	0.00	0	0.00	Master's Degree, Accounting and Information Technology, National Chung Cheng University Senior Accounting Officer, UNIVERSAL MICROELECTRONICS CO., LTD. Manager, President's Office, TURVO INTERNATIONAL CO., LTD	None	None	None	None.	(Note 5)

Note 1: WU, CHIH-JUNG was appointed as spokesperson on 4 May 2023.
Note 2: LIN, SHU-TA promoted to vice president of the Product Business Department on 1 September 2022.
Note 3: TSAI, CHENG-CHIH previously served as senior manager of the president's office and a departmental transfer to the senior manager of Zhejiang factory (Yuzuan) on 1 December 2022.
Note 4: WU, HSIAO-JUI was promoted to senior manager of the Finance Management Department on 1 September 2022. Served as the corporate governance supervisor on 3 November 2022.

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

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

Unit: NTD (in thousands): Shares: %

Title	Name	Remuneration to Directors								(A+B+C+D) as a % of Net Income		Related payment in performing the duties as employees								(A+B+C+D+E+F+G) as a % of Net Income				Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
		Remuneration (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Remuneration to employees (G)								
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	The Company	From All Consolidated Entities	FromAll Consoli Dated Entities	
																Cash	Stock	Cash	Stock					
Chairman	LIU, CHUN-CHANG (Note 1)					1,529	1,529	40	40	1,569	1,569	1,699	5,467			380		380		0.59%	3,648	7,416	1.21%	None
Director	LIU, SUNG-PO (Note 2)					587	587	15	15	602	602									0.10%	602	602	0.10%	None
Director	WU, CHIH-SHENG (Note 3)					0	0	40	40	40	40	922	5,945	208	208					0.19%	1,170	6,193	1.01%	None
Director	SZU, CHING-HSING (Note 1)					1,529	1,529	40	40	1,569	1,569									0.25%	1,569	1,569	0.26%	None
Director	LIU, HAN-TUNG (Note 2)					587	587	30	30	617	617									0.10%	617	617	0.10%	None
Director	YANG, TE-HWA (Note 4)					568	568	25	25	593	593									0.10%	593	593	0.10%	None
Chairman	Zeng Hsing Industrial Co., Ltd. Representativ					774	774	10	10	784	784	1,213	3,905			190		190		0.35%	2,187	4,879	0.80%	None

	e-LIU, CHUN-CHANG (Note 1)																							
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIN, CHIH-CHENG (Note 5)					387	387	10	10	397	397									0.06 %	397	397	0.06%	None
Director	Zeng Hsing Industrial Co., Ltd. Representative-WU, CHIH-SHENG (Note 3)					387	387	10	10	397	397									0.06 %	397	397	0.06%	None
Director	Zeng Hsing Industrial Co., Ltd. Representative-SZU, CHING-HSING (Note 1)					774	774	10	10	784	784									0.13 %	784	784	0.13%	None
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIU, TUNG-LIANG (Note 5)					387	387	10	10	397	397									0.06 %	397	397	0.06%	None
Director	Hongjhu Investment Co., Ltd Representativ					387	387	10	10	397	397									0.06 %	397	397	0.06%	None

	e-YANG, TE-HWA (Note 4)																							
Director	Hongli Investment Co., Ltd.Representative-YANG, TE-HWA (Note 4)					22	22	0	0	22	22									0.00 %	22	22	0. 0 0%	None
Director	Hongli Investment Co., Ltd.Representative- WANG, CHENG XUAN (Note 6)					19	19	5	5	24	24									0.00 %	24	24	0. 0 0%	None
Independent Director	YI, CHANG-YUN					1,154	1,154	50	50	1,20 4	1,204									0.19 %	1,204	1,204	0. 2 0%	None
Independent Director	HUANG, LI-HEN					1,154	1,154	50	50	1,20 4	1,204									0.19 %	1,204	1,204	0. 2 0%	None
Independent Director	CHEN, HSI-HAI (Note 7)					764	764	40	40	804	804									0.13 %	804	804	0. 1 3%	None
Independent Director	LO, SHIH-MIN (Note 8)					387	387	10	10	397	397									0.06 %	397	397	0. 0 6%	None

I. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:

(1) According to the Company's Articles of Incorporation, after deducting accumulated losses, if there is a surplus based on the annual profitability (i.e., profit before tax, deducting employees and directors' remuneration), the remuneration to Directors should be no more than 1.7% of the annual profit.

(2) The Company's remuneration to Independent Directors is based on the evaluation results of the annual performance evaluation of the Board of Directors in accordance with the performance evaluation measures of the Board of Directors. According to the regulation of the Company's Articles of Association and Director Remuneration Management Measures, the Remuneration Committee deliberates on the procedures of all Directors participating in the Company's operations and the value of their contributions and after considering the usual level of payment of domestic

industry peers, put forward the suggestions and submit them to the Board of Directors for resolution.

(3) The Company's Remuneration Committee stipulates and regularly reviews the remuneration level of the Company's Directors, Supervisors, Managers and put forward the suggestions to the Board of Directors for resolution. The Remuneration Measures have stipulated that the remuneration to Directors, Supervisors includes salary, transportation expense and allowances.

2. Further to the disclosure in the above table, the remuneration to the Directors from all companies included in the financial statements for the service rendered (such as consultant, which is not in the capacity as employee): None.

Note 1: LIU, CHUN-CHANG, SZU, CHING-HSING were natural-person directors originally and were elected as the representative of Zeng Hsing Industrial Co., Ltd. on 31 August 2022.

Note 2: LIU, SUNG-PO, LIU, HAN-TUNG resigned as natural-person director on 6 July.

Note 3: WU, CHIH-SHENG was a natural-person director originally, elected as the representative of Zeng Hsing Industrial Co., Ltd. on 31 August 2022 and resigned on 23 March 2023.

Note 4: YANG, TE-HWA was a natural-person director originally, the representative of Hongli Investment Co., Ltd. from 7 July 20022 to 15 July, and elected as the representative of Hongjhu Investment Co., Ltd on 31 August 2022.

Note 5: LIN, CHIH-CHENG, LIU, TUNG-LIANG were elected as the representative of Zeng Hsing Industrial Co., Ltd. on 31 August 2022.

Note 6: WANG, CHENG XUAN was elected as the representative of Hongli Investment Co., Ltd. from 30 June 2022 to 7 July 2022. The judicial person transferred and was discharged on 7 July 2022.

Note 7: CHEN, HSI-HA I was discharged as an independent director on 31 August 2022.

Note 8: LO, SHIH-MIN was elected as an independent director on 31 August 2022.

Remuneration Range Table

Payment to individual Directors along the payment scale	Name of Director			
	Sum total of the above 4 items (A+B+C+D)		Sum total of the above 7 items (A+B+C+D+E+F+G	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NTD1,000,000	LIU, SUNG-PO, LIU, HAN-TUNG, LIN, CHIH-CHENG, LIU, TUNG-LIANG, CHEN, HSI-HAI, WANG CHENG XUAN, LO, SHIH-MIN, WU, CHIH-SHENG	LIU, SUNG-PO, LIU, HAN-TUNG, LIN, CHIH-CHENG, LIU, TUNG-LIANG, CHEN, HSI-HAI, WANG CHENG XUAN, LO, SHIH-MIN, WU, CHIH-SHENG	LIU, SUNG-PO, LIU, HAN-TUNG, LIN, CHIH-CHENG, LIU, TUNG-LIANG, CHEN, HSI-HAI, WANG CHENG XUAN, LO, SHIH-MIN	LIU, SUNG-PO, LIU, HAN-TUNG, LIN, CHIH-CHENG, LIU, TUNG-LIANG, CHEN, HSI-HAI, WANG CHENG XUAN, LO, SHIH-MIN
NTD1,000,000 (inclusive)-NTD2,000,000 (exclusive)	YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN	YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN	YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN, WU, CHIH-SHENG	YANG, TE-HWA, YI, CHANG-YUN, HUANG, LI-HEN
NTD2,000,000 (inclusive)-NTD3,500,000 (exclusive)	LIU, CHUN-CHANG, SZU, CHING-HSING	LIU, CHUN-CHANG, SZU, CHING-HSING	SZU, CHING-HSING	SZU, CHING-HSING
NTD3,500,000 (inclusive)-NTD5,000,000 (exclusive)	—	—	—	—
NTD5,000,000 (inclusive)-NTD10,000,000 (exclusive)	—	—	LIU, CHUN-CHANG	WU, CHIH-SHENG
NTD10,000,000 (inclusive)-NTD15,000,000 (exclusive)	—	—	—	LIU, CHUN-CHANG
NTD15,000,000 (inclusive)-NTD30,000,000 (exclusive)	—	—	—	—
NTD30,000,000 (inclusive)-NTD50,000,000 (exclusive)	—	—	—	—
NTD50,000,000 (inclusive)-NTD100,000,000 (exclusive)	—	—	—	—
More than NTD100,000,000	—	—	—	—
Total	9	9	9	9

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

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Remuneration(A)</th><th colspan="2">Severance Pay and Pensions (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Remuneration to employee (D)</th><th colspan="2">(A+B+C+D) as a % of Net Income</th><th rowspan="3">Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Concurrently serves as president of subsidiaries</td><td>LIU, CHUN-CHANG (Note 1)</td><td rowspan="8">11,467</td><td rowspan="8">14,721</td><td rowspan="8">529</td><td rowspan="8">529</td><td rowspan="8">6,624</td><td rowspan="8">15,379</td><td rowspan="8">2,970</td><td rowspan="8">-</td><td rowspan="8">2,970</td><td rowspan="8">-</td><td rowspan="8">21,590
3.47%</td><td rowspan="8">33,599
5.48%</td><td rowspan="8">None</td></tr>
<tr><td>Chief Executive Officer</td><td>TSAI, MING-TUNG</td></tr>
<tr><td>Special Assistant to the Chairman (Note 2)</td><td>WU, CHIH-SHENG (Note 3)</td></tr>
<tr><td>Vice President</td><td>CHEN, BING-HE</td></tr>
<tr><td>Vice President</td><td>WU, CHIH-JUNG</td></tr>
<tr><td>Vice President</td><td>CHIANG, CHENG-CHI</td></tr>
<tr><td>Vice President</td><td>LIN, SHU-TA (Note 4)</td></tr>
<tr><td>Vice President</td><td>WU, CHIA-SHENG (Note 5)</td></tr>
</table>

Note 1: LIU, CHUN-CHANG also served as the president of important subsidiaries, Xinfeng and Yuzuan, on 1 August 2022.
Note 2: The position of Special Assistant to the Chairman is equivalent to the position of Vice President.
Note 3: WU, CHIH-SHENG resigned on 30 June 2022.
Note 4: LIN, SHU-TA was promoted to vice president of the Product Business Department on 1 September 2022.
Note 5: WU, CHIA-SHENG resigned on 31 March 2022.

Note 6: The remuneration to president and vice president includes bonus and employee remuneration. The remuneration to president and vice presidents based on the contribution to the Company's operation and reference to the level of our peers.

Remuneration Range Table

Remuneration to individual Presidents and Vice Presidents along the payment scale	Name of President and Vice President	
	The Company	All companies included in the financial statements (E)
Less than NTD1,000,000	WU, CHIH-SHENG	—
NTD1,000,000 (inclusive)-NTD2,000,000 (exclusive)	WU, CHIA-SHENG, CHIANG, CHENG-CHI	WU, CHIA-SHENG, CHIANG, CHENG-CHI
NTD2,000,000 (inclusive)-NTD3,500,000 (exclusive)	LIU, CHUN-CHANG, CHEN, BING-HE, LIN, SHU-TA	CHEN, BING-HE, LIN, SHU-TA
NTD3,500,000 (inclusive)-NTD5,000,000 (exclusive)	WU, CHIH-JUNG	WU, CHIH-JUNG
NTD5,000,000 (inclusive)-NTD10,000,000 (exclusive)	TSAI, MING-TUNG	WU, CHIH-SHENG, TSAI, MING-TUNG, LIU, CHUN-CHANG
NTD10,000,000 (inclusive)-NTD15,000,00 (exclusive)	—	—
NTD15,000,000 (inclusive)-NTD30,000,000 (exclusive)	—	—
NTD30,000,000(inclusive)-NTD50,000,000 (exclusive)	—	—
NTD50,000,000(inclusive)-NTD100,000,000 (exclusive)	—	—
More than NTD100,000,000	—	—
Total	8	8

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

Unit: NTD (in thousands); thousand shares

Title		Name	Stock	Cash	Total	The total amount in proportion to net income (%)
Managers	Concurrently serves as the president of subsidiaries (Note1)	LIU, CHUN-CHANG	0	5,220	5,220	5,220 0.84%
	Chief Executive Officer	TSAI, MING-TUNG				
	Vice President	CHEN, BING-HE				
	Vice President	WU, CHIH-JUNG				
	Vice President	LIN, SHU-TA				
	Vice President	CHIANG, CHENG-CHI				
	Chief Engineer	CHANG, YU-TSUNG				
	Director	PAN, HUAI-CHI				
	Director	TSAI CHENG-CHIH				
	Manager	LIU, HSIN-HUNG				
	Director	LIN, CHING-HSUN				
	Director	WU, HSIAO-JUI				
	Manager	LAN, MENG-CHEN				
	Director	CHANG, PU-CHING				
	Special Assistant	LEE, YI-YEN				

Note 1: The chairman, LIU, CHUN-CHANG, concurrently serving as the president of subsidiaries, Xinfeng and TURVO on 1 August 2022.

(II) The total payment from the Company and all companies included in the financial statements to the directors, supervisors, presidents, and vice presidents as remuneration in the last 2 years in proportion to the net income:

Unit: %

Item	2021		2022	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Director	2.14	4.09	2.64	4.55
Supervisor (Note1)	0	0	0	0
President and Vice President	3.41	5.36	3.47	5.48

Note 1: There was no supervisor.

III. Corporate Governance

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

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

I. Board of Directors

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

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

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

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

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

Condition / Name	Professional Qualifications and Experience	Independent Status	Number of Independent Directors of other public companies
Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA	Master, EMBA, National Chung Hsing University Curretly serves as the chairman of Goodway Machine Corp. Chairman, AWEA Mechantronic Co., Ltd. Chairman of Yang Wenxu Charity Foundation Chief Director of Precision Machinery Research & Development Center Chief Director of Taiwan Machine Tool Foundation Director of China Association of Industry, Education and Training Chairman of Hung Jiu Machine Co., Ltd. Director of Hong Hua Environmental Protection and Digital Future Foundation		—

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

<table>
<tr><th>Condition / Name</th><th>Professional Qualifications and Experience</th><th>Independent Status</th><th>Number of Independent Directors of other public companies</th></tr>
<tr><td>YI, CHANG-YUN</td><td>Master’s degree,
EMBA,
Feng Chia University
Currently serves as the chief of Changhua Office, EnWise CPAs & Co,
Chairman of
Kai Yu International Co., Ltd.
Independent Director of Merry Electronics Co., Ltd.
Independent Director of Shuz Tung Machinery Co., Ltd.
Independent Director, of UVAT TECHNOLOGY CO., LTD.
Director of Dingwei Construction Development Co., Ltd.</td><td rowspan="2">seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NTD500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not a spouse, relative within the second degree of kinship with other directors.</td><td>3</td></tr>
<tr><td>LO, SHIH-MIN</td><td>Ph.D., International Business
National Taiwan University
Now: Associate professor, Department of International Business Studies, National Chi Nan University</td><td>0</td></tr>
</table>

(II) Diversity and independence of the board:

Diversity of the Board:

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

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

Specific management objectives:

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

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

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

3. Implementation of diversity among board members:

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

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

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

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

(III) Operation of the Board of Directors

The Board of the Company convened for 13 (A) times in 2022 and 2023 as of the publication date of the annual report. The attendance of the directors is specified below:

Title	Name	Number of Required Attendances (A)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】
Chairman	LIU, CHUN-CHANG (Note 1)	8	8	0	100%
Director	LIU, SUNG-PO (Note 2)	6	3	0	50%
Director	WU, CHIH-SHENG (Note 3)	8	8	0	100%
Director	SZU, CHING-HSING (Note 1)	8	8	0	100%
Director	LIU, HAN-TUNG (Note 2)	6	6	0	100%
Director	YANG, TE-HWA (Note 4)	5	5	0	100%
	Zeng Hsing	5	5	0	100%

Director	Industrial Co., Ltd. Representative-LIU, CHUN-CHANG (Note 1)				
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIN, CHIH-CHENG (Note 5)	5	5	0	100%
Director	Zeng Hsing Industrial Co., Ltd. Representative-WU, CHIH-SHENG (Note 3)	4	4	0	100%
Director	Zeng Hsing Industrial Co., Ltd. Representative-SZU, CHING-HSING (Note 1)	5	4	0	80%
Director	Zeng Hsing Industrial Co., Ltd. Representative-LIU, TUNG-LIANG (Note 5)	5	5	0	100%
Director	Zeng Hsing Industrial Co., Ltd. Representative-CAI, CHONG TING (Note 6)	1	1	0	100%
Director	Hongjhu Investment Co.,	5	5	0	100%

	LtdRepresentative-YANG, TE-HWA (Note 4)				
Director	Hongli Investment Co., Ltd. Representative-YANG, TE-HWA (Note 4)	1	0	0	0%
Independent Director	Hongli Investment Co., Ltd. Representative -WANG CHENG XUAN (Note 7)	1	1	0	100%
Independent Director	YI, CHANG-YUN	13	13	0	100%
Independent Director	HUANG, LI-HEN	13	13	0	100%
Independent Director	CHEN, HSI-HAI (Note 8)	8	8	0	100%
Independent Director	LO, SHIH-MIN (Note 9)	5	5	0	100%

Note 1: LIU, CHUN-CHANG, SZU, CHING-HSING were natural-person directors originally and were elected as the representative of Zeng Hsing Industrial Co., Ltd. on 31 August 2022.
Note 2: LIU, SUNG-PO, LIU, HAN-TUNG resigned as natural-person director on 6 July.
Note 3: WU, CHIH-SHENG was a natural-person director originally, elected as the representative of Zeng Hsing Industrial Co., Ltd. on 31 August 2022 and resigned on 23 March 2023.
Note 4: YANG, TE-HWA was a natural-person director originally, the representative of Hongli Investment Co., Ltd. from 7 July 20022 to 15 July, and elected as the representative of Hongjhu Investment Co., Ltd on 31 August 2022.
Note 5: LIN, CHIH-CHENG, LIU, TUNG-LIANG were elected as the representative of Zeng Hsing Industrial Co., Ltd. on 31 August 2022.
Note 6: Zeng Hsing Industrial Co., Ltd., a legal entity, reassigned CAI, CHONG TING as its appointed representative on 31 March 2023.
Note 7: WANG CHENG XUANwas elected as the representative of Hongli Investment Co., Ltd. from 30 June 2022 to 7 July 2022. The judicial person transferred and was discharged on 7 July 2022.
Note 8: CHEN, HSI-HAI was discharged as an independent director on 31 August 2022.
Note 9: LO, SHIH-MIN was elected as an independent director on 31 August 2022.

Additional information:

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

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

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

(2) Further to the aforementioned issues, any other adverse opinions, or qualified opinions from the Independent Directors on record or in written declaration on the resolutions of the Board: None.

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

Date	Name of Director	Session of the Board	Content of the Motions	Reasons for Recusal	Participation in Voting
2 June 2022	LIU, CHUN-CHANG WU, CHIH-SHENG	The 13th term The 19th meeting	Discussion on the second distribution of year-end bonus for the managers by Remuneration Committee in 2021.	The directors concurrently served as the Company's managers.	Chairman, LIU, CHUN-CHANG and director WU, CHIH-SHENG, who are related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
2 June 2022	LIU, CHUN-CHANG WU, CHIH-SHENG	The 13th terms The 19th meeting	Discussion on distribution of employee remuneration for the managers in 2021.	The directors concurrently served as the Company's managers.	Chairman,LIU, CHUN-CHANG and Director WU, CHIH-SHENG, who are related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
12 January 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG		Discussion on the year-end bonus distribution for managers in 2021.	The directors concurrently served as the Company's	Chairman, LIU, CHUN-CHANG who is related to this proposal, did not participate in the voting due to the Principle of avoiding

		The 15th term The 3rd meeting		manager.	conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
9 March 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms The 4th meeting	Discussion on the salary adjustment for the manager.	The directors concurrently served as the Company's manager.	Chairman,LIU, CHUN-CHANG, who are related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms The 5th meeting	Discussion on the second distribution of year-end bonus for the managers in 2022.	The directors concurrently served as the Company's managers.	Chairman,LIU, CHUN-CHANG, who is related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	The 15th terms The 5th meeting	Discussion on handling dissolution and liquidation of Thailand's subsidiary, Matec Southeast Asia (Thailand) Co., Ltd.	Relevant parties in this proposal.	Chairman, LIU, CHUN-CHANG and Director SZU, CHING-HSING, who are related to this proposal, did not participate in the voting due to the principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the

					proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	The 15th terms The 5th meeting	Discussion on handling the cancellation of Cayman's subsidiary, T&M Joint (Cayman) Holding Co., Ltd.	Relevant parties in this proposal.	Chairman,LIU, CHUN-CHANG and director SZU, CHING-HSING, who are related to this proposal, did not participate in the voting due to the Principle of avoiding conflicts of interest. After the chairman consulted all directors attending the meeting, the proposal was passed without objection.
4 May 2023	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	The 15th terms The 5th meeting	Discussion on the distribution of employee remuneration for the managers in 2022.	The directors concurrently served as the Company's managers.	Chairman, LIU, CHUN-CHANG, who is related to this proposal, did not participate in the voting due to the principle of avoiding conflicts of interest. After the Chairman consulted all directors attending the meeting, the proposal was passed without objection.

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

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	January 2022-December 2022	The board of directors	Internal self-evaluation of board of directors	1. Participation in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the director 5. Internal control
Once a year	January 2022-	The board	Self-assessment of	1. Alignment of the goals and missions of the

	December 2022	members	board members	company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Internal relationship management and communication 5. The director's professionalism and continuing education 6. Internal control
Once a year	January 2022-December 2022	Audit Committee	Internal self-evaluation of Audit Committee	1. Participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. Improvement of the quality of the functional committee’s decision-making 4. Composition of the functional committee and election of its members 5. Internal control
Once a year	January 2022-December 2022	Remuneration Committee	Internal self-evaluation of Remuneration Committee	1. Participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. Improvement of the quality of the functional committee’s decision making 4. Makeup of the functional committee and election of its members 5. Internal control

IV. Measures taken to strengthen the functionality of the board of the current periods (such as, setting up an Audit Committee, improving information transparency, etc.) and implementation status assessment: In order to implement corporate governance, the Company has clearly defined performance goals. By this means, the Company can improve board function and operational efficiency. On 6 August 2020, the Company's Board of Directors passed the resolution to amend the “Rules for Performance Evaluation of Board of Directors.” At the end of each year, the President’s office collects relevant information on the activities of the board of directors, distributes and fills in relevant self-assessment questionnaires, and reports the result of assessment to the board for review and improvement. The Company’s board of directors approved the appointment of senior manager of Finance Management Department, WU Hsiao-Jui, who has served in a managerial position for at least 3 years in financial affairs in a public company, as corporate governance supervisor on 3 November 2022. The corporate governance supervisor handles matters related to board meetings, audit committee, remuneration committee and shareholders’ meetings by law, assists in onboarding and continuing education of directors, provides information required for the performance of duties by directors and assists directors in complying with laws and regulations, etc.

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

(III) Remuneration Committee

1. Information on Remuneration Committee Members

Conditions Identity	Name	Professional qualification and work experience	Independence Status	Number of Other Public Companies in Which the Concurrently Serving as a Remuneration Committee member
Independent Director (Convenor)	HUANG, LI-HEN	The Company's Remuneration Committee consisted of three Independent Directors. For information on the members' professional experiences, please refer to "Profile of board members" in the annual report.	All the Remuneration Committee members comply with the following status: 1. Comply with particulars inscribed in Article 14-6 of the Securities and Exchange Act stipulated by Financial Supervisory Commission and the relevant rules of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange. 2. The person (or in the name of a third party), spouse and minor children do not hold more than 1% of the Company's total issued shares. 3. No business, legal, financial, and accounting services rendered to the Company or its affiliates in the last 2 years.	1
Independent Director	I, CHANG-YUN			3
Independent Director	LO, SHIH-MIN			0
Independent Director	CHEN, HSI-HAI (Note 1)			0

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

II. Operation of the Audit Committee

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

(2) The term of office of the 4th Remuneration Committee (Former): From 25 June 2019 to 30 June 2022: The term of office of the 5th Remuneration Committee (New): From 31 August 2023 to 30 August 2025. The Remuneration Committee convened 6 meetings in 2022 and 2023 as of the publication date of the annual report. The qualification and attendance of the members are as follows

Title	Name	Number of Required Attendances (A)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)
Convenor	HUANG, LI-HEN (4th / 5th session)	6	6	0	100%
Member	YI,	6	6	0	100%

	CHANG-YUN (4^{th} / 5^{th} session)				
Member	CHEN, HSI-HAI (4^{th} session)	3	3	0	100%
Member	LO, SHIH-MIN (5^{th} session)	3	3	0	100%

Date	Remuneration Committee	Content of the motions	Resolutions	The response of the Company to the opinions of Remuneration Committee
12 January 2022	The 4^{th} Remuneration Committee The 10^{th} meeting	Discussion on the year-end bonus distribution for managers by Remuneration Committee in 2021.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
24 March 2022	The 4^{th} Remuneration Committee The 11^{th} meeting	Distribution of employees' and directors' remuneration in 2021	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
24 March 2022	The 4^{th} Remuneration Committee The 11^{th} meeting	The salary adjustment for the managers of 2022.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
24 March 2022	The 4^{th} Remuneration Committee The 11^{th} meeting	Proposal of updating the employee remuneration distribution of some of the Managers in 2020	After the chairman consulted all Directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
24 March 2022	The 4^{th} Remuneration Committee The 11^{th} meeting	Proposal of managers' salary.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
24 March 2022	The 4^{th} Remuneration Committee The 11^{th} meeting	Discussion on updating the year-end bonus distribution of managers in 2021.	After the chairman consulted all directors attending the meeting, the	Implemented as the content of motions.

			proposal was passed without objection.	
2 June 2022	The 4th Remuneration Committee The 12th meeting	Discussion on directors' and supervisors' remuneration in 2021.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
2 June 2022	The 4th Remuneration Committee The 12th meeting	Discussion on the second distribution of year-end bonus for the managers by Remuneration Committee in 2021.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
2 June 2022	The 4th Remuneration Committee The 12th meeting	Distribution of the employee remuneration to the Managers in 2021.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
12 January 2023	The 5th Remuneration Committee The 1st meeting	Discussion on the salary adjustment for the managers.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
12 January 2023	The 5th Remuneration Committee The 1st meeting	Discussion on the Company's 2022 year-end distribution for the Managers.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
9 March 2023	The 5th Remuneration Committee The 2nd meeting	Distribution of employees' and directors' remuneration in 2022.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
9 March 2023	The 5th Remuneration Committee The 2nd meeting	Discussion on the salary adjustment for the managers.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on directors' and supervisors' remuneration in 2022	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on the second distribution of year-end bonus for the managers in 2022.	After the chairman consulted all directors attending the meeting, the	Implemented as the content of motions.

			proposal was passed without objection.	
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on the employee remuneration to the managers in 2022.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.
4 May 2023	The 5th Remuneration Committee The 3rd meeting	Discussion on salary adjustment for some managers in 2023.	After the chairman consulted all directors attending the meeting, the proposal was passed without objection.	Implemented as the content of motions.

Other items required to be stated:

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

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

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

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

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

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

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

Matters reviewed mainly listed below:

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

II. Operation of Audit Committee:

The Audit Committee convened 10 (A) meetings in 2022 and 2023 as of the publication date of the annual report. The attendance of independent directors are as follows:

Title	Name	Number of Required Attendances (A)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A)
Independent Director	YI, CHANG-YUN	10	10	100%	100%

Independent Director	HUANG, LI-HEN	10	10	100%	100%
Independent Director	CHEN, HSI-HAI (Discharged on 30 August 2022)	6	6	100%	100%
Independent Director	LO, SHIH-MIN (Newly appointed on 31 August 2022)	4	4	100%	100%

Other items required to be stated:

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

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

Date of the Audit Remuneration meeting (Term)		Content of the motions
12 January 2022	The 1st Audit Committee The 15th meeting	Approved the amendment to the Company's "Risk Management Policy."
		Approved the Company's budget for 2022.
		Approved the Company lending funds to Matec Southeast Asia (Thailand) Co., Ltd of THB30,000,000.
24 March 2022	The 1st Audit Committee The 16th meeting	Approved the Company's 2021 Statement of Internal Control System.
		Approved the Company's explanation on the board's performance evaluation report.
		Approved the amendment to the Company's "Authority Table".
		Approved the amendment to the Company's "Internal Control System Computerized Circulation System".
		Approved the Company's 2021 Business Report and Financial Statement.
		Approved the Company's distribution of 2021 employee remuneration and director's remuneration.
		Approved of applying for financing.
		Approved of applying for short-term general financing derivatives.
		Approved the Company lending funds to Matec Southeast Asia (Thailand) Co., Ltd.
		Approved the amendment to the Company's "Articles of Incorporation".
		Approved the amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets."
		Approved the amendment to the Company's "Rules of Procedure for Shareholder Meetings".
		Approved the re-election on the Company's directors (including independent directors).
		Approved the list of the candidates for directors (including independent directors) nominated by the board of directors.
		Approved lifting the Company's new directors' non-compete restrictions.
		Approved of changing the Company's managers.
5 May 2022	The 1st Audit Committee The 17th meeting	Approved the Company's 2021 appropriation of earnings.
		Approved the Company's 2021 appropriation of earnings and cash dividends.
		Approved of distributing cash by additional paid-in capital.
		The Company intends to apply for a financing of USD 7 million from DBS Bank (Taiwan) to meet its operational working capital needs.
		The Company intends to apply for the following credit facilities from CTBC Bank for its operational working capital needs: a short-term credit facility of NTD200 million and a financial product trading facility of NTD20 million. The Chairman is authorized to sign the relevant agreements with CTBC Bank and engage in borrowing and other credit-related transactions.

2 June 2022	The 1st Audit Committee The 18th meeting	Proposal of applying for a total credit limit of NTD500 million with Bank of Taiwan, authorizing the chairman to engage in various credit transactions with Bank of Taiwan, and to sign relevant contracts.
		Discussion on directors' and supervisors' remuneration for 2021.
14 July 2022	The 2nd Audit Committee The 1st meeting	Discussion on the comprehensive election of directors (including independent directors)
		Lift the Company's new directors' (including independent directors) non-compete restrictions.
		Matters regarding the convening of the special meeting of shareholders on 31 August 2022.
		Acceptance of matters related to the nomination of directors (including independent directors) for the special meeting of shareholders on 31 August 2022.
4 August 2022	The 2nd Audit Committee The 2nd meeting	The Company proposed to establish the Sustainable Development Committee.
		Proposed amendment of the Company's "Management of the receipt and use of negotiable instruments".
		Application for credit limit with Citibank Taiwan.
		The Company proposed to loan of funds of USD70,000 to the invested company, T&M Joint (Cayman) Holding Co., Ltd.
		Proposed to lift the Company's manager's non-compete restrictions.
		Proposed resolution for the list of nominated director candidates (including independent directors).
		Proposed amendment of the Company's organizational structure.
		The change of the Company's manager.
3 November 2022	The 3rd Audit Committee The 1st meeting	Proposed formulation of the Company's audit plan for 2023.
		Proposed amendment of the Company's" Corporate Governance Best Practice Principles".
		The Company's 2022 consolidated financial statement in Q3.
		Discussion on the fees of CPAs for 2022.
		The Company's 2022 independence evaluation on the CPAs.
		Application for credit limit with Cathay United Bank.
		Proposal to apply for a total credit limit of USD4 million with Mega International Commercial Bank and the amendment of conditions.
		Proposed to apply for a financing limit of NTD140 million with Taishin Bank, including a derivative hedging limit of NTD20 million.
		The Company proposed to loan of funds of USD20 million to the subsidiary, TIPO INTERNATIONAL CO., LTD. (SAMOA).
		The Company's disguised financing as a loan of fund to Matec Southeast Asia (Thailand) Co., Ltd.
		The Company proposed to loan of funds of THB30,000,000 to Matec Southeast Asia (Thailand) Co., Ltd.
12 January 2023	The 3rd Audit Committee The 2nd meeting	Subsidiary Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd's investment of USD5 million in TURVO International Co., Ltd to meet the qualification requirements for foreign enterprises entering Yaozhuang Economic Development Zone, Jiaxing, Zhejiang Province.
		Discussion on the acquisition of land by subsidiary TURVO International Co., Ltd and signing of investment contract.
		Discussion on the fees of CPAs for 2022.
		Discussion on the change of the Company's CPAs.
		Discussion on the Company's budget for 2023.
		Proposed amendment of the Company's" Procedures for Handling Material Inside Information"
		The Company proposed to loan of funds of THB30,000,000 to Matec Southeast Asia (Thailand) Co., Ltd.
		The change of the Company's manager.
9 March 2023	The 3rd Audit Committee	The Company's 2022 Statement of Internal Control System.
		The Company's new factory renovation.
		The Company's 2022 Business Report and Financial Statement.

	The 3rd meeting	Proposal of establishing the process and general policies for obtaining prior approval for non-assurance services from EY Taiwan and its affiliated entities. Please proceed to discuss and approve.
		The Company's 2023 independence evaluation on the CPAs.
		The appointment of the Company's CPAs in 2023.
		Proposed amendment of the Company's "Property and Equipment Cycle" (FA).
		Proposed amendment of the Company's "Property Management Regulations".
		Proposed to apply for a short-term general financing limit of USD11 million and derivatives of USD1.5 million with HSBC Bank (Taiwan).
		The establishment of the Company's subsidiary.
		Distribution of employees' and directors' remuneration in 2022.
4 May 2023	The 3rd Audit Committee The 4th meeting	The amendment to certain articles of the Company's "Rules of Procedure for Shareholder Meetings".
		The amendment to certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets.".
		Amendment of the Company's management regulations.
		Formulation of the Company's "Approval Authority Regulations"
		Handling dissolution and liquidation of Thailand's subsidiary, Matec Southeast Asia (Thailand) Co., Ltd.
		Handling the cancellation of Cayman's subsidiary, T&M Joint (Cayman) Holding Co., Ltd.
		The Company's Q1 2023 consolidated financial statement.
		The company intends to apply for a financing limit of USD7 million with DBS Bank (Taiwan) to meet the operational capital needs.
		The Company's 2022 appropriation of earnings.
		The Company's 2022 appropriation of earnings and cash dividends.
		The change of the Company's manager.
Objections of Independent directors: None. Contents of reserved opinions or major suggestions: None.		
The resolution result of Audit Committee and the response of the Company to the opinions of Audit Committee: The members of Audit Committee passed all the motions without objections, and the board of directors approved all the motions in accordance with the Audit Committee's suggestions.		

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

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

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

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

The communication status is as follows:

Date (Term) of the Audit Remuneration meeting	Communication Matters	Communication Result

12 January 2022 The 1st Audit Committee The 15th meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.
24 March 2021 The 1st Audit Committee The 16th meeting	* Internal Audit Report * 2021 Statement of Internal Control System	The Audit Committee passed the issue without objections and was submitted to the board. After being approved, the application was handled according to the regulations.
5 May 2022 The 1st Audit Committee The 17th meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.
4 August 2022 The 2nd Audit Committee The 2nd meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.
3 November 2022 The 3rd Audit Committee The 1 1st meeting	* Internal Audit Report * 2023 Audit Plan	The Audit Committee passed the issue without objections and was submitted to the board. None. After being approved, the application was handled according to the regulations.
12 January 2023 The 3rd Audit Committee The 2nd meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.
9 March 2023 The 3rd Audit Committee The 3rd meeting	* Internal Audit Report * 2022 Statement of Internal Control System	The Audit Committee passed the issue without objections and was submitted to the board. None. After being approved, the application was handled according to the regulations.
4 May 2023 The 3rd Audit Committee The 4th meeting	* Internal Audit Report	The Audit Committee passed the issue without objections and was submitted to the board for reporting.

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

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

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

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

of the Audit Committee and the actual frequency of attendance to the sessions of the Audit Committee within the term of office.

II. Shareholders' Resolutions and the Implementation Status

(I) Shareholders' resolutions and the implementation status

<table>
<tr><th>Date</th><th>Type of Meeting</th><th>Major Resolutions</th><th>Implementation Status</th></tr>
<tr><td rowspan="7">30 June 2022</td><td rowspan="7">Regular Shareholders' Meeting</td><td>Acknowledged the Company's Business Report and Financial Statement for 2021.</td><td>Approved and voted by all the present shareholders. Acknowledged the Company's Business Report and Financial Statement of 2021. The consolidated revenue of the entire year was NTD3,232,810 thousand. The net income was NTD529,978 thousand. The Earnings Per Share was NTD9.01.</td></tr>
<tr><td>Acknowledged the Company's appropriation of earnings in 2021.</td><td>Approved and voted by all the present shareholders. as the ex-dividend date was set on 6 August 2022, and the appropriation was completed on 31 August 2022. (The appropriation of cash dividends was 3.0 per share).</td></tr>
<tr><td>Approved the amendment to the Company's "Articles of Incorporation."</td><td>Approved and voted by all the present shareholders and had been implemented. The modification registration was approved by Ministry of Economic Affairs on 18 July 2022.</td></tr>
<tr><td>Approved the amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets."</td><td>Approved and voted by all the present shareholders and had been implemented.</td></tr>
<tr><td>Approved the amendment to the Company's "Rules of Procedure for Shareholder Meetings".</td><td>Approved and voted by all the present shareholders and had been implemented.</td></tr>
<tr><td>The re-election of the Company's directors (including independent directors).</td><td>List of elected directors (including independent directors):
<table>
<tr><td>Title</td><td>Name</td></tr>
<tr><td>Director</td><td>LIU, CHUN-CHANG</td></tr>
<tr><td>Director</td><td>Hongli Investment Co., Ltd. Representative: WANG CHENG XUAN</td></tr>
<tr><td>Director</td><td>LIU, HAN-TUNG</td></tr>
<tr><td>Director</td><td>SZU, CHING-HSING</td></tr>
<tr><td>Director</td><td>WU, CHIH-SHENG</td></tr>
<tr><td>Director</td><td>LIU, SUNG-PO</td></tr>
<tr><td>Independent Director</td><td>I, CHANG-YUN</td></tr>
<tr><td>Independent Director</td><td>HUANG, LI-HEN</td></tr>
<tr><td>Independent Director</td><td>CHEN, HSI-HAI</td></tr>
</table></td></tr>
<tr><td>Lift the Company's new director's non-compete restrictions.</td><td>Approved and voted by all the present shareholders and had been implemented.</td></tr>
<tr><td>31 August 2022</td><td>1st special meeting of shareholders</td><td>The comprehensive election of directors (including independent directors)</td><td>List of elected directors (including independent directors):
<table>
<tr><td>Title</td><td>Name</td></tr>
<tr><td>Director</td><td>Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG</td></tr>
<tr><td>Director</td><td>Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG</td></tr>
</table></td></tr>
</table>

			Director	Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA
			Director	Zeng Hsing Industrial Co., Ltd. Representative: WU, CHIH-SHENG
			Director	Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING
			Director	Zeng Hsing Industrial Co., Ltd. Representative: LIU, TUNG-LIANG
			Independent Director	HUANG, LI-HEN
			Independent Director	LO, SHIH-MIN
			Independent Director	YI, CHANG-YUN
		Lift the Company's new directors (including independent directors) and its representatives non-compete restrictions.	Approved and voted by all the present shareholders and had been implemented.	

(II)The major resolutions of the board

The summary of important resolutions of the board of the Company in 2022 and as of the publication date of the annual report is as follows:

Date of the Board Meeting (Term)		Proposals
12 January 2022	The 13th Board The 16th meeting	Approved the amendment to the Company's "Approval Authority Table."
		Approved of the amendment to the Company's" Seal Management Measures."
		Approved the amendment to the Company's "Risk Management Policy."
		Approved the Company's budget for 2022.
		Approved of the Company lending funds to Matec Southeast Asia (Thailand) Co., Ltd of THB30,000,000.
		Approved the Company's Remuneration Committee to review the distribution of the year-end bonus for the managers in 2021.
24 March 2022	The 13th Board The 17th meeting	Approved the Company's Statement of Internal Control System of 2021.
		Approved the Company's explanation on the board's performance evaluation report.
		Approved the amendment to the Company's "Authority Table."
		Approved the amendment to the Company's "Internal Control System Computerized Circulation System" (CO).
		Approved the Company's Business Report and Financial Statement of 2021.
		Approved the distribution of the Company's 2021 employee remuneration and directors' remuneration.
		The Company planned to apply for financing of NTD140 million from Taishin Bank, (including a derivative financial product facility of NTD20 million).
		The Company planned to apply for a short-term comprehensive financing facility of USD11 million, including a derivative financial product facility of USD1.5 million, from HSBC (Taiwan) Commercial Bank.
		Approved the Company lending funds to Matec Southeast Asia (Thailand) Co., Ltd. of THB30 million
		Approved the amendment to the Company's "Articles of Incorporation."
		Approved the amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets."

		Approved the amendment to the Company's "Rules of Procedure for Shareholder Meetings."
		Approved the re-election of the Company's directors (including independent directors).
		Approved the list of the candidates for directors (including independent directors) nominated by the board of directors.
		Approved lifting the Company's new directors' non-compete restrictions.
		Approved the date, venue, and reason for the convening of the 2022 general meeting of shareholders and related matters during the period for accepting shareholders' proposals.
		Approved of changing the Company's managers.
		Approved the salary adjustment to the Company's managers in 2022.
		Approved the distribution of employee remuneration for the Managers in 2020.
		Approved the salary of the managers.
		Approved of updating the Company's distribution of 2021 year-end bonus for the managers.
5 May 2022	The 13th Board The 18th meeting	Approved the Company's appropriation of earnings in 2021.
		Approved the Company's appropriation of earnings and cash dividends of 2021.
		Approved distributing cash by additional paid-in capital.
		The Company intends to apply for a financing of USD7 million from DBS Bank (Taiwan) to meet its operational working capital needs.
		Approved the Company applying for financing to meet the need of turnover.
		Approved the Company applying for short-term credit limit and transaction quota for financial commodity to meet the need of turnover and authorized the chairman to sign relevant contracts with banks for borrowing money and various credit business transactions.
		Approved the date, venue, and reason for the convening of the 2022 general meeting of shareholders and related matters during the period for accepting shareholders' proposals.
2 June 2022	The 13th Board The 19th meeting	Proposal of applying for a total credit limit of NTD500 million with Bank of Taiwan, authorizing the chairman to engage in various credit transactions with Bank of Taiwan, and to sign relevant contracts.
		Discussion on directors' and supervisors' remuneration.
		Discussion on the second distribution of year-end bonus for the managers by Remuneration Committee in 2021.
		Distribution of the employee remuneration to the managers in 2021.
20 June 2022	The 13th Board The 20th meeting	As for the public tender offer of the Company's common share by Zeng Hsing Industrial Co., Ltd., the board of directors of the Company shall investigate and review the identity and financial conditions of the offeror, fairness of tender offer conditions, and reasonableness of the sources of the tender offer funds and make recommendations to the company shareholders with respect to the present tender offer according to Article 14 of the "Regulations Governing Public Tender Offers".
30 June 2022	The 14th Board The 1st meeting	Election of chairman.
14 July 2022	The 14th Board The 2nd meeting	Discussion on the comprehensive election of directors (including independent directors).
		Lift the Company's new directors' (including independent directors) non-compete restrictions.
		Matters regarding the convening of the special meeting of shareholders on 31 August 2022.
		Acceptance of matters related to the nomination of directors (including independent directors) for the special meeting of shareholders on 31 August 2022.
4 August 2022	The 14th Board The 3rd meeting	The Company's schedule planning for greenhouse gas inventory and verification.
		The Company proposed to establish Sustainable Development Committee.
		Proposed amendment of the Company's "Management of the receipt and use of negotiable instruments".
		Application for credit limit with CITIBANK TAIWAN
		The Company proposed to loan of funds of UND70,000 to the invested company, T&M Joint (Cayman) Holding Co., Ltd.
		Proposed to lift the Company's manager's non-compete restrictions.
		Proposed resolution for the list of nominated director candidates (including independent directors).

		Proposed amendment of the Company's organizational structure.
		The change of the Company's manager.
31 August 2022	The 15th Board The 1st meeting	Election of Chairman.
3 November 2022	The 15th Board The 2nd meeting	Proposed formulation of the Company's audit plan for 2023.
		Proposed amendment of the Company's "Substitute Management Regulation".
		Proposed amendment of the Company's" Corporate Governance Best Practice Principles".
		Proposed amendment of the Company's "Sustainable Development Best Practice Principles"
		The Company's 2022 consolidated financial statement in Q3.
		Discussion on the fees of CPAs for 2022.
		The Company's 2022 independence evaluation on the CPAs.
		Application for credit limit with Cathay United Bank.
		Proposal to apply for a total credit limit of USD4 million with Mega International Commercial Bank and the amendment of conditions.
		Proposed to apply for a financing limit of NTD140 million with Taishin Bank, including a derivative hedging limit of NTD20 million.
		The Company proposed to loan of funds of USD20 million to the subsidiary, TIPO INTERNATIONAL CO., LTD.(SAMOA).
		The Company's disguised financing as a loan of fund to Matec Southeast Asia (Thailand) Co., Ltd.
		The Company proposed to loan of funds of THB30,000,000 to Matec Southeast Asia (Thailand) Co., Ltd.
		The establishment of corporate governance supervisor.
		The appointment of the 5th Remuneration Committee's member.
12 January 2023	The 15th Board The 3rd meeting	Subsidiary Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd's investment of USD5 million in TURVO International Co., Ltd to meet the qualification requirements for foreign enterprises entering Yaozhuang Economic Development Zone, Jiaxing, Zhejiang Province.
		Discussion on the acquisition of land by subsidiary TURVO International Co., Ltd and signing of investment contract.
		Discussion on the fees of CPAs for 2022.
		Discussion on the change of the Company's CPAs.
		Discussion on the Company's budget for 2023.
		Proposed amendment of the Company's" Procedures for Handling Material Inside Information"
		The Company proposed to loan of funds of THB30,000,000 to Matec Southeast Asia (Thailand) Co., Ltd.
		The change of the Company's manager.
		Discussion on the salary adjustment for the managers.
		Discussion on the Company's 2022 year-end distribution for the managers.
9 March 2023	The 15th Board The 4th meeting	The Company's 2022 Statement of Internal Control System.
		The Company's new factory renovation.
		The Company's 2022 Business Report and Financial Statement.
		Proposal of establishing the process and general policies for obtaining prior approval for non-assurance services from EY Taiwan and its affiliated entities.
		The Company's 2023 independence evaluation on the CPAs.
		The appointment of the Company's CPAs in 2023.
		Proposed amendment of the Company's "Property and Equipment Cycle"(FA).
		Proposed amendment of the Company's "Property Management Regulations".
		Proposed to apply for a short-term general financing limit of USD11 million and derivatives of USD1.5 million with HSBC Bank (Taiwan).
		The establishment of the Company's subsidiary.
		Matters regarding the convening of the regular shareholders' meeting on 27 June 2023.
		Distribution of employees' and directors' remuneration in 2022.
		Discussion on the salary adjustment for the managers.
4 May 2023	The 15th Board The 5th meeting	The amendment to certain articles of the Company's "Rules of Procedure for Shareholder Meetings".
		The amendment to certain articles of the Company's "Regulations Governing the Acquisition and Disposal of Assets.".

		Amendment of the Company's management regulations.
		Formulation of the Company's "Approval Authority Regulations"
		Handling dissolution and liquidation of Thailand's subsidiary, Matec Southeast Asia (Thailand) Co., Ltd.
		Handling the cancellation of Cayman's subsidiary, T&M Joint (Cayman) Holding Co., Ltd.
		The Company's 2023 consolidated financial statement in Q1.
		The company intends to apply for a financing limit of USD7 million with DBS Bank (Taiwan) to meet the operational capital needs.
		The Company's 2022 appropriation of earnings.
		The Company's 2022 appropriation of earnings and cash dividends.
		Matters regarding the convening of the regular shareholders' meeting on 27 June 2023.
		Discussion on directors' and supervisors' remuneration in 2022
		Discussion on the second distribution of year-end bonus for the managers in 2022.
		Discussion on the employee remuneration to the Managers in 2022.
		The change of the Company's manager.
		Discussion on salary adjustment for some managers in 2023.

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

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

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

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(IV) Does the Company formulate the internal specification to prohibit the corporate insiders to buy or sell negotiable securities by using the information undisclosed in market?	✓		to prevent relevant matters. (IV) The Company has stipulated "Management on the Prevention of Insider Trade" to regulate the Company and insiders. Prohibit the behaviors that may involve insider trading to protect investors and safeguard the rights and interests of the Company and disclose it on the Company's website.	No significant deviation.
III. Composition and responsibilities of the board of directors (I) Does the board of directors draft the diversification policy, specific management objective and implements it in terms of the member composition?	✓		(I) The Company's directors are selected through a strict process. The selection of the Company's Directors not only considers diverse backgrounds, professional capabilities, and experience, but also emphasizes their personal reputation in ethical behavior and leadership. So far, the Company has six directors and three independent directors. The directors and independent directors possess various different professional backgrounds, which makes the Company's board of directors to perform the function of business decision-making and leadership supervision. (Please refer to "Diversity and Independence of the Board of Directors" on Page 45	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			of the annual report.)	
(II) Does the Company voluntarily set other functional committees apart from the Remuneration committee and Audit Committee?	✓		(II) The Company has set up a Remuneration Committee and an Audit Committee in accordance with the law, as well as a risk management team,	No significant deviation.
(III) Does the company formulate the performance evaluation method and evaluation way of the board of directors, and regularly carries out performance evaluation each year?	✓		(III) The Company has formulated the performance evaluation method of the Board of Directors. At the end of each year, the performance evaluation of the board of directors will be carried out. The evaluation methods include the operational performance of the board of directors and the self-assessment of individual directors, and then submit an evaluation report and improvement suggestions to the board of directors after summarizing. Before the end of Q1 of the next year, the declaration of performance evaluation results will be completed. In January 2023, the Company implemented the performance evaluation of Directors/ Board of Directors and functional committee members of 2022. The evaluation results were evaluated by the board meeting on 9 March 2023 Evaluation report.	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(IV) The Board of Directors of the Company regularly evaluates the independence, competence and professionalism of CPAs by the Audit Committee every year. The CPAs are required to provide declaration of independence and report the results of the assessment to the Board of Directors. (Please refer to the evaluation on the independence of CPAs of the annual report.)	No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
IV. Does the Company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting Directors and Supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		The Company's board meeting approved the appointment of senior manager of Finance Management Department, WU Hsiao-Jui, as corporate governance supervisor on 3 November 2022. The corporate governance supervisor is responsible for matters related to corporate governance, including handling matters relating to board meetings, audit committee, remuneration committee and shareholders' meetings by law, assists in onboarding and continuing education of directors and Audit Committee, provides information required for the performance of duties by directors and audit committee and assists directors and audit committee in complying with laws and regulations, etc. The Company has set up corporate governance full-time (part-time) units or personnel to be responsible for corporate governance-related affairs. The Company designates senior executives to be responsible for supervision and corporate governance related matters, including handling matters related to meetings of the board of directors, Audit Committee, Remuneration Committee and shareholders' meeting by the law; Assisting directors and Audit Committee members in their appointment and continuing education; Providing directors, members of Audit Committee to comply with the law, etc.	No significant deviation.

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

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

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

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

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			and the interaction and communication with customers have always been good. (VII) The Company's purchase of Liability Insurance for its Directors and Supervisors: The Company has enrolled all the directors for Liability Insurance from Cathay Century Insurance. The enrollment period was from 31 December 2022 to 31 December 2023.	
IX. Explain the corrective action taken in response to the evaluation result released by Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous period, and special attention and additional effort on issues that needed to be addressed to a top priority. After the annual evaluation results are announced, the Company will review the projects that have not yet reached the evaluation standards, and adjust and improvements successively. In terms of information disclosure, the Company adjusts and updates the annual report and discloses the contents on the Company's website. The Company is also invited to participate in institutional investors' conferences to make the company's information more transparent and reduce information asymmetry.				

■ Directors' continuing education:

Title	Name	Date	Organizer	Course title	Hours	Whether the course complies with the law
Chairman	Zeng Hsing Industrial Co., Ltd. Representative: LIU, CHUN-CHANG	6 September 2022	Taiwan Institute of Directors	In an era of drastic change, exploring the core competencies of the next generation	2	Yes
		14 November 2022	Securities & Futures Institute	Corporate mergers and integration management	3	Yes
		15 November 2022	Taiwan Corporate Governance Association	How to implement energy conservation and carbon reduction to increase the company's profitability	3	Yes
Director	Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG	3 May 2022	Securities & Futures Institute	2022 global trends and business opportunities in low-carbon economy and corporate low-carbon innovation	3	Yes
		14 November 2022	Securities & Futures Institute	Corporate mergers and integration management	3	Yes
Director	Hongjhu Investment Co., Ltd Representative: YANG, TE-HWA	14 September 2022	Taiwan Corporate Governance Association	The accelerator of corporate sustainability-CSR, ESG and SDGs	3	Yes
		15 November 2022	Taiwan Corporate Governance Association	How to implement energy conservation and carbon reduction to increase the company's profitability	3	Yes
Director	Zeng Hsing Industrial Co., Ltd. Representative: LIU, TUNG-LIANG	25 October 2022	Taiwan Academy of Banking and Finance	Corporate governance lecture	3	Yes
		28 October 2022	Accounting Research and Development Foundation	Driving green transformation: towards net zero	3	Yes
		14 November 2022	Securities & Futures Institute	Corporate mergers and integration management	3	
		14 November 2022	Accounting Research and Development Foundation	Practice analysis of the latest corporate governance policies and corporate governance evaluation	3	
Director	Zeng Hsing Industrial Co., Ltd. Representative: SZU, CHING-HSING	15 November 2022	Taiwan Corporate Governance Association	How to implement energy conservation and carbon reduction to increase the company's profitability	3	Yes
		18 November 2022	Securities & Futures Institute	TCFD disclosure practices and the role of directors	3	Yes

Director	WU, CHIH-SHENG	3 May 2022	Securities & Futures Institute	2022 Global trends and business opportunities in low-carbon economy and corporate low-carbon innovation	3	Yes
		22 June 2022	Taiwan Academy of Banking and Finance	Corporate governance and sustainable business management workshop	3	Yes
Independent Director	HUANG, LI-HEN	22 April 2022	Taiwan Institute for Sustainable Energy (Center for Corporate Sustainability)	Taishin 30 sustainable net zero summit forum-achieving sustainable 2030 through serious efforts in net zero	3	Yes
		22 June 2022	Taiwan Academy of Banking and Finance	Corporate governance lecture	3	Yes
Independent Director	I, CHANG-YUN	22 April 2022	Taiwan Institute for Sustainable Energy (Center for Corporate Sustainability)	Taishin 30 sustainable net zero summit forum-achieving sustainable 2030 through serious efforts in net zero	3	Yes
		16 September 2022	Accounting Research and Development Foundation	2022 Audit standards advocacy seminar	2.5	Yes
		6 October 2022	Taiwan Stock Exchange Corporation / Taipei Exchange	2022 Release of the guidelines for the exercise of duties by independent directors and audit committees in OTC companies, along with director and supervisor advocacy meeting	3	Yes
Independent Director	LO, SHIH-MIN	8 November 2022	Accounting Research and Development Foundation	Enhancing corporate governance and internal control compliance through intellectual property management	6	Yes
		15 November 2022	The Institute of Internal Auditors-Chinese	Practice analysis of cross-strait tax auditing and regulations	6	Yes

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

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

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

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

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
(IV) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and is the implementation of the policies to prevent unethical conduct audited by internal auditors who plan according to the assessment of risks of unethical conduct or by CPAs?	✓		(IV) The Company has formulated relevant accounting systems and internal control systems, and these systems are being managed in accordance with the requirements of accounting and internal audit legislations. By this means, the Company can ensure that the Company's daily operations are abide by Ethical Corporate Management Best Practice Principles, and the auditors of the Company regularly report the implementation of the inspection to the board of directors.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(V) To implement the policies of Ethical Corporate Management Best Practice Principles, the Company conveys the concept of Ethical Corporate Management Best Practice Principles during new employee orientation. The President's Office conducts the advocacy of relevant legislations of Ethical Corporate Management Best Practice Principles within the Company every year. The Company also arranges internal and external training related courses such as accounting system and internal control. In the most recent year, there were	

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
			156 training courses for employee education, 1,306 participants, The total hour is 3,291.5, and the training expenditure was NTD211 thousand in total.	
III. The functioning of the informing and complaint system of the Company (I) Has the Company established the informing and complaint system and channels for facilitating informing and complaint, and appointed designated personnel to appropriately handle the personnel accused of unethical practice? (II) Has the Company established the standard operation procedure for processing reports and complaints, the actions to be taken after the investigation, and the mechanisms of confidentiality. (III) Has the Company taken appropriate measures for the protection of the informants from undue treatment due	✓ ✓ ✓		(I) The Company has stipulated "Ethical Corporate Management Best Practice Principles," "Appeal and disciplinary measures related to the report of improper interests." The Company has set up a hotline and mailbox for customers' complaints. For violations of ethic related matters, employees may speak up their grievances through phone and mailbox, inform the human resources department or management level. (II) The Company has formulated "Ethical Corporate Management Best Practice Principles" that outlines the management of reports regarding violations of integrity, the internal investigation procedures and corresponding confidentiality mechanisms. (III) There are measures for protecting whistleblowers from being improperly dealt with due	Comply with the "Corporate Governance Best Practice Principles". No significant deviation.

Items Evaluated	Implementation Status			Variations (if any) with the Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies and reasons for such discrepancies
	Yes	No	Brief Explanation	
to reporting on illegal or unethical practice?			to whistleblowing in the Company's "Ethical Corporate Management Best Practice Principles", and these measures are included in the management regulations for implementation.	
IV. Strengthening information disclosure Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles and the result of implementation at its official website and MOPS?	✓		The Company has uploaded the information to Market Observation Post System in accordance with laws and regulations.	Comply with the "Corporate Governance Best Practice Principles". No significant deviation.
V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE Listed and TPEx Listed Companies", specify the practice and variation from the principles: The Company has stipulated "Rules of Procedure for Shareholder Meetings and Operation Management", "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct" and "Work Rules." All the above-mentioned rules will be updated and revised according to the Company's practices and regulations. The Company advocates that the personnel of the Company should comply with the regulations from time to time. There has no significant difference between operating status and the established guidelines and has been implemented normally.				
VI. Any other vital information that help to understand the practice of ethical corporate management better: (I) The Company abides by the relevant regulations of TWSE/ TPEx Listed Companies, which is viewed as the basis of implementing ethical corporate management. (II) The Company has stipulated good handling and disclosure mechanisms for material inside information in "Procedures for Handling Material Inside Information," which may prevent improper information disclosure and also avoid improper disclosure of information and ensure the consistency and accuracy of information published to the public. (III) The explanation on the Company's "Ethical Corporate Management Best Practice Principles ethical corporate management and has been implemented on internal management and business activities.				

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

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
I. Has the Company built up a governance framework for the advocacy of sustainable development, and established a full-time (part-time) body for the advocacy of sustainable development led by a senior officer at the authorization of the Board and under the supervision of the Board?	V		The Company communicated with the Board of Directors regarding the establishment of a "Sustainable Development Committee" and formulated annual implementation policies. The chairman oversees the committee, with the president serving as the Chief member, and senior supervisors from each department serving as committee members in August 2022. A cross-functional team consisting of corporate governance, sustainable environment, and corporate social responsibility is formed to identify stakeholder issues and prioritize material topics for submission to the Board of Directors, including sustainable policies, systems, and annual action plans. The committee reports on the progress of its work and provides updates on future directions to the Board of Directors at least once a year.	Comply with the "Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"
II. Has the Company conducted assessment on the risks inherent to the operation environment, social	V		The Company has formulated risk management policies. The implementation of risk management	Comply with the "Sustainable Development Best Practice

<table>
<tr><th rowspan="2">Items Advocated</th><th colspan="3">Implementation Status</th><th rowspan="2">Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td>context, and issues of corporate governance under the principle of materiality, and mapped out the risk management policy or strategy?</td><td></td><td></td><td>policies is jointly promoted by the board of directors, Audit Committee, Auditing Office, President and President's Office, various risk management units, and all departments. Through risk assessment and analysis of relevant issues, sustainable risk identification and management related to the Company's operating issues of environmental, social, and corporate governance are conducted. A summary of the related content is as follows:
<table>
<tr><th>Material topic</th><th>Risk</th><th>Countermeasures for risk</th></tr>
<tr><td rowspan="2">Environment</td><td>Wastes management</td><td>Promote the recycling concept, enhance recycling, and reuse of manufacturing process waste, and strengthen the recycling circularity system.</td></tr>
<tr><td>Meeting Stakeholders' Expectations</td><td>The Company participates in the Carbon Disclosure Project (CDP) to actively respond to stakeholders' expectations. Furthermore, through the process of investigating climate-related risk issues to understand relevant risk issues to continuously</td></tr>
</table></td><td>Principles of TWSE Listed and TPEx Listed Companies"</td></tr>
</table>

Items Advocated	Implementation Status					Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation			
					improve its management performance.	
			Society	Customer privacy, friendly workplace, occupational health and safety, supply chain management	1. Strengthen information security management and confidentiality principles to protect customers' data and rights. 2. Encourage suppliers to not only equip with quality and delivery capabilities but also fulfill corporate social responsibility to establish a sustainable supply chain. 3. Continuously promote the awareness of workplace safety and health to ensure the employees' safety in the working environment.	
			Governance topic	Corporate governance, compliance with regulations	1. Pay attention to corporate governance-related issues and implement the "Ethical Corporate Management Best Practice Principles" to establish a foundation	

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			for sustainable development. 2. Closely pay attention to domestic and international policies and regulations that may impact the company's finance and business, aligning with the development of relevant risk management processes, and promoting the awareness of legal compliance among employees.	
III. Environmental Issues (I) Has the Company established appropriate environmental management system by nature of its industry?	V		(I) Promote the concept of recycling to reduce the load on the environment. The Company has acquired Environmental management systems ISO 14001 and Occupational health and safety management systems certificate, and handling matters in accordance with the abovementioned Environmental management systems. The Company abides by the requirements of environmental regulation, and report and monitor regularly.	Comply with the "Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"
(II) Has the Company made effort in upgrading energy efficiency and using regenerated materials for mitigating the impact on the environment?	V		(II) The Company has established occupational safety and health brochure, which regulates the utilization of various resources, internationally banned substances, etc. By the means of inconsistent	

<table>
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<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td>advocacy to reach the effect of implementing. The Company and its subsidiaries produce energy-saving products. The waste generated during the manufacturing process is transferred to the waste-treatment facilities for recycling and reuse. The sum of volume of waste disposed and volume of recyclables in the most recent year was 28 tons.</td><td></td></tr>
<tr><td>(III) Has the Company assessed the potential risk and opportunity to the enterprise brought about by climate change, and taken appropriate measures in responding to climate change issues?</td><td>V</td><td></td><td>(III) The Company has actively taken response measures to the risks of climate change. Summary of measures taken in 2022:
<table><tr><th>Type</th><th>Evaluation</th><th>Countermeasures</th></tr><tr><td>Carbon reduction management</td><td>Greenhouse Gas Emission Reduction Responsibility</td><td>Establish an emission data management system, implement data management, and find improvement opportunities.</td></tr><tr><td>Energy</td><td>Improve the</td><td>Strengthen</td></tr></table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Items Advocated</th><th colspan="3">Implementation Status</th><th rowspan="2">Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>efficiency</td><td>working environment and enhance energy efficiency</td><td>energy efficiency evaluation, invest in energy controls, and promote energy transition to achieve carbon reduction goals.</td></tr></table></td><td></td></tr>
<tr><td>(IV) Does the Company record the amount of greenhouse gas emissions, water usage and the total weight of waste for the last two years and formulate policies on reducing greenhouse gas emissions, water usage reduction or other waste management?</td><td>V</td><td></td><td>(IV) The statistics of the last two years of the Company:
1. Greenhouse gas: None.
2. Water usage: 14826 cubic meters, 14834 cubic meters
3. Waste:
(1) Hazardous waste: 38.67 cubic meters, 87.87 cubic meters
(2) Non-hazardous waste: 254 cubic meters. 313 cubic meters.
The Company has formulated waste management procedures and noise management procedures. hazardous substances management</td><td>Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”</td></tr>
</table>

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			procedures, chemicals management procedures and wastewater treatment procedures to conduct relevant control and minimize contamination.	
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company has formulated human rights policies and relevant management procedures according to the law. The Company convenes labor-management meeting regularly and has set up a suggestion box. By establishing an interactive communication mechanism with employees and communicating with employees amiably to avoid resulting in material influences on operating variation.	Comply with the "Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"
(II) Does the company formulate and implement reasonable employee benefit policies (including remuneration, leave and other benefits), and properly relate operating performance or results to employee remuneration?	V		(II)1. The Company promotes Act of Gender Equality. The Company's female employees accounted for 56%, and the female managers accounted for 25%. 2. The Company protects the legitimate interests and of employees in accordance with labor laws and regulations and sets aside pensions. Also, the Company has set up Employee Welfare Committee for handling various welfare matters. The employee remuneration is based on performance management measures and Article	Comply with the "Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			26 of Articles of Association.	
(III) Does the Company offer a safe and healthy working environment for its employees and conduct safety and health education for employees on a regular basis?	V		(III)1. The Company regularly conducts employee health checkups every year, and regularly implement safety and health education for employees. 2. The Company promotes 6S movement. We provide our employees with a clean and tidy environment and provide safety protection equipment required for employee safety and health. The executives and Safety and Health Office of the Company inspect the working environment regularly.	Comply with the "Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies"
			3. In the most recent year, there was 0 internal significant occupational accident in the workplace. The Company continuously focuses on promoting on-site work safety and the right operating procedures.	
(IV) Does the Company provide its employees with career development and training sessions?	V		(IV) The Company plans an annual education and training plan every year to provide relevant training for employees' job capabilities, including new employee orientation, on-the-job training, and training for management level. The total number of employee education and training	

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			classes is 156, and the total number of participants is 1,306. The total hour is 3291.5. The total training expenses are NTD211 thousand.	
(V) Does the Company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?	V		(V) The Company has acquired ISO9001, ISO14001, ISO45001 and IATF16949 certificate. Based on the conditions of quality, ability and environmental protection policy, the Company cooperates with high-quality suppliers for long-term cooperation to fulfill corporate social responsibilities. Meanwhile, the Company complies with the regulations of RoHS. The Company maintains a good communication channel with customers and has stipulated the customer complaint management measures for the products and services provided. By this means, the Company can effectively handle customer complaints.	
(VI) Does the Company formulate supplier management policies, require the suppliers to comply with relevant rules regarding the environment, occupational safety and health, labor rights or other issues, and report the results of the	V		(VI) The Company has established a supplier management section to strengthen the management on suppliers. The Company is planning and discussing on various evaluation items of suppliers according to the laws and the	Comply with the “Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies”

Items Advocated	Implementation Status			Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
implementation?			clients' requirements and conduct qualified supplier evaluation according to the supplier management evaluation form. Every year, the Company's major suppliers have to go through the evaluation. For suppliers who violate corporate social responsibility, the Company will not cooperate with them unless necessary.	
V. Does the company refer to international compilation standards or guidelines to prepare the report on Corporate Social Responsibility and other reports which disclose information other than financial information? Were the disclosed reports assured or verified by a third party?	V		The Company has not reached the legitimate capital of NTD2,000,000 thousand. According to the regulations and the laws, the Company should prepare and disclose non-financial information. The Company will abide by the regulations and the laws step by step. Also, the Company will disclose information on corporate social responsibility of sustainable development on the Company's website, annual report.	No deviation.
VI. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" ("Principles"), please describe any discrepancy between the "Principles" and their implementation: The Company formulated the "Corporate Social Responsibility Best Practice Principles" of the Company in 2017 by the relevant operation of corporate governance and has implemented according to the relevant regulations. Additionally, the revised version of the principles was approved by the board of directors in April 2020, and it was renamed the "Sustainable Development Best Practice Guidelines." This renaming reflects the Company's commitment to strengthening the implementation of sustainable development and ensuring strict compliance with principles.				

<table>
<tr><th rowspan="2">Items Advocated</th><th colspan="3">Implementation Status</th><th rowspan="2">Variation from the Sustainable Development Best Practice Principles of TWSE Listed and TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices
(I) Safety & Health: The Company and our subsidiaries have set up dedicated personnel for environmental management. The Company regularly holds environmental-related education courses and is committed to the promotion of safety & health policies. Also, the Company has consistently improved manufacturing process and working environment. With the efforts made by employees, the Company improves occupational safety & health performances.
(II) Provide equal employment opportunity: The company and its subsidiaries employ employees regardless of race, gender, age, political affiliation, or religious belief. The Company takes professional knowledge, skills, etc. into consideration for employment, providing candidates equal employment opportunities.
(III) Social Welfare: The Company encourages employees to participate in social welfare and public services. In 2022, the Company invited employees to participate in blood donation and join charity bazaars during a charity fair. Additionally, during group activities organized by the Company, products from minority groups were chosen as gifts. The Company chooses bakery food made by minority groups as gifts while holding group activities and provides strong support with practical actions. The Company regularly provides donations to assist students who come from poor family conditions. By being provided with stable resources, the student’s confidence and development are improved. In addition, the Company welcomes young people to visit our factory from time to time for assisting them to know better about workplace and further seeking their future careers.
(IV) Industry-Academia Collaboration: The Company has signed industry-academia collaboration agreements with various universities and vocational training centers to provide employment and learning opportunities in the workplace.</td></tr>
</table>

VI. Internal Control System

(I) Statement of Internal Control System

TURVO INTERNATIONAL CO., LTD.

Statement of Internal Control System

9 March 2023

Based on the findings of a self-assessment, TURVO INTERNATIONAL CO., LTD. states the following with regard to its internal control system during the year 2022:

1. TURVO INTERNATIONAL CO., LTD.' s board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and TURVO INTERNATIONAL CO., LTD. takes immediate remedial actions in response to any identified deficiencies.
3. TURVO INTERNATIONAL CO., LTD. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. TURVO INTERNATIONAL CO., LTD. has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, TURVO INTERNATIONAL CO., LTD. believes that, on 31 December 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of TURVO INTERNATIONAL CO., LTD.'s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal

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

7. This Statement was passed by the Board of Directors in their meeting held on 9 March 2023, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

TURVO INTERNATIONAL CO., LTD.

Chairman: LIU, CHUN-CHANG

Chief Executive Officer: TSAI,MING-TUNG

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

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

VII. Information on CPA Fees

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

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

Unit: NTD (in thousands)

Name of CPA firm	Name of CPA	Period covered by CPA's Audit	Audit Fees	Non-audit fees (Note)	Total	Remark
EY Taiwan	TZU-PING HUANG	1 January 2022 ~ 31 December 2022	2,530	29,774	32,824	
	YU-TING HUANG	1 January 2022 ~ 31 December 2022				

Note: Projects consulting service fee was NTD29.431 thousand. Transfer Pricing Report was NTD180 thousand. Other covered expenses were NTD163 thousand.

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

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

VIII. Replacement of CPA

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

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

1. Information regarding the former CPAs

Date of replacement	First quarter of 2023		
Reason and Explanation for the Replacement	Due to regulatory requirements and the internal rotation mechanism of the executing accounting firm		
whether it was the certified public accountant that voluntarily ended the	Parties involved / Situation	CPA	Company
	voluntarily ended the engagement	N/A, due to the internal rotation in the accounting firm	

engagement or declined further engagement or the company that terminated or discontinued the engagement	declined further engagement	

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

2. Information Regarding the Successor CPAs

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

former certified public accountant	

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

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

(IV) CPA's independence evaluation:

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

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

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

4 May 2023

Title	Name	Date of Taking Office	Date of Dismissal	Reasons for resignation or dismissal
Finance supervisor	LIU, HSIN-HUNG	1 January 2019	1 September 2022	Discharge of finance supervisor

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

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

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

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

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

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

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

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

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

The Company also encourages the Directors to participate in the relevant courses of corporate governance. Every year, the Company arranges corporate governance and professional knowledge courses according to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." For details on content of courses, please refer to Directors' continuing education status on page 40 of the annual report.

IV. Capital Overview

I. Capital and Shares

(I) Sources of Capital

1. Capital formation process

4 May 2023 Unit: 1,000 shares; NTD thousands

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

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

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

2. Type of Stock

4 May 2023 Unit: shares

Share Type	Authorized Capital				Remarks
	Shares Outstanding (Note)	Treasury stock	Un-issued Shares	Total Shares	
Common shares	Issued shares 60,288,089	0	19,711,911	80,000,000	

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

3. Information for Shelf Registration: Not applicable.

(II) Shareholder Composition:

4 May 2023 Unit: persons; shares; %

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury Stock	Total
Number of Shareholders	0	3	282	75	34,007	0	34,367
Shareholding (shares)	0	1,322,193	27,592,907	3,199,922	28,173,067	0	60,288,089
Proportion of shareholding	0%	2.19%	45.77%	5.31%	46.73%	0.00%	100.00%

(III) Distribution of Shareholding

1. Dispersion of shareholding in common shares

4 May 2023

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Proportion of shareholding
1-999	25,016	394,914	0.66
1,000-5,000	8,567	12,059,336	20.00
5,001-10,000	409	3,154,256	5.23
10,001-15,000	107	1,356,298	2.25
15,001-20,000	81	1,471,024	2.44
20,001-30,000	74	1,949,988	3.23
30,001-40,000	29	1,025,834	1.70
40,001-50,000	18	818,674	1.36
50,001-100,000	26	1,725,038	2.86
100,001-200,000	16	2,060,773	3.42
200,001-400,000	13	3,669,549	6.09
400,001-600,000	4	1,893,400	3.14
600,001-800,000	1	710,780	1.18
800,001-1,000,000	0	0	0.00
1,000,001 and above	6	27,998,225	46.44
Total	34,367	60,288,089	100.00

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

(IV) List of Major Shareholders

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

4 May 2023 Unit: shares; %

Shares / Shareholder's Name	Shareholdings (shares)	Proportion of shareholding
Zeng Hsing Industrial Co., Ltd.	14,352,000	23.81%
Goodway Machine Corp.	6,036,216	10.01%
Awea Mechantronic Co., Ltd.	2,650,000	4.40%
Hongli Investment Co., Ltd.	1,974,410	3.27%
LIU, CHUN-CHANG	1,826,599	3.03%
Taiwan High Dividend Investment Trust Special Account of Cathay High Dividend Taiwan Equity Fund in custody of Taishin International Bank	1,159,000	1.92%
SZU, CHING-HSING	710,780	1.18%
E.SUN VENTURE CAPITAL CO., LTD.	540,000	0.90%
UBS (Luxembourg) Securities fund custodies by Citibank (Taiwan)-Asian small business (USD) investment account	471,000	0.78%
UBS Europe SE investment account custodies by Citibank	449,400	0.75%

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

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

Unit: shares

Title	Name	2022		As of 4 May 2023	
		Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged
Director	Zeng Hsing Industrial Co., Ltd.	14,113,000	—	239,000	—
	Representative: LIU, CHUN-CHANG	—	—	—	—
	Representative: LIN, CHIH-CHENG	—	—	—	—
	Representative: LIU, TUNG-LIANG	—	—	—	—
	Representative: SZU, CHING-HSING	—	—	—	—
	Representative: CAI,	—	—	—	—

Title	Name	2022		As of 4 May 2023	
		Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged
	CHONG TING				
Shareholders with shareholding exceeding 10%	Zeng Hsing Industrial Co., Ltd.	14,113,000	—	239,000	—
Shareholders with shareholding exceeding 10%	Goodway Machine Corp.	12,000	—	—	—
Director	Hongjhu Investment Co., Ltd	—	—	—	—
	Representative: YANG, TE-HWA (Note 1)	—	—	—	—
Director	Hongli Investment Co., Ltd.	—	—	—	—
	Representative: WANG CHENG XUAN (Note 10)	—	—	—	—
Director	LIU, CHUN-CHANG (Note 11)	(431,000)	—	—	—
Director	LIU, SUNG-PO (Note 7)	—	(100,000)	—	—
Director	YANG, TE-HWA (Note 8)	—	—	—	—
Director	LIU, HAN-TUNG (Note 9)	—	—	—	—
Director	WU, CHIH-SHENG (Note 11)	(196,000)	—	—	—
Director	SZU, CHING-HSING (Note 11)	—	—	—	—
Independent Director	HUANG, LI-HEN	—	—	—	—
Independent Director	I, CHANG-YUN	—	—	—	—
Independent Director	LO, SHIH-MIN (Note 1)	—	—	—	—
Independent Director	CHEN, HSI-HAI(Note 11)	—	—	—	—
Chief Executive Officer	TSAI, MING-TUNG	(80,000)	—	—	—
Business Division Vice President spokesperson	WU, CHIH-JUNG	—	—	—	—
Product Division Vice President	LIN, SHU-TA	—	—	—	—
Vice President, Taiwan Factory (Turvo)	CHIANG, CHENG-CHI	—	—	—	—
Vice President, Taiwan Factory (Turvo)	WU, CHIA-SHENG (Note 12)	(18)	—	—	—
Vice President, Thailand (MAST)	CHEN, BING-HE	(6,000)	—	—	—
Director, Zhejiang factory (Yuzua	TSAI, CHENG-CHIH	—	—	—	—
Director, Zhejiang factory (Yuzua	HUANG, CHEN-	—	—	—	—

Title	Name	2022		As of 4 May 2023	
		Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged	Increase (decrease) in shareholdings	Increase (decrease) in the number of shares pledged
	LING (Note 13)				
Director R&D Division	LIN, CHING-HSUN	–	–	–	–
Director, Automation Business D	PAN, HUAI-CHI	–	–	–	–
Chief engineer and R&D supervi	CHANG, YU-TSUNG	–	–	–	–
Director , Head Office	CHANG, PU-CHING(Note 3)	–	–	–	–
Director of finance management department and accounting super corporate governance supervisor	WU, HSIAO-JUI (Note 5)	–	–	–	–
Special Assistant, General Manager Office	LEE, YI-YEN (Note 4)	–	–	–	–
Manager, Auditing Office	LAN, MENG-CHEN	–	–	–	–
Assistant Manager, Auditing Office	LIU, CHING-JU (Note 14)	–	–	–	–

Note 1: Comprehensive election of directors (including independent directors) at the special meeting of shareholders on 31 August 2022. All newly elected directors were appointed on 31 August 2022.

Note 2: Zeng Hsing Industrial Co., Ltd. held more than 10% of the shares of TURVO INTERNATIONAL CO., LTD. on 12 July 2022.

Note 3: Senior manager of head office, CHANG, PU-CHING, was appointed on 1 December 2022.

Note 4: Special assistant of president's office, LEE, YI-YEN, was appointed on 7 November 2022.

Note 5: Senior manager of finance management department and accounting supervisor, WU, HSIAO-JUI, was appointed as Finance supervisor on 1 September 2022 and was appointed as corporate governance supervisor on 3 November 2022.

Note 6: Goodway Machine Corp. held more than 10% of the shares of TURVO INTERNATIONAL CO., LTD. on 8 December 2022.

Note 7: Director, LIU, SUNG-PO, was discharged on 6 July 2022.

Note 8: Director, YANG, TE-HWA, was discharged on 30 June 2022.

Note 9: Director, LIU, HAN-TUNG, was discharged on 6 July 2022.

Note 10: Director of Hongli Investment Co., Ltd., representative: WANG CHENG XUAN was appointed on 30 June 2022 and was discharged on 15 July 2022.

Note 11: Comprehensive election of directors (including independent directors) at the special meeting of shareholders on 31 August 2022. the former directors were discharged on 31 August 2022.

Note 12: Vice president of TURVO INTERNATIONAL CO., LTD., WU, CHIA-SHENG, resigned on 31 Mach 2022.

Note 13: Senior manager of Zhejiang factory (Yuzuan), HUANG, CHEN-LING, resigned on 3 March 2023.

Note 14: Vice president of auditing office, LIU, CHING-JU, resigned on 3 March 2022.

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

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

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

Unit: NTD; thousand shares

Item/ Year		2021 (Note 1)	2022	31 March 2023
Market Value per Share	Highest	143.00	127.00	117.00
	Lowest	82.40	88.00	98.00
	Average	111.65	110.92	108.02
Book Value	Before Distribution	51.69	56.96	58.72

Item/ Year			2021 (Note 1)	2022	31 March 2023
per Share	After Distribution		46.29	(Note 2)	—
Earnings per Share	Weighted Average Shares (thousand shares)		60,248	60,288	60,288
	Earnings per Share	Before Retroactive Adjustment	9.01	10.32	1.62
		After Retroactive Adjustment	9.01	10.32	1.62
Dividends per Share	Cash Dividends		5.40	6.00 (Note 2)	N/A
	Stock Dividends	Dividends from Retained Earnings	0	0	N/A
		Dividends from Additional Paid-in Capital	0	0	N/A
	Accumulated Undistributed Dividends		0	0	N/A
Analysis of return on investment (ROI)	Price / Earnings Ratio		12.39	10.75	N/A
	Price / Dividend Ratio		20.68	18.49	N/A
	Cash Dividend Yield Rate		4.84%	5.41%	N/A

Note 1: The appropriation of earnings for 2021 was approved by the board of directors on 5 May 2022 to distribute a cash dividend of NTD3 per share and an additional paid-in capital of NTD2.40, for a total cash dividend of NTD5.40 per share.

Note 2: The appropriation of earnings for 2022 was approved by the board of directors on 4 May 2023 to distribute a cash dividend of NTD6 per share.

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

4 May 2023; Unit: shares; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Title (Name)	Relationship	
Zeng Hsing Industrial Co., Ltd. Representative: LIN, CHIH-CHENG	14,352,000	23.81%	0	0%	0	0%	LIU, CHUN-CHANG SZU, CHING-HSING	Institutional shareholder director representative Institutional shareholder director representative	
Goodway Machine Corp Representative: YANG, TE-HWA	6,036,216	10.01%	0	0%	0	0%	Awea Mechantronic Co., Ltd. LIU, CHUN-CHANG	The Chairman is the same person The Director of the Company	
Awea Mechantronic Co., Ltd. Representative: YANG, TE-HWA	2,650,000	4.40%	0	0%	0	0%	Goodway Machine Corp	The Director of the Company	
Hongli Investment Co., Ltd. Representative: WANG CHENG XUAN	1,974,410	3.27%	0	0%	0	0%	None.	None.	
LIU, CHUN-CHANG	1,826,599	3.03%	0	0%	0	0%	Zeng Hsing Industrial Co., Ltd.	Institutional shareholder director representative	
Taiwan High Dividend Investment Trust Special Account of Cathay High Dividend Taiwan Equity Fund in custody of Taishin International Bank	1,159,000	1.92%	0	0%	0	0%	None.	None.	
SZU, CHING-HSING	710,780	1.18%	0	0%	0	0%	Zeng Hsing Industrial Co., Ltd.	Institutional shareholder director representative	
E.SUN VENTURE CAPITAL CO., LTD. Representative: 林隆政	540,000	0.90%	0	0%	0	0%	None.	None.	
UBS (Luxembourg) Securities fund custodies by Citibank (Taiwan)-Asian small business (USD) investment account	471,000	0.78%	0	0%	0	0%	None.	None.	
UBS Europe SE investment account custodies by Citibank	449,400	0.75%	0	0%	0	0%	None.	None.	

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

31 March 2023 Unit: thousand shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
TIPO International Co., Ltd.	31,133	100%	0	0	31,133	100%
Hong Kong Xinfeng Enterprise Limited	(Note 1)	100%	0	0	(Note 1)	100%
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	(Note 1)	100%	0	0	(Note 1)	100%
TURVO International Co., Ltd	(Note 1)	100%	0	0	(Note 1)	100%
T&M Joint (Cayman) Holding Co., Ltd.	4,913	35.71%	1,842	13.39%	6,755	49.10%
Matec Southeast Asia (Thailand) Co., Ltd.	216	99.99%	0	0	216	99.99%

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

(XI) Dividend Policy and Implementation Status

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

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

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

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

2. Proposal of/ Proposed Distribution of Dividend

The board of directors' meeting resolved on 4 May 2023 to distribute cash dividends of NTD6 per share from earnings for 2022, amounting to NTD361,729 thousand. The chairman is authorized to determine the ex-dividend date, distribution date and other related matters.

The Chairman is authorized to determine the ex-dividend date, distribution date and other related matters.

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

(XIII) Compensation of employees, directors, and supervisors

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

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

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

   The compensation to employees and directors for 2022 was made in accordance with the provisions of the Company's Articles of Incorporation and was approved by the board of directors on 9 March 2023. If the actual amount of distribution differs materially from the amount resolved by the board of directors, the change in accounting estimate is accounted for and the effect of such change is recognized in profit or loss in the following year.

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

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

   The proposed distribution of compensation to employees and remuneration to directors by the board of directors on 9 March 2023 is as follows and there is no discrepancy with the estimated amount in the year in which the expense is recognized.

   A. Compensation of employees (Cash): NTD27,591,816.

   B. Compensation of employees (Stocks): NTD0.

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

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

   The distribution of the Company's 2022 earnings is not to be distributed to employees in the form of stocks and therefore is not applicable.

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

   The Company's board of directors resolved on 24 March 2022 to distribute employees' compensation and remuneration to directors for 2021. The actual amounts distributed are as follows and are not materially different from the amounts posted to the account.

A. Compensation of employees (cash): NTD23,136,488.

B. Compensation of employees (stocks): NTD0.

C. Compensation of directors: NTD11,030,214.

(XIV) Buy-back of stock: None.

II. Corporate Bonds

None.

III. Preferred Shares

None.

IV. Global Depository Receipts

None.

V. Employee Share Subscription Warrants

None.

VI. New Restricted Employee Shares

None.

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

None.

VIII. Financing Plans and Implementation

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

V. Operational Highlights

I. Business Content

(I) Business Scope

1. The main business content of the Company

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

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

2. Operating Ratio

Unit: NTD (in thousands); %

Year / Main Product	2022	
	Sales Amount	Operating Ratio
Precision metal parts	3,350,323	100.00%
Other	0	0%
Total	3,350,323	100.00%

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

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

4. New products (services) planned for development

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

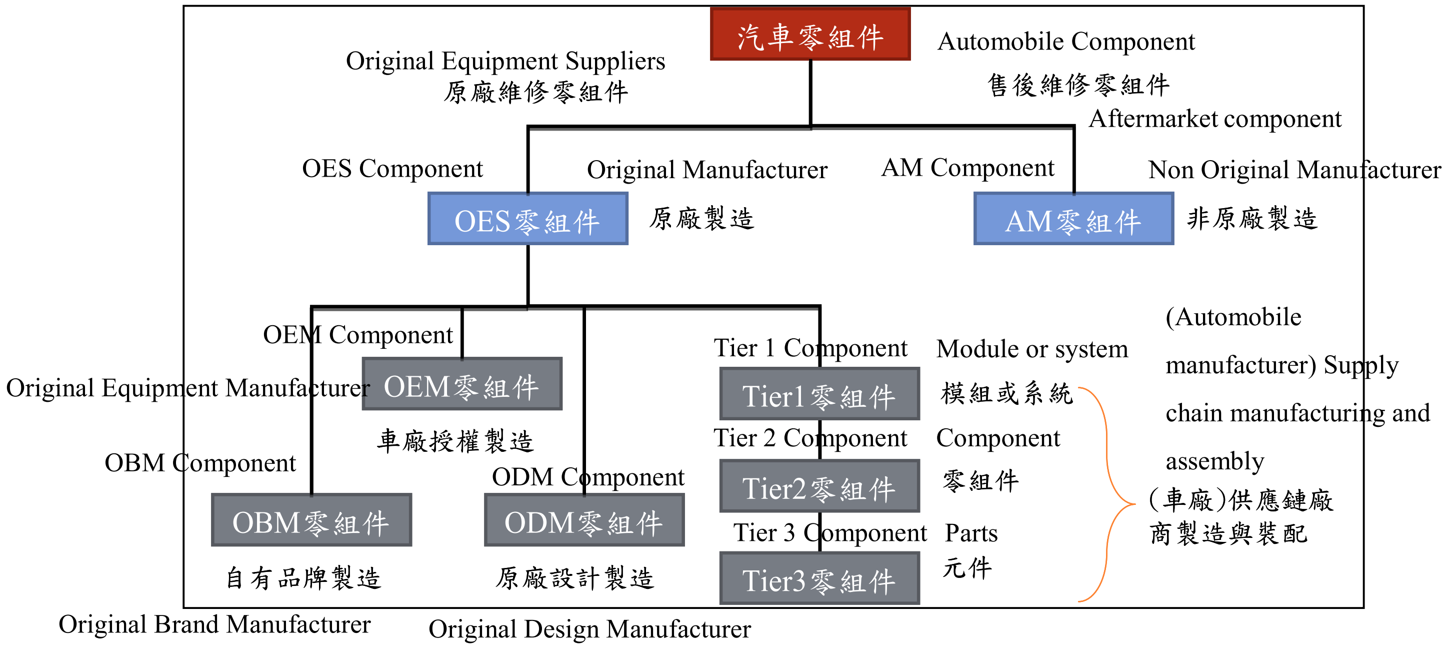
(II) Industry Outlook

1. Current status and development of the industry

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

(1) Automotive parts market overview

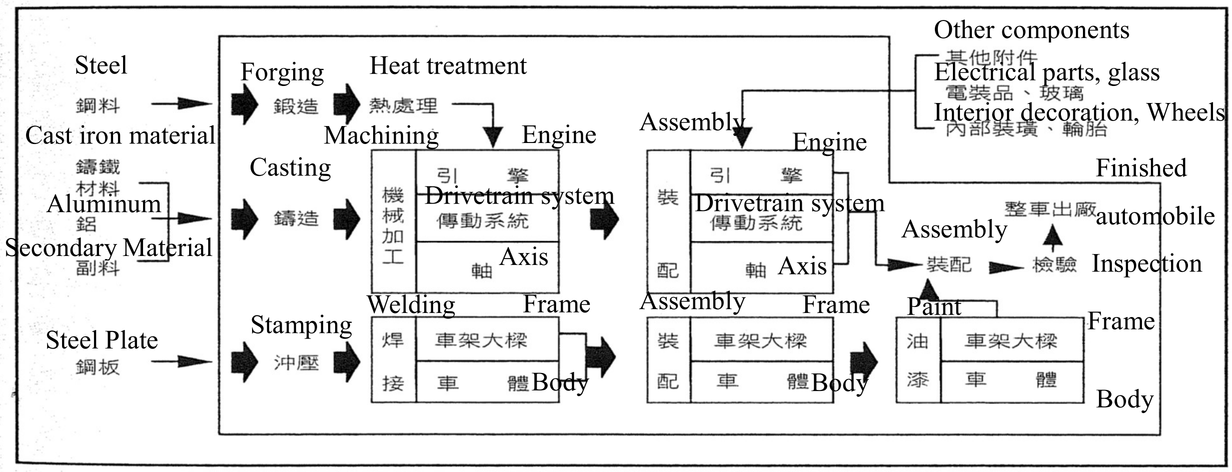
Types of international division of labor in the automobile components industry



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

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

The manufacturing process of automobiles



資料來源：汽車產業調查報告；工研院 IEK(2003/06)

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

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

Names and functional characteristics of various automobile parts

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

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

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

a. Overview of the market in major countries in 2022

In the first half of 2022, the automotive industry was still grappling with the severe impact of the COVID-19 pandemic. Shortly after, the industry faced new challenges such as the Russia-Ukraine conflict, rising inflation and interest rates. Automobile manufacturers experienced supply chain disruptions, increased costs, and limited production capacity, leading to delays in new car deliveries. Fortunately, in the second half of the year, the global automotive market gradually got rid of the pandemic's impact, and the shortage of components eased. In 2022, the industry managed to deliver a total of 80.98 million vehicles, with only a slight decline of 0.6% (Figure 1).

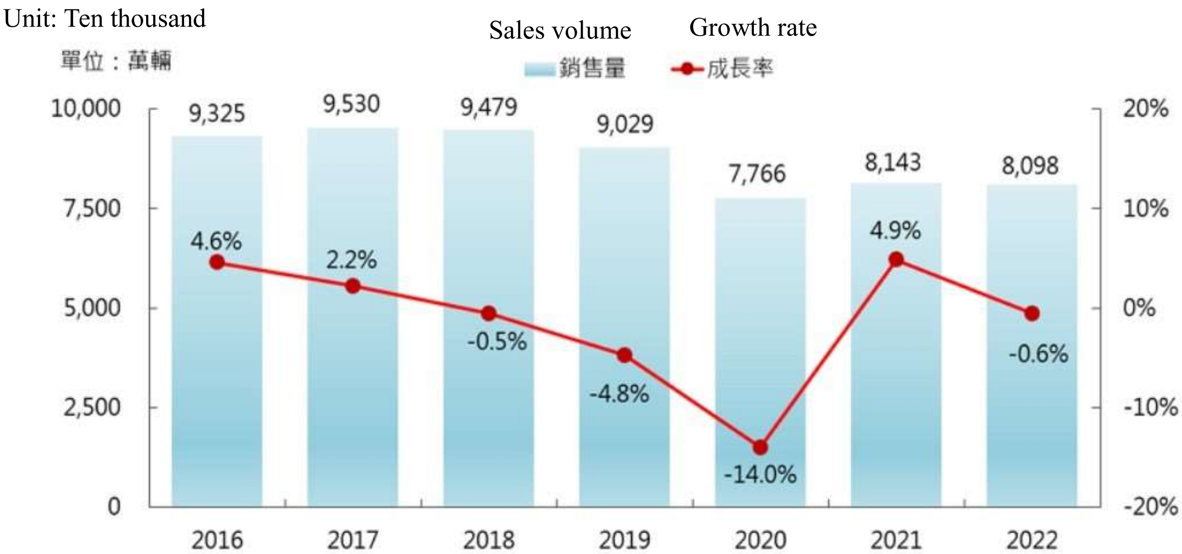


Figure 1 Global car market sales volume and growth rate changes
圖1、全球車市銷量及成長率變化
Source: Compiled by Automotive Research & Testing Center
資料來源：LMC Automotive，車輛中心整理

China market

China is the leader in the global automotive market, with sales of 26.86 million vehicles in 2022, marking a growth of 2.2% (Figure 2). Despite being impacted by the pandemic-related disruptions in the first half of the year, China gradually eased its containment measures in the second half of the year. This led to relief in component shortages. Additionally, China introduced the "50% reduction in purchase tax for fuel vehicles" policy in the middle of the year, coupled with strong demand for electric vehicles that increased a 1.8-times in sales, boosting the overall vehicle sales for the year.

U.S. market

The second-largest automotive market, the United States, experienced a decline in sales of 14.38 million vehicles, representing a decrease of 7.5%. The market was impacted by factors such as the pandemic and component shortages, which disrupted production and supply for automobile manufacturers. This led to consistently low inventory levels at dealerships, creating a situation where demand exceeded supply. As a result, there was an unusual increase in prices for used cars. Additionally, the uncertainty brought about by inflation and rising interest rates, as well as the increase in car prices, affected consumers’ purchasing willingness or led to a delay in car demand.

Consequently, vehicle sales in the US reached a nearly 10-year low.

European market

The European automotive market experienced a general decline, mainly due to the impact of the Russia-Ukraine conflict. The region faced challenges such as component shortages, inflation, rising interest rates, and an energy crisis. These issues resulted in disruptions and halt in production at automobile manufacturing plants, as well as an increase in car prices. Consequently, the supply-demand of the automotive market was affected. The five major European markets, including Germany, France, the United Kingdom, Italy, and Spain, all experienced declines in their automotive sectors, with the largest decline reaching 10%. As for Russia, which was directly impacted by the conflict, sales plummeted by 58.8%, with only 690,000 vehicles sold. The primary reason for this decline was the impact of Western sanctions, causing many automobile manufacturers and component suppliers to withdraw from the Russian market which led to chaos in the supply chain of the automotive market. Additionally, the severe economic downturn resulting from the war also contributed to a decrease in consumer purchasing willingness.

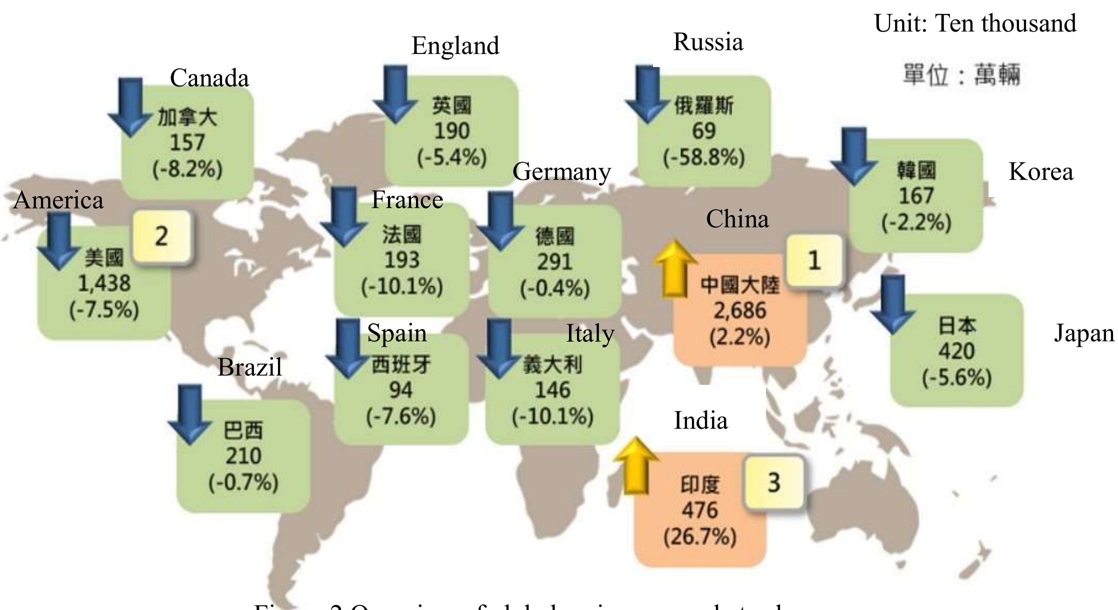
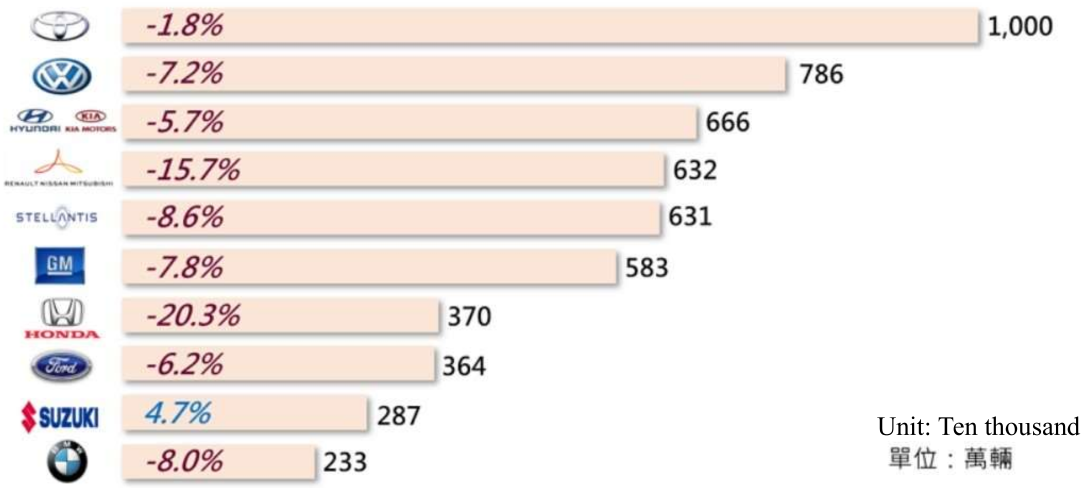


Figure 2 Overview of global major car market sales
圖2、全球主要車市銷量概況

b. The overview of global vehicle manufacturers

Toyota Group remains the global leader in the automotive market. Each automobile plant has also experienced declines in sales due to supply chain disruptions. According to data from Focus2Move, the major global automobile manufacturers mostly decline in sales in 2022. Toyota Group was the champion in automobile sales, with sales of 10 million vehicles with a decline of 1.8% (Figure 3). Despite being affected by factors such as the pandemic and component shortages, Toyota Group managed to mitigate the decline due to increased production capacity in North America and strong demand in the Asian region.

Volkswagen Group, ranking second in global sales, experienced a significant decline with sales of only 7.86 million vehicles, a decline of 7.2% which marked a new low in nearly a decade. While Volkswagen Group achieved good results in the European electric vehicle market, it was heavily impacted by the Russia-Ukraine conflict and the effects of the pandemic, leading to limited production capacity. Hyundai-Kia Group, ranking third, reported sales of 6.66 million vehicles, a decline of 5.7%. The group experienced a relatively lower decline compared to other automakers. This can be attributed to their strong supply chain management capabilities and timely adjustments to their global production and sales plans, which helped mitigate the impact of component shortages and disruptions in the supply chain.



註：此銷量排名僅計算輕型商用車及乘用車，未包含重型商用車輛以及巴士

Note: This sales ranking only includes light commercial vehicles and passenger cars, excluding heavy commercial vehicles and buses

c. Global Automotive Industry Development Trend

With governments all over the world announcing the ban on gasoline vehicles, coupled with strict carbon dioxide emission targets in Europe, the transition to electrification is the general trend. It is expected that the sales volume of electric vehicle will account for an increasing proportion of automakers' global sales in the next few years if the electric vehicle market consistently expands. Therefore, automakers with more successful electrification transformation will gain the upper hand in the global sales competition.

The European Commission has launched the "European Green Deal" since the end of 2019 in order to achieve climate neutrality in 2050 (climate neutral). Greenhouse gas emissions in 2030 (compared to 1990) must be reduced by 55% (Fit for 55 package) and new vehicles sold in 2035 need to achieve zero emissions and other targets. This has also been included in the European climate law, making it legally binding.

In response to the trend of greenhouse gas emissions reduction and strict government regulations worldwide, international automobile manufacturers are gradually reducing their research and development and investment ratio in internal combustion engines. Instead, they are redirecting the resources towards the development of key systems and components for emerging electric vehicles, aiming to create energy-efficient and low-carbon electric vehicle products. Currently, many international automobile manufacturers have recently announced the accelerated transition towards electric vehicles (EVs) and have proposed specific plans regarding the release schedule and sales targets for EV models. For instance, the prominent carmaker Mercedes-Benz Group has set a goal to offer a purely electric option for all new vehicle models introduced after 2025.

The electric vehicle platform has become a common trend in the global automotive industry. Most automobile manufacturers adopt self-designed modular platforms. For example, Volkswagen Group uses the MEB, J1, PPE, and SSP platforms for its brands, while Toyota adopts the e-TNGA platform. There are also automobile manufacturers that collaborate with the platform of the OEM factory. For example, Hyundai Motor collaborated with electric vehicle startup, Canoo, to develop the E-GMP platform. Additionally, some automobile manufacturers obtain authorization through other platforms to use the platform. For instance, Honda acquired platform authorization from General Motors (GM) to use the GM platform, and Ford uses the MEB platform from Volkswagen (VW).

(2) Bicycle parts and components

According to the data from Stratistics MRC To do, the global bicycle market will reach US$850 billion in 2022 and it is expected to reach the level of 138.7 billion US dollars in 2028. The predicted compound annual growth rate (CAGR) within the forecast period is 8.5%. Taiwan, known as the "Bicycle Kingdom", has a history of more than 40 years in the development of related industries. During this period, Taiwan also gave birth to many world-renowned bicycle companies. Not only in the fields of bicycles, bicycle parts or even electric bicycles has developed in recent years. Taiwan has considerable influence in the global bicycle market.

Bicycles have always been the pride of Taiwan, and good quality has also brought considerable export revenue. The central and local governments have created Taiwan’s image of “Cycling Island” and the successful experience of “YouBike” service has led Taiwan's bicycle industry to diversify its services. Nevertheless, according to the report of “TechOrange”, Taiwan’s bicycle industry has faced various challenges from all over the world. The U.S.-China trade war has imposed punitive tariffs and had a great impact on many companies that set up factories in China. Business opportunities in core areas such as electric bicycle control systems, motors and batteries are being seized by European companies such as Bosch, a German electromechanical leading manufacturer. The original market in China has also been seriously affected by the rise of shared bicycles and the trend of renting instead of buying. In the past, Taiwan experienced OEM brand conversion and industrial transfer, and Taiwan is facing various challenges in the global industrial market at present. Driven by the rapid development of science and technology, the world is changing rapidly. As one of the representative brands of Taiwan, the bicycle industry also needs to actively think about how to continue to survive in the global market, maintain strong competitiveness and build a new model of industrial supply chain in recent years.

The diagram of various parts of a bicycle

Parts and function description

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

Data source: Internet data compilation

According to the export data from the Customs Administration, Ministry of Finance, the bicycle industry in Taiwan had an export value of $6.15 billion in 2022, representing a year-on-year growth of 23.1%. If observing the major export countries, the United States emerged as the largest market, accounting for over 20% of the exports consistently over the past decade. The main category is the import of bicycles from Taiwan followed by the Netherlands, which accounted for 16.6% of the exports in 2022.

The bicycle industry achieved a record-high production value from January to October 2022, with a year-on-year growth of 26.4%.

In recent years, electric bicycles have been the primary import from Taiwan, while Germany accounted for 13.4% of the exports, mainly in the form of bicycle components imported from Taiwan.

The bicycle industry achieved a record-high production value of NTD182.4 billion from January to October 2022. The bicycle industry in Taiwan includes electric bicycles, bicycles, and bicycle components manufacturing. Observing the trends in the bicycle industry over the past 10 years, except for the severe winter storms in Europe and the United States in 2013, the popularity of the public bicycle system in 2016 and 2017, and the global COVID-19 pandemic and subsequent lockdown measures leading to a slowdown in high-end bicycle sales in 2020 that the industry experienced a downturn, resulting in negative growth. The bicycle industry has generally shown positive growth in the remaining years. In 2021, as the COVID-19 situation stabilized and the global economy recovered, there was a rapid growth in demand for electric bicycles and bicycle components in Europe and the United States. This surge in demand resulted in a record-high industry output value of NTD176.8 billion, representing a year-on-year growth of 34.5%. The growth signifies a significant milestone for the industry. In 2022, although the overall bicycle market experienced an overstocking, Taiwanese manufacturers primarily focused on producing high-end bicycles and electric bicycles for the domestic market. The market demand remained strong, leading to an output value of NTD182.4 billion from January to October, surpassing the total output value of 2021 and achieving a year-on-year growth of 26.4%. The whole year continued to set new records. Additionally, the electric bicycle experienced rapid growth, and the output value of bicycle components exceeded NTD100 billion.

1. Electric bicycles: Refers to micro electric two-wheelers and electric-assisted bicycles. Due to the emphasis on energy-saving and carbon reduction policies by governments worldwide, the rise of the green energy industry, and the advantages of electric bicycles such as ease of use, lightweight, and not requiring a driver's license, the industry has experienced steady growth in output value. Since 2019, the European Union has imposed anti-dumping and countervailing duties on electric bicycles in China, which has accelerated the expansion of Taiwanese manufacturers in the European market. In 2021, as the COVID-19 pandemic slowed down, the gradual lifting of restrictions in Europe and the United States led to an even stronger demand for electric bicycles. The output value of the industry rapidly increased from NTD800 million in 2012 to NTD36.6 billion in 2021, with an average annual growth rate of 54.0%. In 2022, with the alleviation of congestion and material shortage issues, the industry's output value reached NTD37 billion from January to October, continuing to grow by 21.9%.

2. Bicycles: As bicycles have evolved from being a means of transportation to a recreational sport, coupled with the government's support in establishing a central-satellite system for the bicycle industry to strengthen Taiwan’s research and development capabilities and production capacity in the bicycle sector. In 2015, the output value

reached NTD56.5 billion, marking a historical high. However, due to the rise of the public bicycle system, the demand in China, Europe and America slowed down, leading to a drop in output value below NTD50 billion in 2016, and two consecutive years of double-digit decline. In 2020, countries implemented lockdown measures due to the pandemic, resulting in a slowdown in the sales of high-priced bicycles and a decline in output value to NTD31.1 billion, reaching a new low in nearly 10 years with a year-on-year decrease of 23.9%. Nevertheless, with the arrival of raw materials and manufacturers replenishing the inventories, coupled with an increase in demand for high-end bicycles used for mountain and off-roading, the output value reached NTD34.9 billion from January to October 2022, marking a year-on-year growth of 30.9%.

3. Bicycle components: Due to Taiwan's long-standing development in the bicycle industry, coupled with collaborations between major bicycle brands and component manufacturers to form industry alliances, Taiwan possesses a complete upstream, midstream, and downstream system, enhancing the industry's competitiveness. This has resulted in a steady increase in the output value of bicycle components over the years. In 2021, subsidy measures were implemented by the European and American governments to support the bicycle industry and major bicycle manufacturers' actively prepared materials that led to a robust market for bicycle components. The output value reached NTD107.7 billion, with a year-on-year growth of 46.6%, accounting for a significant share of 60.9%. In 2022, the demand for bicycle components remained strong, the output value reached NTD110.4 billion from January to October, with a year-on-year growth of 26.5%.

(3) Medical equipment

The medical device industry is a unique industry with a wide variety of products and a wide range of categories. So far, there is no globally consistent definition. Even the leading medical device countries such as the United States, Japan, and Europe have different views and definitions of the medical device industry. Medical devices can be classified broadly into instruments, devices, equipment, materials, implant, in vitro diagnostic test reagent or other items. Owing that medical device products have the characteristics of small-volume/multiple-types, the product classification is more complicated, and the functional use is difficult to define.

In December 2019, the “Medical Devices Act” was passed, making the management of medical devices separated with the “Pharmaceutical Affairs Act” with reference to relevant international regulations. The “Medical Devices Act” came into force on 1 May 2021. According to Article 3 of the “Medical Devices Act,” the term “medical devices” shall refer to instruments, machines, apparatus, materials, software, reagents for in vitro use, and related articles thereof, whose design and use achieve diagnosis, treatment, alleviation, or direct prevention of human diseases, modification or improvement of the structure and function of human body, and control of conception in or on the human body by other than pharmacological, immunological, metabolic, or chemical means.

With reference to the “Regulations Governing the Classification of Medical Devices” issued by the Ministry of Health and Welfare on 26 April 2021, the classification of medical devices is based on “function,” “intended use,” “operating instructions” and “working principle.” The original five major categories are further divided into the following sixteen major categories.

I. Clinical chemistry and clinical toxicology devices
II. Hematology, pathology, and genetics devices
III. Immunology and microbiology devices
IV. Anesthesiology devices
V. Cardiovascular devices
VI. Dental devices
VII. Ear, nose, and throat devices
VIII. Gastroenterology and urology devices
IX. General, plastic surgery, and dermatology devices
X. General hospital and personal use devices
XI. Neurological devices
XII. Obstetrical and gynecological devices
XIII. Ophthalmic devices
XIV. Orthopedic devices
XV. Physical medicine devices

The global aging population continues to drive a sustained increase in the demand for healthcare and caregiving services. Countries around the world are actively seeking more efficient healthcare solutions, promoting the development of precision health, digital healthcare, and related policies. The goal is to accelerate advanced medical technology to improve the efficiency of healthcare and extend healthy lifespans.

In 2021, the global medical devices market reached approximately USD489 billion, and it is estimated to grow to USD$496 billion in 2022. However, according to data from Fortune Business Insights, by 2029, the global medical devices market is expected to reach around USD719 billion, indicating significant growth for several related companies. During 2022 to 2029, the industry is expected to have a compound annual growth rate of 5.5%.

According to each company’s revenue in 2022, the rank of the world's top ten medical device companies:

1. Medtronic (The revenue was USD31.7 billion)

In the fiscal year 2022, Medtronic reported revenue of USD31.7 billion, representing an 8% increase compared to the previous year's reported revenue of USD29.4 billion. The growth was driven by the steady performance of its three core therapy fields:

cardiovascular (+6%), internal medicine and surgical (+4.6%), and neuroscience (+7%). However, the further growth in the diabetes division was offset by a decline of 3.1% due to decreased revenue in the United States, resulting from new products not receiving approval.

As part of its investment portfolio management strategy, Medtronic announced in May 2022 its partnership with DaVita to establish a new independent medical device company focused on kidney care. Medtronic has confirmed that it will contribute its Renal Care Solutions (RCS) business to the new company, which will focus on developing a wide range of innovative renal care products and solutions.

Due to the release of 2022 full-year financial results, Geoff Martha, Chairman and CEO of Medtronic, commented, “We remain focused on driving growth through strong technology channels in rapidly expanding markets. We are committed to creating significant shareholder value through strategic capital allocation and active portfolio management.”.

2. Abbott (The revenue was USD30 billion)

Abbott, a multinational company based in Illinois, United States, ranks second in this year's top medical device companies list. Abbott, the headquarter is located in Illinois, was founded over 130 years ago and provides medical devices and healthcare solutions to over 160 countries/regions worldwide. Abbott has a global workforce of 113,000 employees and is renowned for its breakthrough products in diagnostics, medical devices, nutrition, and brand name drugs and generic drugs. In 2021, Abbott’s medical devices and diagnostics segment experienced an impressive growth of 32.7% year-over-year. In 2021, driven by the demand for Covid-19 testing, the diagnostics segment of Abbott experienced a growth of 42.7%. Abbott continued to strengthen its portfolio of medical devices in 2021 and achieve several pipeline advancements, including the introduction of the pioneering technology NeuroSphere Virtual Clinic in the United States, an expanded reimbursement scope for the MitraClip device, approval of the left atrial appendage occluder, Amplatzer Amulet, for the treatment of stroke patients by FDA, and approval of Portico with FlexNav, a transcatheter aortic valve replacement (TAVR) procedure by FDA. Looking forward to the future, Abbott aims to address not only the healthcare challenges that its products tackle but also the challenges related to access and affordability.

3. Johnson & Johnson (The revenue was USD27.1 billion)

Johnson & Johnson, ranked third in 2022, has recently renamed its medical device department as MedTech, including a wide range of products used in orthopedics, surgery, interventional surgery solution and eye health. In 2021, global medical device sales grew by 18%, which is impressive, primarily driven by the market's recovery from the impact of Covid-19 and the postponement of related medical procedures. In recent years, Johnson & Johnson has dedicated significant efforts to enhance its medical technology field through restructuring, brand repositioning, asset stripping, mergers, and acquisitions (M&A). In the most recent financial statement conference call, Johnson & Johnson's CEO, Joaquin Duato, commented, “Over the past few years, this accelerated growth has been driven by the delivery of differentiation solutions and improved commercial execution. We expect this improvement will continue, benefit from our innovation and the potential to expand into higher-growth markets segmentation."

4. Beckton Dickinson & Company (The revenue was USD20.2 billion)

BD, short for Becton, Dickinson & Company, is a US multinational medical technology company that manufactures and sells medical devices, instrument systems, and reagents. After experiencing a decline in growth due to the negative impact of the Covid-19 pandemic last year, BD turned the tide in 2021 with a significant sales increase of 18%. This strong performance is primarily attributed to increased investments in high-growth areas and ongoing M&A activities. BD continues to drive growth strategy through innovation and has introduced several new products, including the cell analyzer, FACSymphony A1, COR system (an automated high throughput molecular diagnostic platform), Veritor Covid-19 home test, and the rotational atherectomy system for atheroma removal, Rotarex. During their annual earnings conference call, BD's Chairman, CEO, and President, Tom Polen, commented, "With the momentum of our basic business growth and clear paths to accelerated profit recovery in the fiscal year 2022 and beyond, we are well-prepared to deliver on our commitments and drive long-term growth and value for all stakeholders.".

5. Siemens Healthineers (The revenue was USD20.2 billion)

Siemens Healthineers reported sales of USD2.02 billion (EUR18 billion) in 2021, representing a 19% increase compared to the previous year impacted by the Covid-19 pandemic. However, it ranked fifth on the top medical device companies list. In 2021, Siemens Healthineers gained market share, introduced innovative new products, and embraced sustainability. Looking forward to the future, Siemens Healthineers will continue to promote digital transformation and remain committed to supporting healthcare providers, so that they could obtain authorization in the procedure of expanding precision medicine, transforming healthcare services, and improving patient experiences.

6. Fresenius Medical Care (The revenue was USD19.4 billion)

Fresenius, the German healthcare company, is the world's largest supplier of services and products for patients with kidney disease. In 2021, the company achieved revenues of USD19.4 billion (EUR17.62 billion), representing an 8% decrease compared to the previous year. However, when measured at a fixed exchange rate, revenues showed a slight increase of 2%. In 2020, the company had revenues of USD21 billion (EUUR17.9 billion). The cumulative impact of Covid-19 on the company's performance has exceeded Fresenius' initial estimation at the beginning of the year. However, Fresenius plans regain positive momentum in terms of earnings in 2022. Their strategic priorities for 2025 focus on positioning products and healthcare services as core offerings, with a specific emphasis on three key fields: renal care continuum, critical care solutions, and complementary assets.

7. Royal Philips (The revenue was USD19.2 billion)

In 2021, Philips' sales revenue for health products and solutions totaled USD19.2 billion (EUR17.2 billion), representing a 15% decrease compared to the previous year's sales of USD22.6 billion (EUR19.1 billion) which was negatively affected by the adverse exchange rates and the underperformance in the Connected Health. Sales were impacted by several unfavorable factors, including supply chain challenges, delays in hospital equipment installations related to Covid-19, and the aftermath of the Respironics on-site action. However, driven by solid growth in the diagnosis and treatment businesses, comparable orders increased by 4%.

8. GE HEALTHCARE (The revenue was USD17.7 billion)

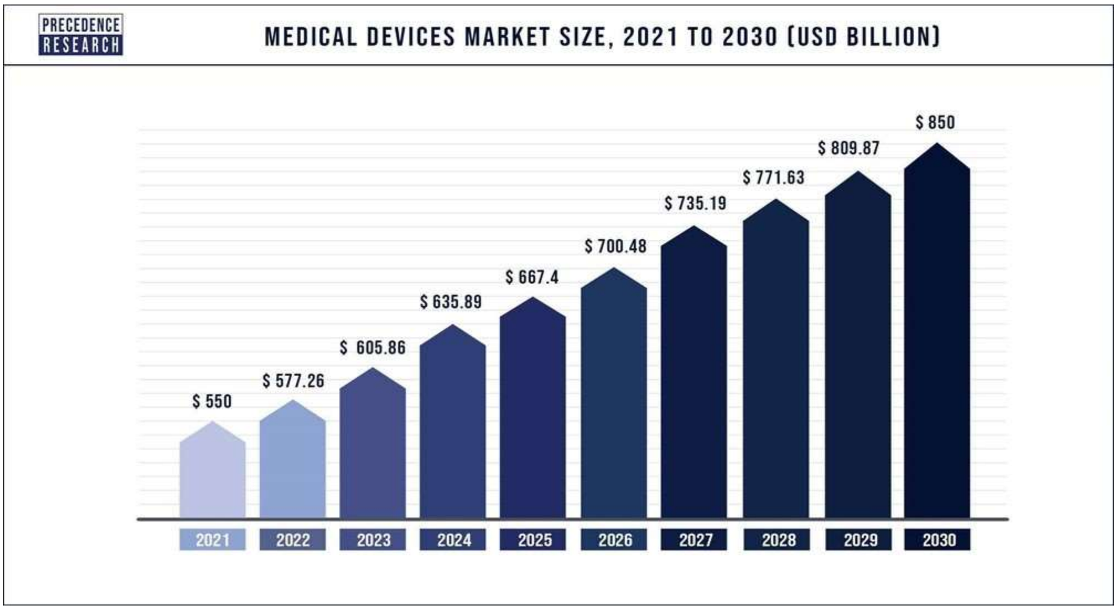
GE Healthcare is widely recognized for its imaging, ultrasound, software, and life care solutions. In 2021, GE Healthcare experienced a 2% decline in sales due to the negative impact of supply chain disruptions. During the same year, GE Healthcare made two acquisitions: BK Medical and Zionexa, which hold significant potential in the fields of precision medicine and healthcare. Precision medicine is the core focus for GE Healthcare.

9. Stryker (The revenue was USD17.1 billion)

Stryker achieved continuous growth for 40 years leading up to 2020. However, the impact of the Covid-19 pandemic, which resulted in reduced medical procedures, caused a 3.6% decline in sales in 2022. Nevertheless, in 2021, Stryker rebounded and experienced an impressive 19% increase in sales. This can be attributed to the strong performance of MedSurg, Neurotechnology, as well as the orthopedics and spine segments. At the end of 2020, Stryker completed the acquisition of Wright Medical, which has now been fully integrated into Stryker, setting the stage for the company's future growth.

10. Cardinal Health (The revenue was USD15.9 billion)

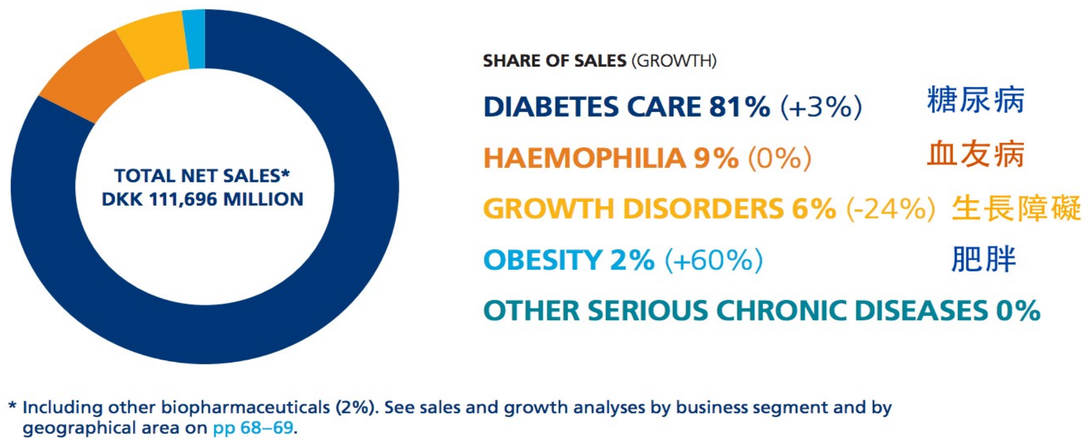
Cardinal Health, with over 100 years of experience and more than 44,000 employees in 30 countries/regions, is recognized for providing pharmaceuticals, medical products, and services that could assist healthcare providers. In the fiscal year 2022, Cardinal Health's medical department experienced a 5% decline in sales, significantly impacted by inflation and supply chain constraints. Compared to the previous year, the reduced demand for personal protective equipment (PPE) and the divestiture of the Cordis business, further offset the sales figures.



So far, the main medical product that Stryker sells is the components of clear insulin pen. Its main customers is Novo Nordisk. Novo Nordisk is a pharmaceutical & biotechnology company which has dedicated to the research on insulin. Stryker's main business fields include diabetes care, women's health management, human growth hormone and hemostasis management. In 2022, the market share of Novo Nordisk's insulin products reached about 31.9%, and were used in various insulin delivery systems. Denmark is highly supportive of the medical industry, and its welfare system also enhances the development of the medical device industry. At present, the export of Danish medical devices is mainly stretched from Northern Europe to the European market and has further expanded to other regions all over the globe. After accumulating several years of experiences of mutual trust and cooperation and certification experience, Stryker has earned recognition for the quality and price of products, which further makes its sales to Novo Nordisk grow steadily.

The revenue ratio of Novo Nordisk across various therapeutic areas
諾和諾德公司各項治療領域所佔營收比例

STRATEGIC FOCUS AREAS



The other notable selling drug of Novo Nordisk is a medication for obesity. Despite the shortage of the drug, Wegovy, at the end of the year, other medications like Saxenda contributed USD2.49 billion in revenue for the pharmaceutical company. This accounted for 63% of the revenue in the obesity drug segment.

2. Relations with industries upstream, midstream, and downstream

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

Upstream, midstream, and downstream

Raw materials
Stainless steel, carbon steel, copper bars, aluminum bars, iron bars

Devices:
Lathe,CNC machine center,CNC turning machine

→ Satellite-factory (parts manufacturing plant)

→ Automotive industry
Medical industry
Industrial industry
Family application industry
Optical industry
Consumer electronics
Aerospace industry

3. Various trends of product development and competition status

(1) Auto parts

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

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

With the rising environmental awareness around the globe in recent years, many automobile manufacturers have also been engaged in the research and development of electric vehicles. Governments in various countries have implemented policies such as banning or restricting combustion engine vehicles and providing subsidies for electric vehicles to promote their development. As a result, electric vehicles are bound to become increasingly common in the future. The thriving development of electric vehicles has brought business opportunities to Taiwan's automotive components manufacturers. Taiwanese companies are actively positioning themselves in the electric vehicle market. With the increasing demand for electric vehicles, companies have started to engage in cross-industry integration and gradually expand their involvement in the research and development of components such as electric vehicle batteries, LED car lights, and touch panels. In 2020, Hon Hai (Foxconn) and Yulon Motor announced the establishment of the MIH Electric Vehicle Platform Alliance, aiming to integrate electronic technology and component manufacturers to drive the development of Taiwan's electric vehicle industry. Additionally, in recent years, there has been a gradual increase in the demand for smart vehicles to reduce traffic accidents and improve congestion issues. Automobile manufacturers have started to develop advanced driver assistance systems and introduce autonomous vehicles. On the other hand, IoT has been a focus of development in the automotive industry in recent years. Vehicle-to-everything provide drivers with important information services that enable more precise navigation. By utilizing tools such as information integration and data analysis, the aim is to enhance safety and convenience in driving and traffic environments. The trend of smart vehicles will also drive component manufacturers to invest in intelligent components and automotive electronics components so that allows components manufacturers not to be limited to traditional automotive components and explore the development of functional components to meet the increasing demand for customized components in the smart vehicle and vehicle-to-everything technology market. In the future, the rise of electric vehicles and smart vehicles will bring about a complete transformation to the entire automotive industry chain. In response to the change in future market demands and the industry ecosystem, automotive components manufacturers are gradually moving towards electrification and intelligent components. They are integrating Taiwan's advantages in electronic technology to establish a solid foundation for future market competition.

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

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

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

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

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

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

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

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

(2) Bicycle industry

Taiwan is referred to as “Cycling Island.” After four decades of development, Taiwan has become the largest exporter of bicycle in the world. Over the past ten years, under the low-price competition from China and India, domestic manufacturers have gradually developed mid-to-high-end bicycles. In 2022, the total export volume of finished bicycles (excluding electric bicycles) from Taiwan experienced a slight decline due to global destocking, reaching 1.944 million units, a year-on-year decrease of 1.65%. However, due to an increase in unit prices, the export value of finished bicycles reached USD1.617 billion, showing a year-on-year increase of 23%. The average unit price rose to USD827.73. The top three countries for finished bicycle exports were the United States, the Netherlands, and the United Kingdom.

The global sales of bicycles are booming, and the focus of industrial development has gradually shifted from traditional transportation tools to those for sports, mountaineering and leisure activities. In advanced areas such as Europe, America and Japan, bicycles have become tools for sports competition, fitness, leisure, and entertainment.

There are four major trends in the development of the global bicycle industry: lightweight, electrification, intellectualization, and interconnection, sharing and service.

① Lightweight

Lightweight involves issues such as frame material selection, frame structure design, lightweight motor, and technology integration. Folding bicycles have also become more and more popular in recent years. Riding folding bicycles combining public transportation such as the high-speed railway, subway, and buses has become a new commuting ecology.

② Electrification

Electric car issues include power kits including middle motors, turning motors, friction motors, low-consumption motors, and starting system of motor management, short-circuit test and prevention, low-consumption of battery still and design battery cover at frame.

Electric-assist bicycles have shown impressive performance with both price and quantity rising. In 2022, the export volume of electric-assist bicycles exceeded one million units, growing from 988,000 units in 2021 to 1,037,000 units, representing a year-on-year increase of 4.97%. The export value reached USD1.553 billion, showing a year-on-year increase of 18.08%. The average unit price reached USD1,097.48, experiencing a year-on-year increase of 12.49%.

North America and the European Union account for approximately 86% of the total export volume of electric bicycles. The top five export destinations are the Netherlands, the United States, Germany, the United Kingdom, and France. Among them, France, Italy, and the Czech Republic have shown a continuous increase in demand for electric bicycles, with export volumes surpassing 100% growth. In recent years, electric-assist bicycles have become the primary driving force behind the growth of the bicycle industry.

③ Intellectualization and interconnection

Intellectualization and interconnection include terminal equipment, service center, service and data collection process, transmission encoding and encryption and other issues. The application includes travel information, traffic management, public transportation, commercial logistics, emergency services, etc.

④ Sharing and service

Sharing and service mostly relies on the interconnection technology based on the electrification of transportation tools, which connects with the content management platform and related data, etc. Moreover, providing the collected business or personal information to the industry further creates multiple application values, which allows car dealerships and operators to provide customers with more accurate marketing, products, and services.

(3) Medical device

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

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

① Based on niche products, further providing an overall solution

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

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

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

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

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

4. Competition status

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

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

(III) Technology and research & development summary

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

Unit: NTD (in thousands); %

Item \ Year	2022	As of 31 March 2023
R&D expenditures(A)	185,235	42,796
Net operating revenues (B)	3,350,323	780,351
Proportion of R&D expenditures (A)/(B)	5.53%	5.48%

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

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

(IV) Long-term and short-term development

I. Short-term development plan

(1) Marketing strategy

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

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

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

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

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

(2) Production strategy

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

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

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

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

(3) R&D strategy

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

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

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

(4) Operations management

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

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

(5) Financial management

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

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

2. Long-term development plan

(1) Marketing strategy

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

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

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

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

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

(2) Production strategy

A. Integrate raw material suppliers to ensure that all processes from raw material procurement to quality inspection, delivery date and other processes can be carried out smoothly.

B. Focus on the mode of OEM, improve product development capabilities, and enhance the integration of customers, manufacturers, and related industrial resources to create a win-win situation.

C. Enhance Total Quality Management (TQM) systems to make sure the product processing is safe, to ensure that follow-up process can run smoothly, and the products can be shipped on time in accordance with the delivery date.

(3) R&D strategy

A. Enhance the capability of design and integrated processing, and provide customized products and services.

B. Focus on OEM and adjust to the OEM mode of product modularity to improve product development capabilities.

(4) Operations management

A. Establish flat organization, effective management and reasonable performance assessment system for employees.

B. Regularly provide internal and external training for employee to enrich their professional and technical capabilities and improve communication efficiency in the workplace.

C. Strengthen the management of operational headquarters, enhance the operating performance of invested companies and improve financial planning capabilities.

D. Advocate the mindset of global competition and life-long learning, and achieve the goals to become multinational corporations.

E. Establish quality, efficient, and innovative corporate culture, and boost workplace cohesion.

(5) Financial management

A. The Company supplements the operating capital with net income, loans from financial institutions and cash capital increase to acquire funds needed for future development.

B. Appropriately arrange the Company’s financial planning to decrease operating risks.

II. Market and Sales Overview

(I) Market Analysis

I. Sales region of the Company's main products

Unit: NTD (in thousands); %

Area		2021		2022	
		Amount	%	Amount	%
Domestic market		559,071	17.29	641,087	19.14
Overseas market	Asia	1,702,543	52.66	1,748,566	52.19
	America	185,412	5.74	196,982	5.88
	Europe	785,784	24.31	763,688	22.79
	Others	0	0	0	0
	Subtotal	2,673,739	82.71	2,709,236	80.86
Total		3,232,810	100.00	3,350,323	100.00

2. Market Share

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

3. Future supply, demand, and growth of market

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

(1) Automotive industry

Although inflation in 2023 might become a significant factor affecting the automotive market, as shown in the chart below, the previous impact on the supply side has caused the automotive market to significantly fall below the usual average level from 2020 to 2022. This also indicates that the automotive inventory level is still low currently. Once the material and component shortages are alleviated, there is a high probability that customers will establish healthy inventory levels. With the industry at a low base, it could become an important factor driving the growth of the automotive market this year.

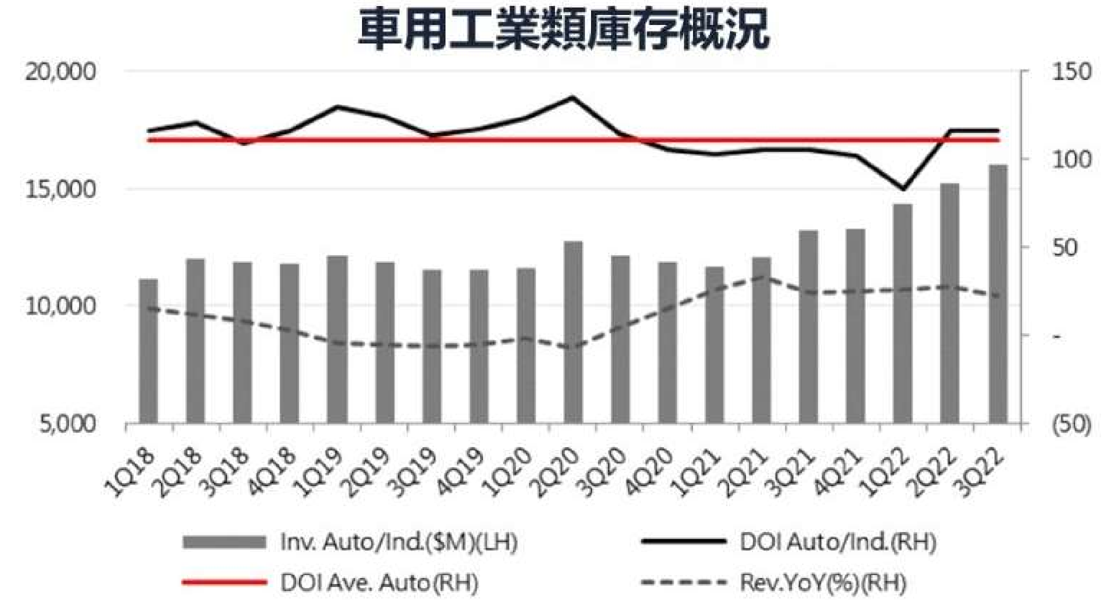
Global Passenger Car Estimated Sales (Millions)

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

After the outbreak of the pandemic, many manufacturers reduced production, leading to a shortage of vehicles in the automotive industry in the second half of 2020. According to data from forecasting firm AutoForecast, the chip shortage resulted in a cumulative production loss of 4 million vehicles in the globe. North America and Europe each experienced a production loss of approximately 1 million vehicles, while China has a loss of 170,000 vehicles, which has been a major factor in the decline in car sales. However, the worst situation has already passed.

With the inventory turnover days returning to normal levels, it can be confirmed that the material shortage has eased. In the background of a low base and the alleviation of upstream shortages, it is helpful for the recovery of the automotive industry. However, the uncertainty factors mentioned earlier, such as overall economic uncertainty, may still impact consumer purchases willingness in the market.

Inventory Status in the Automotive Industry



source：《永豐投顧半導體產業報告：解鈴還須繫鈴人》，永豐投顧整理

Source: "Semiconductor Industry Report from SinoPac Inv. Service; The one who causes the problem should fix the problem"; compiled by SinoPac Inv. Service.

In the automotive industry, the main categories are fuel vehicles and new energy vehicles. However, currently, new energy vehicles are showing the most significant momentum, and this is highly correlated with the policies promoting the adoption of new energy in various countries. The summary table as below:

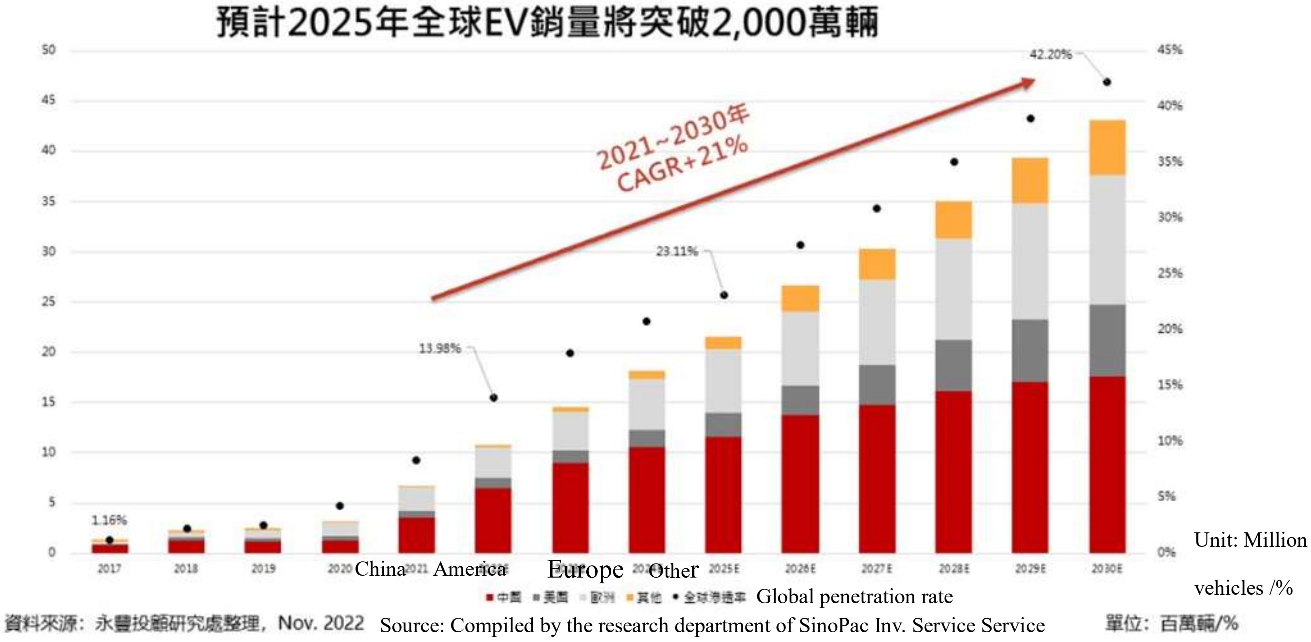
新能源車發展正向 各國政策一覽

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

Overview of the policies related to the promotion of environmental protection and new energy vehicles in various countries	
Major vehicle market	Policy contents promoting environmental protection and new energy vehicles
America	1. After taking office, the Biden administration signed executive orders asking to achieve a 50% electric vehicle market share by 2030. 2. On 26 August 2022, the "Inflation Reduction Act" was officially enacted and effective, amending and expanding tax credits for new energy vehicles.
China	1. The target for 2025 is to reduce the average energy consumption of new electric passenger cars to 12.0 kwh per 100 kilometers. 2. The target is to achieve new energy vehicles sales accounting for approximately 20% of total new car sales. Highly automated-driving vehicles achieve the commercially application in limited areas and specific scenarios.
Europe	1. In the European Union (EU) region, the CO2 emission standards for new vehicles are becoming increasingly strict. The target is to reduce CO2 emissions by 15% compared to 2021 by 2025 and by 37.5% compared to 2021 by 2030. A significant compression of the carbon emission for passenger cars, exceeding a reduction of over twice the initial levels. 2. The 27 members of the European Union (EU) officially agreed to ban the sale of combustion engine vehicles starting from 2035 on 27 October 2022 to achieve 100% net-zero carbon emissions.

In 2021 and 2022, the sales of new energy vehicles recorded a year-on-year growth of 104% and 62% respectively, with a global market share of 8% and 13%. Among them, China accounted for 65% of the sales, followed by Europe with 25% and the United States with 10%. With the guidance of policies in various countries, new energy vehicles are becoming the main driving force for market growth and industry transformation.

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



According to institutional forecasts, global electric vehicle (EV) sales are expected to surpass 20 million units in 2025, with a Compound Annual Growth Rate (CAGR) of 21% from 2021 to 2030. China, driven by policies and markets, currently is the most important region for the sales of new energy vehicles. It has the highest penetration rate globally. The policy has also led to the emergence of numerous brands, intensifying competition among automotive manufacturers. Electric vehicles have become a trend in the era. Various companies and automobile manufacturers are actively investing in this field which has brought about related business opportunities and imagination, and it has also impacted the entire supply chain associated with electric vehicles.

(2) Bicycle industry

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

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

Taiwan is renowned as the “kingdom of bicycles” The manufacturers possess advantages such as high production flexibility and adaptability that they have gained a certain market share in import markets worldwide. Take a closer look at major products:

1. Electric bicycles: The market share of imported electric bicycles from Taiwan in the European Union and China has been increasing year by year. In 2021, it surpassed both China and the United States, becoming the leading market share in both regions. Although the United States still relies mainly on imports from China, the trade war between the United States and China has led Taiwan to shift high-priced products back to domestic production. The market share of China decreased from 82.8% in 2012 to 58.5% in 2021, while Taiwan's market share increased from 10.0% in 2012 to 29.5% in 2021, which ranks second.

2. Bicycles: In recent years, Cambodia has benefited from the tariff advantages in bicycle exports to Europe and America, leading to a production base shift to Cambodia by European and American brand manufacturers, and thereby driving up the annual export value of bicycles. In 2021, the market share in the European Union for Cambodia reached 26.7%, surpassing Taiwan for the first time and taking the lead, while Taiwan ranked second with a market share of 25.9%. As for the import market in China, although Taiwan continues to maintain the top position, there is a downward trend in market share.

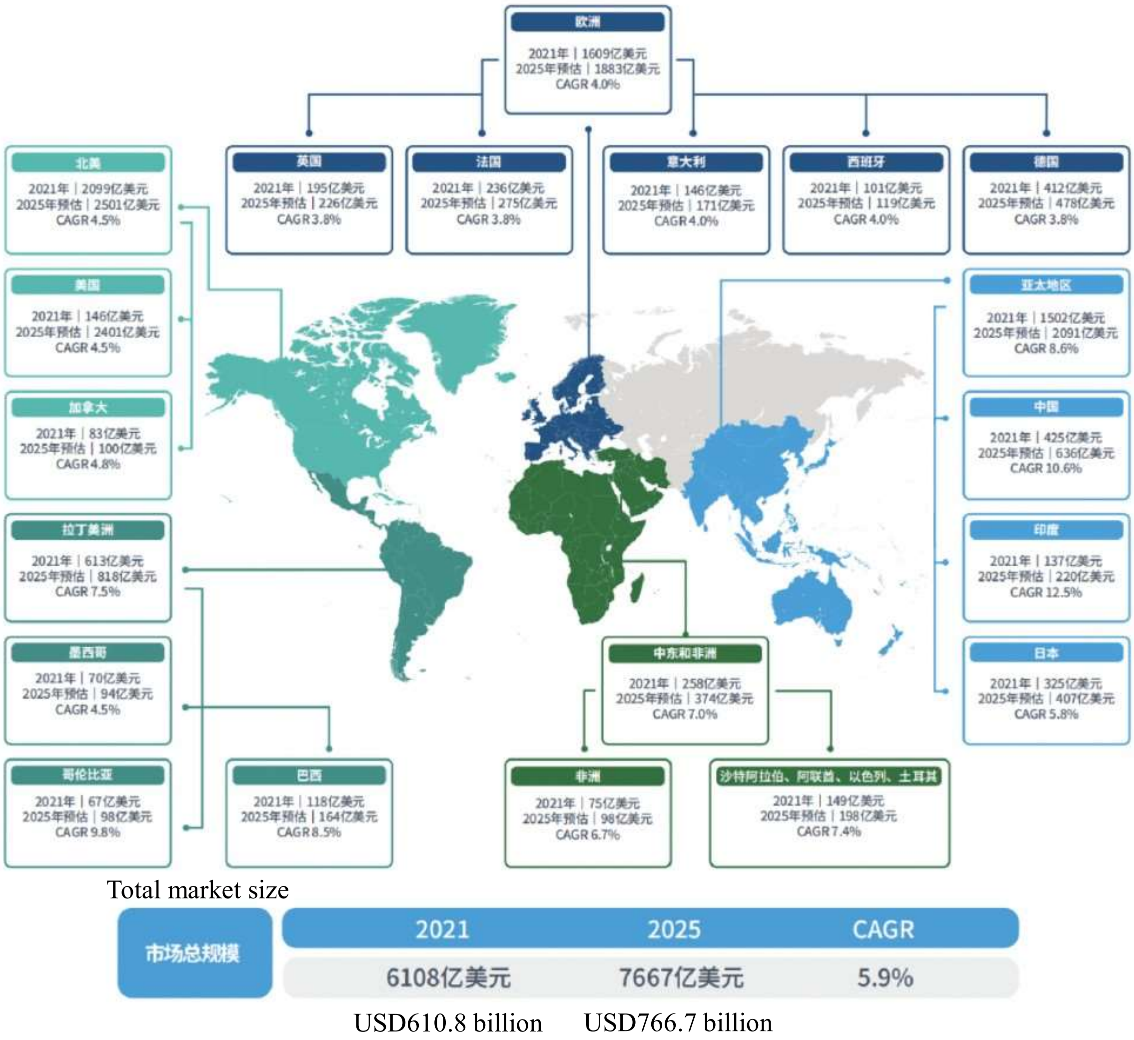
3. Bicycle components: Taiwan has been in the leading position in the United States and China's import markets for the past decade. In 2021, the market share increased by 7.7 and 12.0 percentage points compared to 2012 respectively. In the European Union market, China is the largest importing country, while Taiwan ranks second. The outbreak of COVID-19 will undoubtedly benefit the growth in bicycle market in the following years. Governments around the world have been promoting bicycles as one of the best transportation tools to help people maintain social distance. In addition, governments including the UK and Italy offer subsidies for buying new bikes during pandemic. With governments' support by advocacy and offering subsidies, coupled with people starting to know more advantages of riding bikes, it is expected that bicycle market will show good growth in the coming years.

(3) Medical equipment

With the increasing world population, rising aging population and economic growth in developing countries, the global medical device market will continue to grow in the long run. The global medical equipment market scale will reach USD577.2 billion in 2022, an increase of 4.6% than the previous year. It is expected that the economic scale will grow to USD850 billion in 2030.

Figure 1: The market size and forecast for the medical devices market in different regions globally

图1：全球不同地区医疗器械市场的规模及预测



数据来源: IQVIA分析

(a.) North American Market

North America generated sales of USD201.6 billion in 2021 and is estimated to reach USD240.1 billion by 2025, with a compound annual growth rate of 4.5%. This will solidify its position as the largest medical device market. The growth in the North American market is driven by factors such as the availability of patient statistics, the increasing percentage of patients with chronic diseases, a surge in the use of digital therapeutics, and the growing availability of clinical data proving the effectiveness of innovative devices.

The US government plans to further develop the Affordable Care Act (ACA) to enhance reimbursement coverage and reduce costs for various treatments and medical services. This will provide additional incentives for preventive medicine, including screenings, and may potentially increase the proportion of insured individuals in the United States. These developments will support the entire North American medical device market.

(b.) European Market

The European medical device market generated sales of USD160.9 billion in 2021 and is estimated to reach USD188.3 billion by 2025, with a compound annual growth rate of 4.0%. Europe's demand for medical devices, the same as the United States, will continue to be influenced by cost control pressures, value-based healthcare, technological advancements, and demographic changes. However, the most significant impact will likely come from regulatory changes.

The European Medical Device Regulation (MDR) and In Vitro Diagnostic Regulation (IVDR) require more strict clinical evidence and quality control practices as a prerequisite for product approval. Although the industry perceives the new regulations as complex and unpredictable, thereby reducing the attractiveness of developing and launching new products in Europe, the regulations also provide medical device companies with opportunities to simplify the process of innovation, research, and development, as well as reconsider their business strategies.

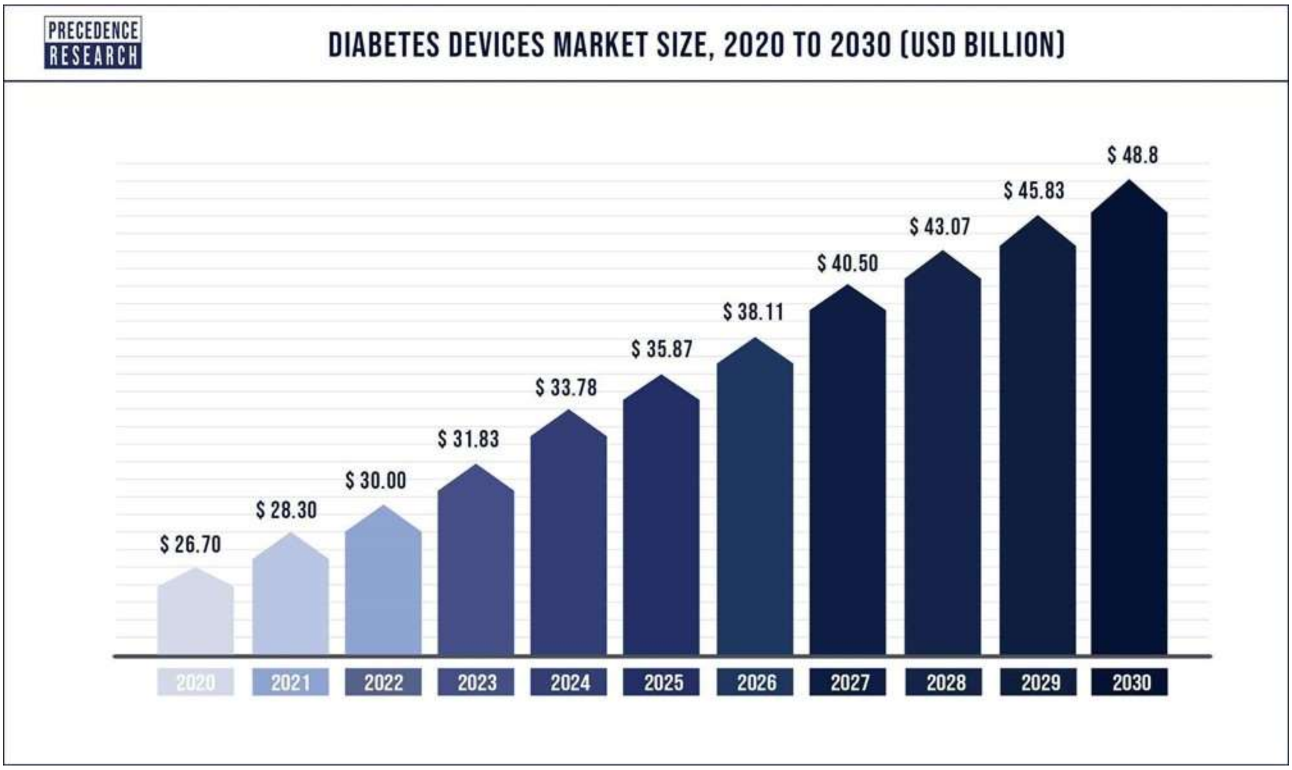
(c.) Asia-Pacific Market

The medical device market in the Asia-Pacific region generated sales of USD150.2 billion in 2021, primarily driven by China, Japan, and India. It is estimated to grow at a compound annual growth rate of 8.6% and reach USD209.1 billion by 2025.

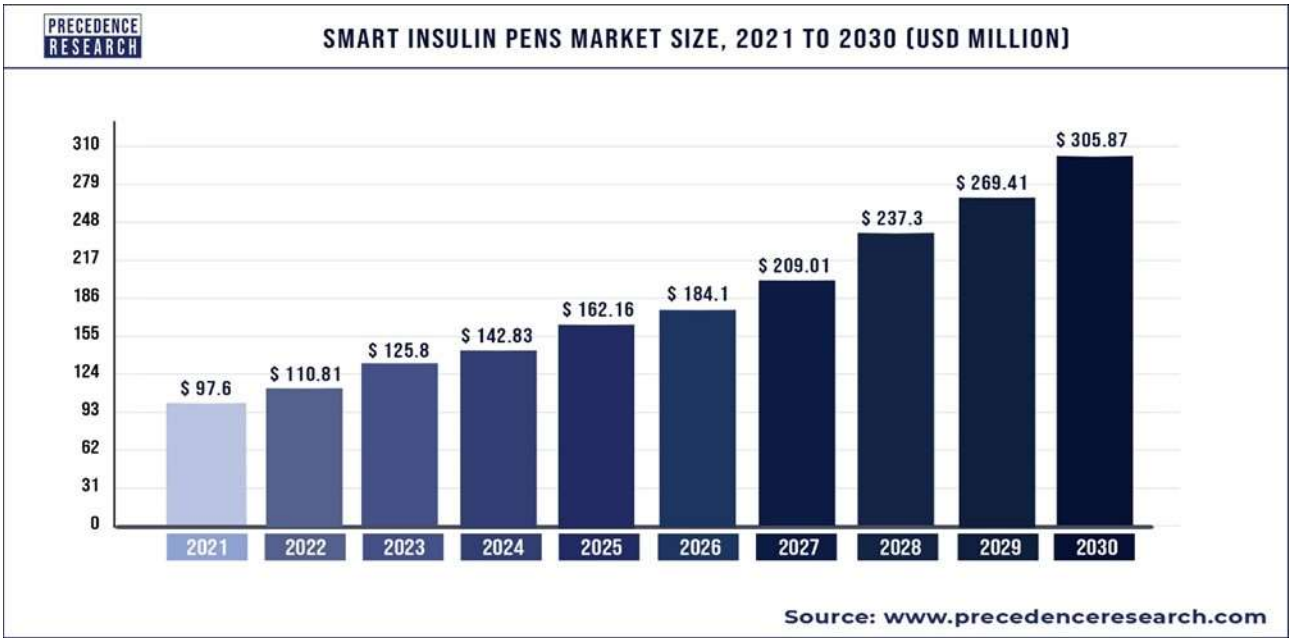
The Asia-Pacific region has a population of nearly 4.3 billion, accounting for 60% of the global population. By 2050, one-fourth of the population will be over 60 years old, meanwhile, more individuals will have increased purchasing ability. The healthcare condition in Asia-Pacific is at an inflection point. Despite challenges related to reimbursement or affordability, people's demand for high-quality medical and healthcare surged. Besides, the Asia-Pacific countries still face challenges such as limited resources, insufficient awareness or training of healthcare professionals, and geographical constraints, resulting in a significant but unsatisfied healthcare demand in the region. The solution will depend on how the region could attract innovators to meet the needs of the people.

Moreover, with the development of the APAC medical device market, the Asia-Pacific region is experiencing a high level of innovation. The transformative technologies emerging from medical device innovators in the fields such as cardiovascular, pulmonary, ophthalmology, oncology, and surgery serve as evidence of this. However, in the race to become the next game-changer, there will be two types of participants: local companies with a certain level of global influence seeking expansion into new markets, and large multinational corporations (MNCs) fighting for market share. Due to the crucial nature of growth in the Asia-Pacific region, both groups of market participants need to navigate its complexities and design business models that leverage their advantages while catering to the specific needs of the region.

It can be seen clearly from the following chart that: In the next ten years, (1) Novo Nordisk has occupied a dominant position. In recent decades. its market share in the field of diabetes has risen steadily. (2) Takeda is declining rapidly. Takeda had once ranked TOP 5 in the diabetes market with pioglitazone, with the sales peak at USD4.4 billion. However, pioglitazone rapidly declined due to the drug's potential bladder cancer risk, Takeda had lost its dominance in the field of diabetes. It is predicted that the TOP 5 companies in the next 5 years will be Novo Nordisk, Eli Lily, Boehringer-Ingelheim, Sanofi, AstraZeneca. It can be seen from the 2018 fiscal year chart, the ranking of TOP5 companies in the global antidiabetic field has changed slightly, which were Novo Nordisk, Eli Lily, Sanofi, Merck Sharp & Dohme and Boehringer-Ingelheim. In 2022, the global market size for diabetes devices exceeded USD30 billion, and it is estimated to reach around USD48.8 billion by 2030. The compound annual growth rate (CAGR) from 2022 to 2030 is expected to reach 6.2%.



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



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

1. Novo Nordisk A/S: USD142.6 billion

2. Eli Lilly and Company: USD97.1 billion

3. Sanofi: USD6.1 billion

4. Merck KGaA: USD59.1 billion

5. Boehringer-Ingelheim: USD33.7 billion

6. AstraZeneca PLC: USD26 billion

7. Johnson & Johnson: USD880 million

8. Merck KGaA: USD860 million

9. Bayer AG: USD620 million

10. Takeda Pharmaceutical Company Limited: USD420 million

4. Competitive niche

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

(2) The Company has maintained an amicable long-term partnership. For market intelligence and product development, the Company always provides opinions and needs to expand the market together. After years of hard work, the Company has become an important supplier of major international manufacturers and won awards and received commendations several times. In the supply chain system of global car

dealerships, major suppliers will not be changed or replaced easily. Because the procurement and certification systems of global car dealerships are complex and take a long time to prepare, those global car dealerships focus on factors such as high quality, stable supply, and R&D efficiency instead of considering the costs. The intangible loss and time cost caused by the replacement of suppliers without deep consideration are the potential risks and costs that global car dealerships are truly concerned about.

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

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

(4) Competitive price:

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

(5) International certification:

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

(6) Precise inspection equipment:

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

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

5. Favorable and unfavorable factors and countermeasures of development prospect

(1) Favorable factors

①Booming China market creates business opportunities

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

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

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

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

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

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

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

(2) Unfavorable factors

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

Countermeasures:

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

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

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

Countermeasures:

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

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

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

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

③ Rising wages in China caused the increase in production costs

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

Countermeasures:

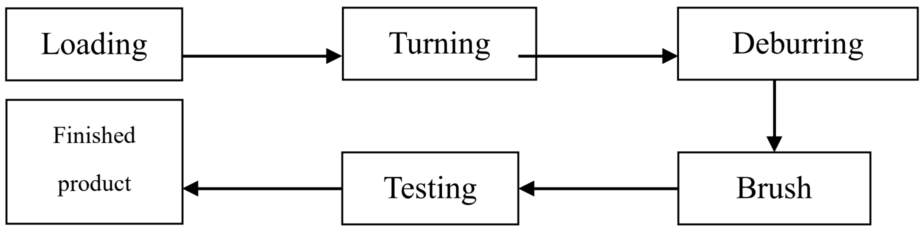
The Company has improved the production process to reduce the waste of raw materials during production, and reduced labor hours to improve production efficiency of products and reduce costs. Moreover, the Company has introduced automated production machinery to replace labor, so that the Company’s product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

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

1. Usage for the Company's main products

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

2. The manufacturing process of main products



(III) Supply Status of Main Materials

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

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

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

Unit: NTD (in thousands); %

	2021	2022	As of 31 March 2023

Item	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of net purchases as of 31 March 2023)	Relation with the issuer
1	Acciaierie Valbruna	121,136	9.79	None	Acciaierie Valbruna	207,830	15.02	None	Acciaierie Valbruna	46,135	17.25	None
4	Other Companies	1,116,521	90.21		Other Companies	1,176,171	84.98		Other Companies	221,259	82.75	
	Net purchase amount	1,237,657	100		Net purchase amount	1,384,001	100		Net purchase amount	267,394	100.00	

The reason for increases or decreases:

In 2022, the impact of COVID-19 showed the sign of ebbing, and therefore the market and customer demand had increased. As a result, the procurement amount of the top 10 main suppliers in 2022 had increased comparing to that of 2021. However, the procurement amount of individual supplier had increased or decreased.

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

Unit: NTD (in thousands); %

	2021				2022				As of 31 March 2023			
Item	Name	Amount	Percentage of annual net sales	Relation with the issuer	Name	Amount	Percentage of annual net sales	Relation with the issuer	Company Name	Amount	Percentage of net sales as of 31 March 2022)	Relation with the issuer
1	Fox Factory Switzerland GmbH	555,819	17.19	None.	Fox Factory Switzerland GmbH	617,628	18.43	None.	Fox Factory Switzerland GmbH	124,573	15.96	None.
2	Bosch	505,542	15.64	None.	Bosch Diesel System	375,863	11.22	None.	Bosch Diesel System	100,974	12.94	None.
3	Bosch San. ve Tic. A.S.(RBTR)	99,497	3.08	None.		199,147	5.94	None.		82,454	10.57	None.
4	Novo Nordisk	166,699	5.16	None.		221,707	6.62	None.		78,182	10.02	None.
	Other companies	1,905,253	58.93	None.	Other companies	1,935,978	57.79	None.	Other companies	394,168	50.51	None.
	Net sales revenue	3,232,810	100.00		Net sales revenue	3,350,323	100.00		Net sales revenue	780,351	100.00	

The reason for increases or decreases:

The Company sells products, such as the injection nozzle components of the engine system, to the Bosch Group. The business relationship started in 2004, and over the years, the Company has built mutual trust, and cooperation, and has undergone multiple certifications with Bosch Group.

The quality and pricing of the products have been highly recognized by the Bosch Group. However, in 2022, the Company experienced a decline in sales due to market fluctuations and adjustments in the sales planning within the customer. The region's sales volume increased or decreased, which resulted in decreased sales volumes Bosch Automotive Diesel Systems. Additionally, the company sells products to the customer FOX FACTORY SWITZERLAND GmbH, which includes bicycle components. Due to the growing bicycle market and a strong partnership with the customer, the sales revenue has been steadily increasing.

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

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

Year / Output / Main products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Precision metal components	Note	146,427	3,362,734	Note	132,754	3,539,236
Other companies	Note	—	—	Note	—	—
Total	Note	146,427	3,362,734	Note	132,754	3,539,236

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

The reason for increases or decreases:

In 2022, due to the impact of COVID-19 showed a sign of ebbing, the market and customer demand primarily focus on products with higher specifications and unit prices, resulting in a decrease in product output. However, the product value has increased compared to 2021.

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

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

Year / Shipments and sales / Main products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Precision metal components	9,550	559,071	130,678	2,673,739	10,237	641,087	119,293	2,709,236
Other companies	—	—	—	—	—	—	—	—
Total	9,550	559,071	130,678	2,673,739	10,237	641,087	119,293	2,709,236

The reason for increases or decreases:

In 2022, due to the impact of COVID-19 showed a sign of ebbing, the market and customer demand primarily focus on products with higher specifications and unit prices, resulting in a decrease in product output. However, the product value has increased compared to 2021.

III. Human Resources Information for the Last Two Years and as of the Date of Publication of the Annual Report

Information on the employees employed in the 2 most recent fiscal years, and during the current fiscal year up to the publication date of the annual report

Year		2021	2022	As of 31 March 2023
Number of Employee	Indirect employee	600	598	590
	Direct employee	928	1093	988
	Total	1,528	1691	1578
Average Age		37.05	36.28	36.49
Average Years of Service		3.70	3.14	3.25
Education Distribution (%)	Ph.D.	0.00%	0.00%	0.00%
	Master's Degree	3.00%	3.00%	3.00%
	Bachelor's Degree	23.00%	24.00%	21.00%
	Senior High School	25.00%	26.00%	24.00%
	Below Senior High School	49.00%	47.00%	52.00%

IV. Labor Relations

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

1. Benefit plans

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

2. Employee continuing education and training

In order to improve employees' professional skills and competency, the Company and its subsidiaries not only provide internal education training, but also encourage the employees to participate in various workshops and training courses. In the most recent year, there were 156 training courses for employee education, 1,306 participants, The total hour is 3,291.5, and the training expenditure was NTD211 thousand in total.

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

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

3. Retirement systems and the implementation status

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

4. The status of labor-management agreements

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

5. Measures for preserving employees' rights

(1) Establish Employee Welfare Committee:

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

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

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

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

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

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

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

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

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

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

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

(IV) Code of conduct for employees

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

V. Disbursement for Environmental Protection

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

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

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

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

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

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

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

VI. Cyber Security Management

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

The Company has started to plan the control of cyber security inspection and established the regulation for the management of the use of Internet to ensure the establishment of firewall for the Company's cyber information systems. Moreover, the Company regularly announces the relevant regulations on cyber security to employees and will gradually improve various specific management policies and implementation plans in accordance with the law in the future.

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

VII. Important Contracts

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

Agreement	Counterparty	Period	Main Contents	Restrictions
Lease agreement	Chungkang Branch, Export Processing Zone Administration	December 2016- December 2026	Land lease agreement	None.
Lease agreement	Chungkang Branch, Export Processing Zone Administration	July 2015- June 2025	Land lease agreement	None.
Procurement agreement	Bosch (China) Investment Ltd.	From 30 July 2012	Procurement agreement	None.
Procurement agreement	DENSO KOREA CORPORATION	From 27 March 2020	Procurement agreement	None.
Procurement agreement	DENSO MANUFACTURING HUNGARY LTD.,	From 30 October 2020	Procurement agreement	None.
Engineering agreement	Lee Ming Construction Co., Ltd.	January 2021- December 2022	The construction project of new plant.	None.

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

VI. Financial Information

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

(I) Condensed balance sheets and statements of comprehensive income

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

(1) Consolidated Condensed Balance Sheets - Based on IFRS

Unit: NTD (in thousands)

Item \ Year		Financial Summary for the Last Five Years					The financial information as of and for the year ended 31 March 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		1,948,451	2,018,355	2,469,730	2,966,607	2,869,473	2,852,777
Property, plant and equipment		1,524,833	1,545,728	1,548,036	1,582,313	1,525,264	1,522,819
Intangible assets		5,171	4,536	6,396	6,256	8,266	7,711
Other assets		150,770	306,490	257,652	371,650	579,878	551,046
Total assets		3,629,225	3,875,109	4,281,814	4,926,826	4,982,881	4,934,353
Current liabilities	Before distribution	730,884	814,391	1,097,493	1,255,351	1,033,194	911,580
	After distribution	971,672	1,013,041	1,217,887	1,074,487	(Note 2)	911,580
Non-current liabilities		223,000	390,060	344,840	533,227	501,678	471,555
Total liabilities	Before distribution	953,884	1,204,451	1,442,333	1,788,578	1,534,872	1,383,135
	After distribution	1,194,672	1,403,101	1,562,727	1,607,714	(Note 2)	1,383,135
Equity attributable to shareholders of the parent		2,609,370	2,612,313	2,800,475	3,116,374	3,433,712	3,539,976
Capital stock		602,881	602,881	602,881	602,881	602,881	602,881
Capital surplus		1,068,073	1,068,073	1,068,073	962,908	818,217	818,217
Retained earnings	Before distribution	1,045,063	1,109,642	1,286,119	1,708,486	2,149,968	2,247,374
	After distribution	804,275	910,992	1,165,725	1,527,622	(Note 2)	2,247,374
Other equity interest		(96,732)	(158,368)	(146,683)	(157,901)	(137,354)	(128,496)
Treasury stock		—	(9,915)	(9,915)	—	—	—
Non-controlling interest		—	58,345	39,006	21,874	14,297	11,242
Total equity	Before distribution	2,675,341	2,670,658	2,839,481	3,138,248	3,448,009	3,551,218
	After distribution	2,434,553	2,472,008	2,719,087	2,957,384	(Note 2)	3,551,218

Note 1: The financial information on the first quarter of 2023 had been reviewed by the CPAs.

Note 2: The appropriation of earnings will be determined after the resolution of the 2023 shareholders' meeting.

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

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

Year / Item	Financial Summary for the Last Five Years					The financial information as of and for the year ended 31 March 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	2,549,783	2,353,988	2,538,399	3,232,810	3,350,323	780,351
Gross profit	960,337	774,569	823,121	1,149,311	1,103,636	217,753
Income (loss) from operations	523,798	319,324	404,990	649,199	544,806	98,977
Non-operating income and expense	93,137	44,704	24,846	2,521	230,007	(271)
Income before tax	616,935	364,028	429,836	651,720	774,813	98,706
Profit of continued operations.	412,241	293,678	359,289	529,978	613,553	94,288
Loss of discontinued operations	–	–	–	–	–	–
Profit (loss) for the period.	412,241	293,678	359,289	529,978	613,553	94,288
Other comprehensive income (income after tax)	(28,427)	(57,573)	8,184	(15,567)	21,763	8,921
Total comprehensive income	383,814	236,105	367,473	514,411	635,316	103,209
Net income attributable to shareholders of the parent	424,314	305,367	375,127	542,761	622,346	97,406
Net income attributable to non-controlling interest	(12,073)	(11,689)	(15,838)	(12,783)	(8,793)	(3,118)
Comprehensive income attributable to Shareholders of the parent	393,283	243,731	386,812	531,543	642,893	106,264
Comprehensive income attributable to non-controlling interest	(9,469)	(7,626)	(19,339)	(17,132)	(7,577)	(3,055)
Earnings per share	7.05	5.07	6.23	9.01	10.32	1.62

Note 1: The financial information for the first quarter of 2023 has been reviewed by the CPA.

(3) Separate Condensed Balance Sheets - Based on IFRS

Unit: NTD (in thousands)

Item \ Year		Financial Summary for the Last Five Years 2018	2019	2020	2021	2022	The financial information as of and for the year ended 31 March 2023
Current assets		804,685	918,133	1,392,001	1,560,774	1,434,294	N/A
Property, plant and equipment		415,305	370,609	402,325	531,582	562,990	
Intangible assets		4,327	3,340	5,399	5,295	7,715	
Other assets		2,143,053	2,171,264	2,064,940	2,467,485	2,663,202	
Total assets		3,367,370	3,463,346	3,864,665	4,565,136	4,668,201	
Current liabilities	Before distribution	535,000	612,905	833,461	988,631	761,233	
	After distribution	294,212	414,255	713,067	807,767	(Note1)	
Non-current liabilities		223,000	238,128	230,729	460,131	473,256	
Total liabilities	Before distribution	758,000	851,033	1,064,190	1,448,762	1,234,489	
	After distribution	998,788	652,383	943,796	1,267,898	(Note1)	
Equity attributable to shareholders of the parent		2,609,370	2,612,313	2,800,475	3,116,374	3,433,712	
Capital stock		602,881	602,881	602,881	602,881	602,881	
Capital surplus		1,068,073	1,068,073	1,068,073	962,908	818,217	
Retained earnings	Before distribution	1,045,063	1,109,642	1,286,119	1,708,486	2,149,968	
	After distribution	804,275	910,992	1,165,725	1,527,622	(Note1)	
Other equity interest		(96,732)	(158,368)	(146,683)	(157,901)	(137,354)	
Treasury stock		(9,915)	(9,915)	(9,915)	—	—	
Non-controlling interest		Non-controlling interest	—	—	—	—	
Total equity	Total equity	2,609,370	2,612,313	2,800,475	3,116,374	3,433,712	
	After distribution	2,368,582	2,413,663	2,680,081	2,935,510	(Note1)	

Note 1: The distribution of earnings will be resolved at the 2023 shareholders' meeting.

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

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

Item \ Year	Financial Summary for the Last Five Years					The financial information as of and for the year ended 31 March 2023
	2018	2019	2020	2021	2022	
Operating revenue	1,500,558	1,235,698	1,304,145	1,732,806	1,806,149	N/A
Gross profit	507,258	401,668	433,319	607,436	551,193	
Income (loss) from operations	305,222	213,515	247,412	373,313	242,787	
Non-operating income and expense	264,377	139,974	137,809	241,485	465,628	
Income before tax	569,599	353,489	385,221	614,798	708,415	
Profit of continued operations.	424,314	305,367	375,127	542,761	622,346	
Loss of discontinued operations	—	—	—	—	—	
Profit (loss) for the period.	424,314	305,367	375,127	542,761	622,346	
Other comprehensive income (income after tax)	(31,031)	(61,636)	11,685	(11,218)	20,547	
Total comprehensive income	393,283	243,731	386,812	531,543	642,893	
Net income attributable to shareholders of the parent	424,314	305,367	375,127	542,761	622,346	
Net income attributable to non-controlling interest	—	—	—	—	—	
Comprehensive income attributable to Shareholders of the parent	393,283	243,731	386,812	531,543	642,893	
Comprehensive income attributable to non-controlling interest	—	—	—	—	—	
Earnings per share	7.05	5.07	6.23	9.01	10.32	

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

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

Year	Accounting Firm	CPA	Audit Opinion
2018	EY Taiwan	TZU-PING HUANG and WEN-PI YEN	Unqualified opinion
2019	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2020	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2021	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion
2022	EY Taiwan	TZU-PING HUANG and YU-TING HUNG	Unqualified opinion

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

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

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

II. Five-Year Financial Analysis

(I) Consolidated Financial Analysis – Based on IFRS

Item (Note 2) / Year		Financial Analysis for the Last Five Years					As of and for the year ended 31 March 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial structure	Debt to asset ratio	26.28	31.08	33.68	36.30	30.80	28.03

(%)	Long-term capital to property, plant and equipment ratio	190.08	198.01	205.70	232.03	258.95	264.16
Solvency (%)	Current ratio	266.59	247.84	225.03	236.31	277.72	312.94
	Quick ratio	164.76	176.54	171.61	177.03	185.81	217.02
	Interest cover ratio	177.59	32.50	39.34	67.09	105.45	105.45
Operating performance	Accounts receivable turnover (time)	4.84	4.29	4.02	5.03	5.29	4.52
	Average collection days	75.41	85.08	90.79	72.56	68.99	80.71
	Inventory turnover (times)	2.41	2.35	2.87	3.05	2.59	2.44
	Accounts payable turnover (time)	7.88	8.62	6.84	6.67	6.84	7.23
	Average days of sale	151.45	155.32	127.17	119.67	140.92	149.34
	Property, plant and equipment turnover (times)	1.74	1.53	1.64	2.06	2.15	2.04
	Total assets turnover (times)	0.73	0.63	0.62	0.70	0.67	0.62
Profitability	Return on assets (%)	11.86	8.06	9.02	11.67	12.50	7.66
	Return on equity (%)	16.21	10.99	13.04	17.73	18.63	10.77
	Net income before tax to paid-in capital ratio (%) (Note 7)	102.33	60.38	71.29	108.10	128.51	65.49
	Net profit rate (%)	16.17	12.48	14.15	16.39	18.31	12.08
	Earnings per share (NTD)	7.05	5.07	6.23	9.01	10.32	1.62
Cash flow	Cash flow ratio (%)	65.78	89.11	30.92	66.81	75.91	12.34
	Cash flow adequacy ratio (%)	75.73	88.49	89.73	85.11	90.74	96.99
	Cash reinvestment ratio (%)	7.81	12.51	3.31	12.29	8.31	1.98
Leverage	Operational leverage	3.43	5.07	4.24	3.55	4.37	6.13
	Financial leverage	1.01	1.03	1.02	1.01	1.01	1.01

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

1. Interest cover ratio: The increase in interest cover ratio in the 2022 was primarily due to the increase in net profit before tax compared to 2021.
2. Cash reinvestment ratio: The decrease in the cash reinvestment ratio in 2022 was primarily due to the increase in distributed cash dividends and the decrease in net cash flow from operating activities.
3. Operational leverage: The increase in operational leverage in 2022 was primarily due to the decrease in operating net profit margin compared to the 2021 and the increase in the proportion of fixed costs.

Note 1: The financial information for the first quarter of 2023 has been audited by the CPA.

Note 2: The equations are presented as follows:

1. Financial structure

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

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

2. Solvency

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

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

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

3. Operating capacity

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash flow

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

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

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

6. Leverage:

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

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

(II) Parent only Financial Analysis – Based on IFRS

Item (Note 2) \ Year		2018	2019	2020	2021	2022	As of and for the year ended 31 March 2023 (Note 1)
		Financial Analysis for the Last Five Years					
Financial structure (%)	Debt to asset ratio	22.51	24.57	27.53	31.73	26.44	—
	Long-term capital to property, plant and equipment ratio	682.00	769.12	753.42	672.80	693.96	—
Solvency (%)	Current ratio	150.41	149.80	167.01	157.87	188.41	—
	Quick ratio	131.92	131.13	148.60	140.06	152.02	—
	Interest cover ratio	195.85	204.05	132.31	177.81	239.20	—
Operating performance	Accounts receivable turnover (time)	5.05	4.39	4.86	7.16	7.53	—
	Average collection days	72.29	83.19	75.07	50.97	48.47	—
	Inventory turnover (times)	8.80	7.71	6.34	6.78	5.74	—
	Accounts payable turnover (time)	8.82	11.45	8.75	8.60	9.35	—
	Average days of sale	41.46	47.34	57.53	53.82	63.58	—
	Property, plant and equipment turnover (times)	3.78	3.14	3.37	3.71	3.30	—
	Total assets turnover (times)	0.45	0.36	0.35	0.41	0.39	—
Profitability	Return on assets (%)	12.88	8.96	10.29	12.93	13.53	—
	Return on equity (%)	16.91	11.70	13.86	18.34	19.00	—
	Net income before tax to paid-in capital ratio (%) (Note 7)	94.48	58.63	63.89	101.97	117.50	—
	Net profit rate (%)	28.28	24.71	28.76	31.32	34.45	—
	Earnings per share (NTD)	7.05	5.07	6.23	9.01	10.32	—
Cash flow	Cash flow ratio (%)	64.26	48.86	17.73	51.59	42.44	—
	Cash flow adequacy ratio (%)	62.82	70.24	63.84	67.19	65.92	—
	Cash reinvestment ratio (%)	5.31	1.95	-1.57	7.37	-0.05	—
Leverage	Operational leverage	4.40	5.09	4.48	3.76	5.86	—
	Financial leverage	1.01	1.00	1.01	1.00	1.01	—

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

1. Interest cover ratio: The increase in interest cover ratio in the 2022 was primarily due to the increase in net profit before tax compared to 2021.
2. Cash reinvestment ratio: The decrease in the cash reinvestment ratio in 2022 was primarily due to the increase in distributed cash dividends and the decrease in net cash flow from operating activities.
3. Operational leverage: The increase in operational leverage in 2022 was primarily due to the decrease in operating net profit margin compared to the 2021 and the increase in the proportion of fixed costs.

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

Note 2: The equations are presented as follows:

1. Financial structure

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

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

2. Solvency

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

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

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

3. Operating capacity

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

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

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

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

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

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

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

4. Profitability

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

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

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

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

5. Cash flow

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

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

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

6. Leverage:

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

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

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

TURVO INTERNATIONAL CO., LTD.

Audit Committee Review Report

The board of directors has prepared the Company's 2022 financial statements (including consolidated and parent only financial statements). The CPA firm of EY Taiwan, by CPA TZU-PING HUANG and YU-TING HUANG, was retained to audit the Company's financial statements and has issued an audited report relating to the financial statements. The financial statements have been reviewed and determined to be correct and accurate by the Audit Committee members of TURVO INTERNATIONAL CO., LTD. This report is hereby submitted in accordance with the Securities and Exchange Act and the Company Act.

TURVO INTERNATIONAL CO., LTD.
Convenor of the Audit Committee: HUANG, LI-HEN
9 March 2023

IV. Review of Financial Position and Operating Performance

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

V. Financial Statement for the most recent Year

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

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

None.

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

I. Analysis of Financial Status

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

Unit: NTD (thousand); %

Item \ Year	2021	2022	Difference	
			Difference	%
Current assets	2,966,607	2,869,473	(97,134)	(3.27)
Property, plant and equipment	1,582,313	1,525,264	(57,049)	(3.61)
Intangible assets	6,256	8,266	2,010	32.13
Other assets	371,650	579,878	208,228	56.03
Total assets	4,926,826	4,982,881	56,055	1.14
Current liabilities	1,255,351	1,033,194	(222,157)	(17.70)
Non-current liabilities	533,227	501,678	(31,549)	(5.92)
Total liabilities	1,788,578	1,534,872	(253,706)	(14.18)
Equity attributable to shareholders of the parent	3,116,374	3,433,712	317,338	10.18
Capital stock	602,881	602,881	—	—
Capital surplus	962,908	818,217	(144,691)	(15.03)
Retained earnings	1,708,486	2,149,968	441,482	25.84
Other equity interest	(157,901)	(137,354)	20,547	(13.01)
Treasury stock	0	—	—	—
Non-controlling interest	21,874	14,297	(7,577)	(34.64)
Total equity	3,138,248	3,448,009	309,761	9.87

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

1. Increase in other assets: Mainly due to an increase in prepayments for equipment.
2. Increase in retained earnings: Mainly due to an increase in net profit after tax and the increase in undistributed earnings compared to 2021.

II. Analysis of Financial Performance

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

Unit: NTD (thousand)

Item \ Year	2021	2022	Difference	%
Operating revenue	3,232,810	3,350,323	117,513	3.64
Gross profit	1,149,311	1,103,636	(45,675)	(3.97)
Operating (loss) income	649,199	544,806	(104,393)	(16.08)
Non-operating income and expenses	2,521	230,007	227,486	9,023.64
Income (loss) before income tax	651,720	774,813	123,093	18.89
Profit of continued operations.	529,978	613,553	83,575	15.77
Loss of discontinued operations	—	—	—	—
Net (loss) income for the year	529,978	613,553	83,575	15.77
Other comprehensive income (income after tax)	(15,567)	21,763	37,330	(239.80)
Total comprehensive income	514,411	635,316	120,905	23.50
Net income attributable to shareholders of the parent	542,761	622,346	79,585	14.66
Net income attributable to non-controlling interest	(12,783)	(8,793)	3,990	(31.21)
Comprehensive income attributable to shareholders of the parent	531,543	642,893	111,350	20.95
Comprehensive income attributable to non-controlling interest	(17,132)	(7,577)	9,555	(55.77)

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

1. Increase in non-operating income and expenses: Mainly due to the fluctuation in the US dollar that increases the foreign exchange gains in 2022.
2. Increase in other comprehensive income (income after tax): Mainly due to the fluctuation in exchange rates that increase exchange differences on translation of foreign financial statements.
3. Increase in total comprehensive income and comprehensive income attributable to shareholders of the parent: Mainly due to the increase in profit.

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

Expected shipments for 2023 are based on overall production capacity, expected contract and existing customer order growth. Shipments are expected to grow steadily on higher volumes with new production capacity.

III. Analysis of Cash Flow

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

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

Item \ Year	2021	2022	Difference (%)
Cash flow ratio (%)	66.81	75.91	13.62
Cash flow adequacy ratio (%)	85.11	90.74	6.61
Cash reinvestment ratio (%)	12.29	8.31	(32.38)

Analysis of financial ratio change: (Increase or decrease of 20% or more)

1. Cash flow ratio: The decrease in the cash reinvestment ratio in 2022 was mainly due to an increase in cash dividends distribution and a decrease in operating cash flow.

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

3. Liquidity Analysis for the Coming Year

Unit: NTD (thousand)

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing and Financing Activities	Estimated Cash Surplus (Deficit)	Remedy for Estimated Cash Deficit	
				Investment Plan	Financing Plan
1,213,799	829,891	(1,893,074)	150,616	N/A	N/A

1. Analysis of changes in cash flows for the coming year
   (1) Operating activities: The Company expects the business scale to continue expanding, resulting in anticipated revenue growth and profitability. This will lead to operating cash flow.
   (2) Investing activities: The Company plans to continue expanding its capital expenditures, which will result in net cash outflows from investing activities.
   (3) Financing activities: The Company anticipates loan repayments and cash dividends to be paid out, leading to net cash outflows from financing activities.
2. Measures to address expected cash shortfall and liquidity analysis: N/A.

IV. Major Capital Expenditure Items

The major capital expenditure incurred to date in 2022 is for the expansion of the plant and the purchase of additional equipment to cater to future revenue growth.

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

Unit: NTD (thousand)

Investees	Investment amount as of 31 December 2022	Recognized Investment Gain or Loss for the Most Recent Year (2022)	Reinvestment Policy	The Main Reasons for the Profits/Losses Generated	The Plan for Improving Re-investment Profitability	Investment Plans for the Coming Year
TIPO International Co., Ltd.	946,313	324,023	Investment holding	Recognition of investment gains and losses in Dongguan Xinfeng and Zhejiang Yuzuan.	—	Subject to operating conditions
Hong Kong Xinfeng Enterprise Limited (Note 1)	216,811	251,566	Investment holding	Recognition of investment gains and losses in Dongguan Xinfeng.	—	Subject to operating conditions
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd (Note 2)	230,289	253,783	Trading manufacturing	Growth in revenue and effective cost control	—	Subject to operating conditions
TURVO International Co., Ltd (Note 1)	686,956	46,420	Trading Manufacturing	Growth in revenue and effective cost control	—	Subject to operating conditions
T&M Joint (Cayman)Holding Co., Ltd. (Note 3)	61,760	(4,884)	Investment holding	Recognition of investment gains and losses in Matec Southeast Asia (Thailand) Co., Ltd.	—	Subject to operating conditions
Matec Southeast Asia (Thailand) Co., Ltd. (Note 4)	204,635	(13,270)	Manufacturing	In its early years of operation and is not yet in mass production.	—	Subject to operating conditions

Note 1: 100% owned subsidiary of TIPO International Co., Ltd.
Note 2: A subsidiary held by Hong Kong Xinfeng Enterprise Limited.
Note 3: 35.71% owned subsidiary of the Company.
Note 4: 99.99% owned subsidiary of T&M Joint (Cayman) Holding Co., Ltd.

I. The Analysis and Assessment for Risk

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

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

Scope of Risk Management

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

Enterprise Risk Management Framework

- Risk Identification and Assessment
  - The risk management organization and the board of directors' review and approve implementation of risk strategy and prioritization of risk controls
  - The risk management execution team identifies and assesses the frequency of risk events and evaluates their operational impact.

- Risk Control and Mitigation
  - Conduct cross-functional risk communication to facilitate each function for enhancing risk prevention and mitigation controls
  - The risk management organization implements risk control
  - The effectiveness of risk controls is included into annual review of internal control self-assessment

- Risk Response
  - Establish crisis management and response plan for crisis
  - Mechanism of response and exercise for material crisis events
  - Business continuity plan

- Risk Monitoring and Reporting
  - Risk management organization reports to risk management team and board of directors on the focus of enterprise risk management, risk assessment, and mitigation efforts

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

1. The effect of interest rate fluctuations

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

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including short-term fixed-rate borrowing contracts and long-term variable-rate borrowing contracts. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2022 and 2021 to increase/decrease by NTD526 thousand and NTD811 thousand, respectively.

2. The effect of exchange rate fluctuations

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

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

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

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

December 2022 and 2021 is increased/decreased by NTD (4,050) thousand and NTD(15,278) thousand, respectively. Equity is not impacted.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended 31 December 2022 and 2021 is increased/decreased by NTD (4,224) thousand and NTD(3,394) thousand, respectively. Equity is not impacted.

3. The effect of inflation

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

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

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

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

2. Loans to other parties:

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

3. Endorsements/ guarantees:

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

4. Derivatives transactions:

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

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

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

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

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

(2) Client project design and implementation

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

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

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

The amount of R&D expenses has been progressively allocated in line with the progress of new technology development and is estimated to be NTD202,648 thousand in 2023. As turnover grows in the future, annual research and development expenses will be gradually increased to support future research and development programs and to increase the competitiveness of the Company and its subsidiaries in the market.

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

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

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

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

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

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

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

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

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

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

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

1. Risks associated with consolidation of purchasing operations

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

2. Risks associated with consolidation of sales operations

The proportion of net sales to the top ten customers of the Company and its subsidiaries in 2021 and 2022 are 65.07% and 71.56% respectively; the proportion of net sales to the largest customer in 2021 and 2022 are 17.19% and 18.43% respectively, there is no consolidation of sales and therefore the risk should be limited.

Mitigation measures:

A. Capacity Expansion

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

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

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

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

There has been no significant transfer of shareholding by directors, supervisors or substantial shareholders holding more than 10% of the shares in 2022 up to the date of publication of the Annual Report, and there has been no significant change in the management and therefore there has been no significant impact on the operations of the Company.

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

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

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

VII. Other Important Matters

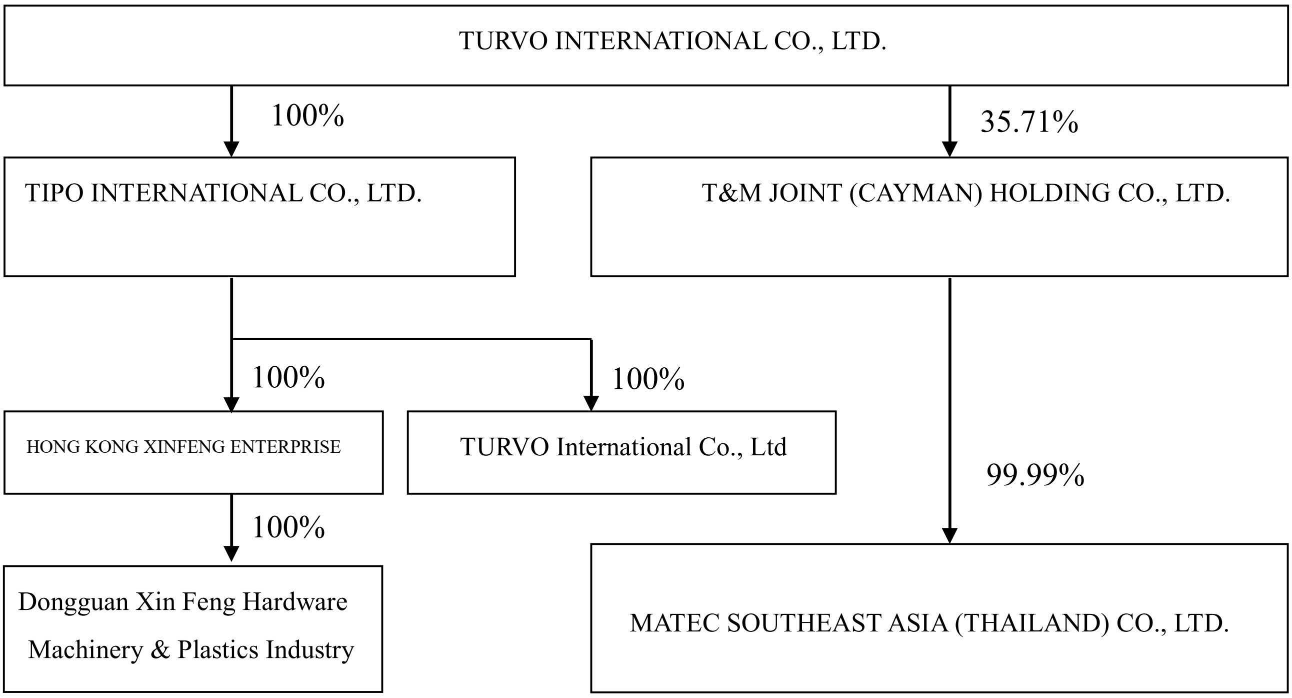
None.

VIII. Special Disclosure

I. Information on affiliated companies

(I) Consolidated Business Report of Affiliates

1. Organizational chart of affiliated companies



2. Summary of affiliated companies

Unit: NTD (in thousands)

Name	Establishment date	Address	Paid-in capital	Main business content
TIPO International Co., Ltd.	14 May 2008	Vistra Coporate Services Centre, Ground Floor NPF Building, Beach Round, Apia, Samoa	946,313	Investment holding
HONG KONG XINFENG ENTERPRISE LIMITED	17 November 2004	Room 2, 4/F., Winning Commercial Building, 46 & 48 Hillwood Road, Tsimshatsui, Kowloon, Hong Kong	216,811	Investment holding
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	25 March 1996	No. 45, Shangxing Road, Shangjiao Management District, Chang'an Town, Dongguan City, Guangdong Province	230,289	Processing, manufacturing, and sales of precision metal parts.
TURVO International Co., Ltd	28 June 2010	No. 69 Hongfu East Road, Yaozhuang Town, Jiashan County, Jiaxing City, Zhejiang Province	686,956	Processing, manufacturing, and sales of precision metal parts.
T&M Joint (Cayman)Holding Co., Ltd.	22 July 2014	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	204,687	Investment holding

Matec Southeast Asia (Thailand) Co., Ltd.	26 October 2012	588 Moo 7 Thatoom Srimahaphot, Prachinburi 25140, Thailand	204,637	Precision metal forging

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

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

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

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

5. Director, supervisor, and president of affiliated companies

Unit: shares; %

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

6. Summarized operation results of affiliated companies

31 December 2022 Unit: NTD (in thousands) (the earnings per share is in NTD)

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profit(loss)	Profit(loss) in the period (after-tax)	Earnings per share (after-tax)
TIPO International Co., Ltd.	946,313	2,228,661	40,003	2,188,658	—	(10,701)	325,651	10.46
HONG KONG	216,811	975,220	—	975,220	—	(134)	251,566	—

XINFENG ENTERPRISE LIMITED								
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd	230,289	1,231,307	259,785	971,522	1,337,334	244,013	253,089	—
TURVO International Co., Ltd	686,956	1,348,601	166,050	1,182,551	895,072	32,541	46,341	—
T&M Joint (Cayman)Holding Co., Ltd.	204,687	24,064	1,826	22,238	—	(247)	(13,678)	—
Matec Southeast Asia (Thailand) Co., Ltd.	204,637	94,118	70,056	24,062	11,591	(3,994)	(13,300)	—

(II) Consolidated Financial Statements of Affiliates

The entities that are required to be included in the consolidated statements of affiliates of TURVO INTERNATIONAL CO., LTD. as of and for the year ended 31 December 2022 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.7 “Consolidated Financial Statements”. Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, TURVO INTERNATIONAL CO., LTD. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

(III) Affiliation Report: Not applicable.

II. Has the Company carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report: None.

IV. Other matters that require additional description:

(I) The evaluation basis for the provision method of assets and liabilities valuation account:

1. The provision of policies for loan loss reserves and accounts receivable

Evaluation basis: The regulations governing accounts receivable

Evaluation standard: Aging appropriation proportion

Set aside customer accounts for the allowance for uncollectible accounts according to the range of accounts and ratio in the table below.

Days of accounts	Provision ratio
1-30 days	0%
31-60 days	1%
61-90 days	2%
91-180 days	5%
181-360 days	30%
More than 1 year, less than 2 years	50%
More than 2 years	100%

The accounting department will calculate the appropriation of uncollectible accounts based on the abovementioned information to adjust the allowance for uncollectible accounts.

2. Allowance to reduce inventory to market

Inventories shall be measured at the lower of cost and net realizable value. The comparison between the cost and net realizable value is compared item by item. Net realizable value refers to the balance after deducting the estimated selling price under normal circumstances and the cost and expenses for promotion required to complete the project. If the cost of inventories is higher than net realizable value, it will be recognized as a loss for decline in market value and set aside as the operating revenue of the period. However, if the net realizable value increases debit balance, the net realizable value will deduct the adjunct account within the range of debit balance and be set aside as the deduction of the operating revenue of the period.

V. Are there any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report: None.

TURVO INTERNATIONAL CO., LTD.

and subsidiary

Consolidated Financial Statements and Independent Auditors' Report for 2022 and 2021

TURVO INTERNATIONAL CO., LTD.

Chairman: LIU, CHUN-CHANG

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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 parent company only balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, the parent company only changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and the parent company only financial performance and the parent company only cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements in 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

As of December 31, 2022, the Company's accounts receivable and allowance for doubtful accounts amounted to NTD 278,296 thousand and NTD 2,769 thousand, respectively. Net accounts receivable represented 6% of the parent company only total assets and have significant impacts on the Company. Due to a higher proportion of accounts receivable from the main clients accounted for the Company's accounts receivable, the recoverability of accounts receivable is the key matter of the Company. The amount of loss allowance on accounts receivable was measured based on expected credit loss of the continued period, and divided the corresponding accounts receivable into groups accordingly, during the measurement process. In addition, make judgement, analyze, and estimate the application of related assumption on measurement process, including certain accounts aging interval, loss rate between different aging range, and consideration of forward-looking information. The measurement result affects the net of accounts receivable and involve material judgment of management, we therefore, determine this a key audit matter.

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

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

Valuation for inventories (including investments accounted for under the equity method- inventory of subsidiaries)

As of December 31, 2022, inventories of the Company and the investees accounted for under the equity method that could have significant impacts on the financial statements The Company produce and sale automobile parts, the raw materials are mainly steel etc. Due to diversity of products and uncertainty arising from rapid changes in products, causing the complexity of net present value on inventory, we therefore, determined the issue as a key audit matter.

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

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the accompanying notes, and whether the Parent Company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are, therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang, Tzu Ping
Huang, Yu Ting
Ernst & Young, Taiwan
March 9, 2023

Notice to Readers：
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.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As of 31 December 2022	As of 31 December 2021
Current Assets			
Cash and cash equivalents	4, 6(1)	$647,722	$912,491
Financial assets at fair value through profit or loss, current	4	-	57
Financial assets measured at amortized cost, current	4, 6(2), 8	160,748	234,791
Notes receivable		3,186	3,097
Accounts receivable, net	4, 6(3)	278,296	189,616
Other receivables		269	1,064
Accounts receivable-related parties, net	7	61,858	39,264
Current income tax assets	4, 6(18)	-	3,156
Inventories, net	4, 6(4)	237,600	156,751
Prepayment		39,441	19,306
Other current assets		5,174	1,181
Total current assets		1,434,294	1,560,774
Non-current assets			
Investments accounted for under the equity method	4, 6(5)	2,175,608	2,242,230
Property, plant and equipment	4, 6(6), 8	562,990	531,582
Right of use assets	4, 6(14)	26,395	20,613
Intangible assets	4	7,715	5,295
Deferred tax assets	4, 6(18)	4,743	4,778
Other non-current assets	4, 6(14)	456,456	199,864
Total non-current assets		3,233,907	3,004,362
Total assets		$4,668,201	$4,565,136

(The accompanying notes are an integral part of the parent company only financial statements)

(continued)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As of 31 December 2022	As of 31 December 2021
Current liabilities			
Short-term loans	4, 6(7)	$ -	$433,692
Financial liabilities at fair value through profit or loss, current		-	1,820
Contract liabilities, current	4, 6(12)	941	265
Notes payable	4, 7	98,233	86,718
Accounts payable	4	43,305	40,180
Other payables	6(8)	146,907	121,089
Accounts payable-related parties	6(8), 7	163,343	126,450
Current tax liabilities	6(18)	158,062	97,269
Current lease liabilities	4, 6(14)	10,437	9,560
Other current liabilities		11,551	11,953
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(9)	128,454	59,635
Total current liabilities		761,233	988,631
Non-current liabilities			
Long-term loans	4, 6(9)	397,905	317,764
Deferred tax liabilities	4, 6(18)	57,969	130,075
Non-current lease liabilities	4, 6(14)	16,070	10,980
Other non-current liabilities		1,312	1,312
Total non-current liabilities		473,256	460,131
Total liabilities		1,234,489	1,448,762
Equity attributable to the parent company	6(11)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	962,908
Retained earnings			
Legal reserve		382,536	328,260
Special reserve		157,901	146,683
Retained earnings		1,609,531	1,233,543
Total Retained earnings		2,149,968	1,708,486
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(137,354)	(157,901)
Treasury stock		-	-
Total equity		3,433,712	3,116,374
Total liabilities and equity		$4,668,201	$4,565,136

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended 31 December	
	Notes	2022	2021
Net Sales	4, 6(12), 7	$1,806,149	$1,732,806
Cost of Sales	6(4), 6(10), 6(15), 7	(1,254,956)	(1,125,370)
Gross Profit		551,193	607,436
Unrealized intercompany profit		(13,295)	(23,819)
Realized intercompany profit		19,807	30,962
Gross Profit, net		557,705	614,579
Operating Expenses	6(10), 6(15)		
Selling and marketing		(24,743)	(20,075)
Management and administrative		(201,808)	(136,379)
Research and development		(88,154)	(85,589)
Expected credit (losses) gains	6(13)	(213)	777
Total Operating Expenses		(314,918)	(241,266)
Operating Income		242,787	373,313
Non-operating income and expenses			
Other income	6(16)	23,321	23,346
Other gain and loss	6(16)	126,142	(35,147)
Financial costs	4, 6(16)	(2,974)	(3,091)
Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(5)	319,139	256,377
Total non-operating income and expenses		465,628	241,485
Income from continuing operations before income tax		708,415	614,798
Income tax expense	4, 6(18)	(86,069)	(72,037)
Net income		622,346	542,761
Other comprehensive income (loss)	6(17)		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		25,683	(14,022)
Income tax related to items that may be reclassified subsequently		(5,136)	2,804
Total other comprehensive income, net of tax		20,547	(11,218)
Total comprehensive income		$642,893	$531,543
Earnings per share	6(19)		
Earnings per share-basic (NTD)		$10.32	$9.01
Earnings per share-diluted (NTD)		$10.28	$8.98

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2022 and 2021
(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	Treasury stock	Total Equity
Balance as of 1 January 2021		$602,881	$1,068,073	$290,748	$158,368	$837,003	$(146,683)	$(9,915)	$2,800,475
Appropriations of earnings, 2020									
Legal reserve				37,512		(37,512)			-
Special reserve					(11,685)	11,685			-
Cash dividends						(120,394)			(120,394)
Cash dividends distributed by additional paid-in capital			(105,345)						(105,345)
Net income for the year ended 31 December 2021						542,761			542,761
Other comprehensive income (loss), net of tax for the year ended							(11,218)		(11,218)
Total comprehensive income (loss)	6(17)					542,761	(11,218)		531,543
Share-based payment transactions recognized the compensation cost			180						180
Employee stock options subscribe treasury stock								9,915	9,915
Balance as of 31 December 2021		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$ -	$3,116,374
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$ -	$3,116,374
Appropriations of earnings, 2021									
Legal reserve				54,276		(54,276)			-
Special reserve					11,218	(11,218)			-
Cash dividends						(180,864)			(180,864)
Cash dividends distributed by additional paid-in capital			(144,691)						(144,691)
Net income for the year ended 31 December 2022						622,346			622,346
Other comprehensive income (loss), net of tax for the years ended	6(17)						20,547		20,547
Total comprehensive income (loss)						622,346	20,547		642,893
Balance as of 31 December 2022		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$ -	$3,433,712

(The accompanying notes are an integral part of the parent company only financial statements)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	$708,415	$614,798
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	83,671	60,608
Amortization	5,146	4,256
Expected credit losses (gains)	213	(777)
Net (gain) loss of financial assets at fair value through profit or loss	(2,517)	6,553
Interest cost	2,974	3,091
Interest income	(7,277)	(11,557)
Share-based payment expense		180
Share of profit or loss of associates and joint ventures accounted for using equity method	(319,139)	(256,377)
Gain on disposal of property, plant and equipment	(2,320)	(863)
Realized intercompany (profit)	(6,512)	(7,142)
Inventory falling price losses	4,378	8,632
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	755	4,729
Decrease in financial assets measured at amortized cost, current	74,042	5,020
Decrease in notes receivable	5,653	3,317
(Increase) decrease in accounts receivable	(87,275)	95,090
Decrease (increase) in other receivables	795	(907)
(Increase) decrease in accounts receivable-related parties	(22,594)	7,167
Increase in inventories, net	(85,901)	(24,142)
Increase in prepayments	(27,639)	(13,652)
(Increase) decrease in other current assets	(3,993)	1,586
Decrease in financial assets at fair value through profit or loss	-	(6,007)
Increase (decrease) in contract liabilities	676	(771)
Increase in notes payable	11,515	43,524
Increase (decrease) in accounts payable	30,175	(26,699)
Increase in other payables-related parties	36,893	18,207
Increase in other payables	22,971	11,002
(Decrease) increase in other current liabilities	(674)	7,955
Cash generated from operations	422,431	546,821
Income tax paid	(99,328)	(36,703)
Net cash provided by operating activities	323,103	510,118

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

TURVO INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the Years Ended 31 December	
	2022	2021
(Continued)		
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(79,241)	(128,567)
Proceeds from disposal of property, plant and equipment	10,102	2,097
Acquisition of intangible assets	(2,054)	(1,330)
Increase in other non-current assets	(317,090)	(260,692)
Interest receive	6,679	11,168
Dividends received	417,955	-
Net cash provided by (used in) investing activities	36,351	(377,324)
Cash flows from financing activities:		
Increase in short-term loans	834,238	685,863
Decrease in short-term loans	(1,267,930)	(659,222)
Increase in long-term loans (including current portion with maturity less than 1 year)	221,010	331,237
Decrease in long-term loans (including current portion with maturity less than 1 year)	(72,050)	(10,945)
Lease principal repayment	(10,957)	(7,519)
Cash dividends	(325,555)	(225,739)
Exercise of employee stock options	-	9,915
Interest paid	(2,979)	(3,166)
Net cash (used in) provided by financing activities	(624,223)	120,424
Net (decrease) increase in cash and cash equivalents	(264,769)	253,218
Cash and cash equivalents at beginning of period	912,491	659,273
Cash and cash equivalents at end of period	$647,722	$912,491

(The accompanying notes are an integral part of the parent company only 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.

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

The financial statements of the Company for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 9 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 2023, the remaining standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liabilities in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(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 it 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 transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results 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) 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.

(d) 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.

(e) 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 period.

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. As the Company is still currently determining the potential impact of the standards and interpretations, it is not practicable to estimate their impact on the Company at this point in time.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NTD), which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the end of each reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income, and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. ∘
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to liquidate a liability for at least twelve months after the reporting period.

All other assets are classified as non-current:

A liability is classified as current when:
(a) The Company expects to liquidate the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be liquidated within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(A) the Company's business model for managing the financial assets
(B) the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivable, trade receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(A) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

(A) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(A) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(B) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(C) Interest revenue is calculated by using the effective interest method. This

is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at the initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

A. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(B) the time value of money
(C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions

The loss allowance is measured as follows:

(A) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(B) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(C) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(D) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

B. Derecognition of financial assets

A financial asset is derecognized when:

(A) The rights to receive cash flows from the asset have expired
(B) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(C) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

C. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

When the bond holder of the transferred company required to exercise a transfer right before the bond mature at that company, carrying amount under the component of liability should first be adjusted to the certain carrying amount during the conversion, for the accounting basis of distributing common stocks.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss. A financial liability is classified as held for trading if:

(A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as of fair value through profit or loss when doing so results in more relevant information, because either:

(A) it eliminates or significantly reduces a measurement or recognition inconsistency; or

(B) a Company of financial liabilities or financial assets and, financial liabilities are managed, and its performance is measured at fair value, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount, premium, and transaction costs on acquisition.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instruments

The Company 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.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Materials	─ Purchase cost under weighted average cost method.
Work in process and finished goods	─ Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted for in accordance with IFRS 15 and not within the scope of inventories.

(11) Investment accounted for using the equity method

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting "Investments accounted for under the equity method", "share of profit or loss of associates and joint ventures accounted for under equity method", and "share of other comprehensive income of associates and joint ventures accounted for using the equity method".

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur were not those recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in 'Additional Paid in Capital' and 'Investment accounted for using the equity method'. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and the carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(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	5～15 years
Transportation equipment	5～10 years
Lease improvements	5～10 years
Other equipment	2～30 years

An item of property, plant, and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(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.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement's comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index, or a rate are recognized as rental income when incurred.

(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 annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Accounting policies of the Company's intangible assets is summarized as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	Uncertain
Method of amortization	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or group of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are precision metal components, and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(18) 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.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at 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.

(21) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the

Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent company only financial statements:

The judgement of having control over a subsidiary when the Company does not have a majority of voting rights

The Company does not hold a majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company company's domicile.

C. Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

E. Measurement of lease liability and right-of-use asset

Based on the regulation of IFRS 16, the Company should measure lease liability and estimate right-of-use asset, including leasing duration and decide the implicit interest rate.

The Company determine leasing period as leasing cancellable period that cannot be canceled, include both of the following:

A. During the period of the leasing extension option, if the Company can reasonably assure to exercise the using rights; and

B. During the period of the leasing determination option, if the Company can reasonably assure to not exercise that using rights.

Lease liability is based on the given present value of lease implicate rate, that rate is not readily available, the Company using incremental borrowing rate as discount rate.

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

According to the assumption of measuring lease liability, please refer to the explanation in Note 3 and Note 6.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of	
	31 December 2022	31 December 2021
Cash on hand	$317	$333
Bank deposits	647,405	912,158
Total	$647,722	$912,491

(2) Financial assets measured at amortized cost

	As of	
	31 December 2022	31 December 2021
Restricted bank deposit	$160,748	$234,791

The restricted bank deposit is the account item of special account in the deposit bank, based on The Management, Utilization, and Taxation of Repatriated Offshore Funds Act as of the year ended 2022 and 2021. According to the act, the account is limited to the approved plan and cannot transfer to others.

(3) Accounts receivable, net

A.	As of	
	31 December 2022	31 December 2021
Accounts receivable – non-related parties	$278,307	$191,032
Lease payments receivables	3,354	1,599
Unearned finance income	(596)	(459)
Less: loss allowance	(2,769)	(2,556)
Accounts receivable, net	$278,296	$189,616

B. Trade receivables are generally on 60 ~ 90 day terms. The total carrying amount as of 31 December 2022 and 2021 were $281,065 and $192,172, respectively. Please refer to Note 6 (13) for more details on loss allowance of trade receivables for the years ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

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

C. For the related information on finance lease liability payable of machinery and equipment signed by the Company, please refer to Note 6(14).

D. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As of	
	31 December 2022	31 December 2021
Merchandise inventories	$1,198	$344
Raw materials	53,429	33,816
Supplies	8,578	10,330
Work in progress	68,499	75,707
Finished goods	105,896	36,554
Total	$237,600	$156,751

B. The Company cost of inventories recognized in cost of sales amounts to $ 1,254,956 for the year ended 31 December 2022, including the loss from market value decline, obsolete and slow-moving of inventories $ 4,378. The Company cost of inventories recognized in cost of sales amounts to $1,125,370 for the year ended 31 December 2021, including the loss from market value decline, obsolete and slow-moving of inventories $8,632.

C. No inventories were pledged.

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

(5) Investments accounted for using the equity method

The company express 'Investment accounted for using the equity method' of the parent company only financial statement under the investment of subsidiary, and make adjustments, if necessary, details are as follows:

Investees	2022.12.31 Amount	2022.12.31 % of ownership	2021.12.31 Amount	2021.12.31 % of ownership
TIPO INTERNATIONAL CO., LTD.	$2,167,667	100.00%	$2,230,080	100.00%
T&M Joint (Cayman) Holding Co., Ltd.	7,941	35.71%	12,150	35.71%
Total	$2,175,608		$2,242,230	

Details of exchange difference on proportion of profit and loss, foreign operating financial statement of subsidiaries, associates, and joint adventures with investment accounted for using the equity method as of the year ended 2022 and 2021, are as follows:

Investees	2022.12.31 The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	2022.12.31 Exchange difference in the conversion of financial statement of foreign operating institutions	2021.12.31 The proportion of profit and loss under subsidiary, associate, and joint adventure that accounted for using the equity method	2021.12.31 Exchange difference in the conversion of financial statement of foreign operating institutions
TIPO INTERNATIONAL CO., LTD.	$324,023	$25,008	$263,477	$(11,606)
T&M Joint (Cayman) Holding Co., Ltd.	(4,884)	675	(7,100)	(2,416)
Total	$319,139	$25,683	$256,377	$(14,022)

Details of dividend received as of the year ended 2022 and 2021 are as follows:

Investees	2022.12.31	2021.12.31
TIPO INTERNATIONAL CO., LTD.	$417,955	$-

No securities were pledged under the investment accounted for using equity method.

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

(6) Property, plant and equipment

	As of 31 December 2022	As of 31 December 2021
Owner occupied property, plant and equipment	$562,990	$531,582

A. Owner occupied property, plant and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of 1 January 2022	$5,850	$215,847	$510,449	$6,319	$9,301	$81,424	$11,662	$840,852
Additions	-	-	49,248	-	14	5,173	12,207	66,642
Disposals	-	(20)	(25,405)	-	-	(3,792)	-	(29,217)
Transfers	-	-	46,904	-	314	1,810	(3,952)	45,076
As of 31 December 2022	$5,850	$215,827	$581,196	$6,319	$9,629	$84,615	$19,917	$923,353
As of 1 January 2022	$-	$72,759	$192,080	$3,439	$1,097	$39,895	$-	$309,270
Depreciation	-	8,152	47,977	366	6,514	9,519	-	72,528
Disposals	-	(20)	(18,442)	-		(2,973)	-	(21,435)
As of 31 December 2022	$-	$80,891	$221,615	$3,805	$7,611	$46,441	$-	$360,363

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

Cost:								
As of 1 January 2021	$5,850	$215,847	$361,084	$6,559	$-	$67,972	$8,107	$665,419
Addition	-	-	76,367	834	944	9,396	16,419	103,960
Disposals	-	-	(5,202)	(2,470)	-	(358)	-	(8,030)
Transfers	-	-	78,200	1,396	8,357	4,414	(12,864)	79,503
As of 31 December 2021	$5,850	$215,847	$510,449	$6,319	$9,301	$81,424	$11,662	$840,852
As of 1 January 2021	$-	$64,231	$161,115	$5,629	$-	$32,119	$-	$263,094
Depreciation	-	8,528	34,936	280	1,097	8,131	-	52,972
Disposals	-	-	(3,971)	(2,470)	-	(355)	-	(6,796)
As of 31 December 2022	$-	$72,759	$192,080	$3,439	$1,097	$39,895	$-	$309,270
Net carrying amount as of:								
31 December 2022	$5,850	$134,936	$359,581	$2,514	$2,018	$38,174	$19,917	$562,990
31 December 2021	$5,850	$143,088	$318,369	$2,880	$8,204	$41,529	$11,662	$531,582

B. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

C. Components of building that have different useful lives are main building structure, air conditioning units and elevators, which are depreciated over 50 years, 35 years, 10 years, and 8 years, respectively.

D. Please refer to Note 8 for property, plant and equipment pledged as collateral.

E. The capitalization amount of the borrowing costs of the Company in 2022, 2021, and its interest rates are as follows:

Items	For the year ended 31 December 2022	For the year ended 31 December 2021
Machinery and equipment	$-	$288
Construction in progress	-	96
Borrowing cost capitalization interest rate interval	-%	0.6780%

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

(7) Short-term borrowings

	Interest Rates (%)	As of 31 December 2022	As of 31 December 2021
Unsecured bank loans	0.54%~0.70%	$-	$383,692
Secured bank loans	0.70%	-	50,000
Total		$-	$433,692

The Company's unused short-term lines of credits amounted to $1,440,842 and $996,993 as of 31 December 2022 and 2021, respectively.

Please refer to Note 8 for more details on secured bank loans.

(8) Other accounts payables

Accounting title	As of 31 December 2022	As of 31 December 2021
Wages and salaries payable	$60,827	$51,555
Employee compensation payable	27,592	23,137
Accrued directors' remuneration	12,727	11,030
Payable on machinery and equipment	14,742	10,354
Accrued processing cost	9,066	7,324
Insurance payable	5,011	3,617
Pension payable	3,109	2,356
Other accounts payables-other	13,833	11,716
Subtotal	146,907	121,089
Other payables to related parties	163,343	126,450
Total	$310,250	$247,539

(9) Long-term loans

A. Details of long-term loans as of 31 December 2022 and 2021 are as follows:

For the years ended 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Unsecured	$75,000	Period is 5 years, and the loan is allocated in installments and	None

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

Creditor	Content	31 December 2022	Repayment period and methods	security
			cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the fourth year the principal 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.	
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.	Equipment
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.	Plant
Subtotal		526,359		
Less: current portion (mature within 1 year)		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8.

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

B. For the years ended 31 December 2021

Creditor	Content	31 December 2021	Repayment period and methods	security
Bank of Taiwan	Unsecured	$100,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the fourth year the principal is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Bank of Taiwan	Secured	151,873	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.	Equipment
Bank of Taiwan	Secured	125,526	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.	Plant
Subtotal		377,399		
Less: current portion		(59,635)		
Total		$317,764		
Interest rates		1.095%		

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

Please refer to Note 8.

(10) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Pension expenses under the defined contribution plan were $10,634 and $8,926 as of the year ended 2022 and 2021.

(11)Equities

A. Common stock

The Company's authorized and issued capital was $800,000 and $602,881 for the years ended 31 December 2022 and 2021, respectively, divided into 60,288,089 shares and 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

As of December 31, 2022, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As of	
	31 December 2022	31 December 2021
Premium from common stock issuance	$788,696	$933,387
Treasury Stock	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213

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

Employee stock option	26,848	26,848
Other	280	280
Total	$818,217	$962,908

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. Treasury Stocks

The Company implemented a treasury stock system and repurchased the Company's shares from the centralized securities market, and the changes in the number of shares repurchased by reason of repurchase are as follows：

For the years ended 31 December, 2022

None.

For the years ended 31 December, 2021

Reason for buying back	Balance as of 1 January	Increased	Decreased	Cancelled	Balance as of 31 December
Transfers to employees	91,000 shares	- shares	(91,000) shares	- shares	- shares

On March 16, 2018, the Company's Board of Directors resolved to repurchase the Company's shares for the period from March 19, 2018, to May 18, 2018; the repurchase price range is $90 to $140.

On May 5, 2021, the Board of Directors resolved to transfer 91,000 shares of treasury stock to employees and established May 27, 2021, as the base date for employee stock options. The Company used the Black-Scholes option valuation model to estimate the fair value of the employee stock options and recognized the compensation cost on the date of grant. The 91,000 employee stock options were fully exercised on June 11, 2021, at a transfer price of $108.96, and the compensation cost was recognized as capital surplus - treasury stock transaction of $180 thousand on the date the stock was delivered to employees.

D. Retained earnings and dividend policy

A.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.

B.The company held the shareholders meeting to revise the Company's Articles of Incorporation as of 23 June 2020, according to the regulation after revision. According to the Company's Articles of Incorporation – Rule 235(1) on 20 May 2015, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;

b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin-Guan-Zheng-Fa-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

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

The Company has not adopted the special reserve requirement for the first time, so this letter order has no impact on the Company.

C. Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 6 June 2022 and 5 July 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal Reserve	$54,276	$37,512		
Appropriated R/E	11,218	(11,685)		
Ordinary cash dividends	180,864	120,394	$3.0	$2.0

On May 5, 2021, the Board of Directors resolved to distribute cash in the amount of NT$105,345 thousand from capital surplus, and NT$1.75 per share.

The aforementioned cash dividend adjustment of $1.99698116 per share and capital reserve cash payment adjustment of $1.74735852 per share for 2020 is due to the increase in the number of outstanding common shares as a result of the transfer of treasury shares to employees.

D. For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

E. Please refer to Note 6.15 for information on the basis of estimating and recognizing employee compensation and directors' compensation.

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

(12) Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2022	2021
Sale of goods	$1,806,149	$1,732,806

The Company recognize revenue with buyers at the time when controlling and transferring commodity, thus, belong to satisfy performance obligation at some point in time.

A. Contract balances

Contract liabilities - current

	As of		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$941	$265	$1,036

The significant changes in the Company's balances of contract liabilities during the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
The opening balance transferred to revenue	$(265)	$(1,036)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	941	265
Total	$676	$(771)

B. Transaction price allocated to unsatisfied performance obligations

None.

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

C. Assets recognized from costs to fulfil a contract

None.

(13)Expected credit losses / (gains)

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Trade receivables	$(213)	$(777)

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of 31 December 2022 and 2021 is as follows:

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$277,533	$1,690	$2,006	$253	$-	$2,769	$284,251
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(2,769)	(2,769)
Carrying amount	$277,533	$1,690	$2,006	$253	$-	$-	$281,482

31 December 2021

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$172,366	$20,207	$129	$-	$11	$2,556	$195,269
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(2,556)	(2,556)
Carrying amount	$172,366	$20,207	$129	$-	$11	$-	$192,713

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

Note: The Company's note receivables are not overdue.

The movement in the provision for impairment of note receivables and trade receivables for the years ended 31 December 2022 and 2021 is as follows:

	Trade receivables
Beginning balance at 1 January 2022	$2,556
Reversal for the current period	213
Ending balance at 31 December 2022	$2,769
Beginning balance at 1 January 2021	$3,333
Reversal for the current period	(777)
Ending balance at 31 December 2021	$2,556

(14)Operating lease commitment

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment, and office equipment. The lease terms range from 1 to 8 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As of	
	31 December 2022	31 December 2021
Land	$7,185	$10,088
Land Improvements	360	-
Buildings	10,208	7,210
Transportation equipment	8,642	3,315
Total	$26,395	$20,613

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

b. Lease liabilities

	As of	
	31 December 2022	31 December 2021
Lease liabilities		
Current	$10,437	$9,560
Non-current	16,070	10,980
Total	$26,507	$20,540

Please refer to Note 6 (16) (c) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021 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	
	2022	2021
Land	$2,902	$2,902
Land Improvements	31	20
Transportation equipment	5,606	2,915
Office equipment	2,604	$1,799
Total	$11,143	$7,636

(C) Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$449	$748

(D) Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Company's total cash outflows for leases amounted to $10,957 and $7,519, respectively.

B. Company as a lessor

The Company enters into lease contracts for machinery and equipment contracts that are classified as finance leases due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets. ◦

The Company has entered into finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2022 and 2021 are as follows:

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

	2022.12.31	2021.12.31
< 1 year	$ 3,101	$1,599
1 ~ 2 years	5,902	4,391
2 ~ 3 years	5,902	4,391
3 ~ 4 years	5,902	4,391
4 ~ 5 years	4,745	4,391
> 5 years	3,030	4,309
Undiscounted lease payments	28,582	23,472
Less: Unearned finance income from finance leases	(1,721)	(1,541)
Net investment in leases (finance lease receivables)	$ 26,861	$21,931
Current	$ 2,758	$1,140
Non-Current	$ 24,103	$20,791

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

(15)Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2022 and 2021, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$157,071	$171,700	$328,771	$124,070	$144,828	$268,898
Labor and health insurance	14,207	12,433	26,640	10,457	11,198	21,655
Pension	4,643	5,991	10,634	3,443	5,483	8,926
Remuneration to Directors	-	12,727	12,727	-	7,163	7,163
Others	6,964	5,874	12,838	9,799	5,789	15,588
Depreciation	70,319	13,352	83,671	48,258	12,350	60,608
Amortization	527	4,619	5,146	139	4,117	4,256

The number of employees were 417 and 356 as of 31 December 2022 and 2021, respectively, the number of directors who do not concurrently serve as employees were 8 and 7 people.

Average labor cost for the years ended 31 December 2022 and 2021 were $ 804 and $770, respectively; average salary and bonus for the years ended 31 December 2022 and 2021 were $926 and $903, respectively; the average salary and bonus increased by 4.4% year over year.

The Company’s policy for compensation of directors, managers and employees is as follows:

To comply with the Company's "Remuneration Measures for Independent Directors, Directors, and Managers, and Salary Operation System," we consider the industry's usual payment levels, personal seniority, position, achievement performance, work performance, as well as the salary and remuneration provided by the company to individuals in similar positions in recent years. Furthermore, we evaluate the reasonableness of the relationship between personal performance and the company's operating performance and future risks, taking into account the achievement of the company's short-term and long-term business objectives, its financial status, and other factors. Based on these evaluations, we provide reasonable remuneration.The Remuneration Committee and the Board of Directors review the relevant performance appraisal and remuneration policies promptly, considering the actual operating conditions and relevant laws and regulations. This is done to maintain a balance between the company's sustainable operation and risk control.

In 2010, the compensation of employees and directors was estimated at 3.5% to 7% and no more than 1.7% of profit of the current year is distributable as remuneration to directors and employees' compensation. The Company recognized the employees' compensation and remuneration to directors as employee benefits expense based on profit of current year.If the board of directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day prior to the date of resolution. The difference between the estimates and the figures resolved at shareholders' meeting will be recognized in profit or loss of the subsequent year.

The Company approved the amendment of the Articles of Incorporation as at 17 June 2019, according to the Act, 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 and supervisors. 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, thereto 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 and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors in 2022 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 shareholders meeting 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 shareholders meeting.

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

The details of employees' compensation and remuneration to directors and supervisors for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2022	2021
Employees' compensation	$27,592	$23,137
Remuneration to directors and supervisors	12,727	11,030

A resolution was passed at a board of directors meeting held on 9 March 2022 to distribute $27,592 and $12,727 in cash as the employees' compensation and remuneration to directors and supervisors of 2022, 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 and supervisors for the year ended 31 December 2022.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

(16)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2022	2021
Interest income		
Current financial assets at fair value through profit or loss	$2,090	$6,025
Amortized cost of a financial asset	5,187	5,532
Grant revenue	5,623	5,897
Rental income	152	-
Other revenue-other	10,269	5,892
Total	$23,321	23,346

B. Other gains and losses

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

	For the years ended 31 December	
	2022	2021
Foreign exchange losses, net	$121,305	$(29,033)
Net losses on financial assets at fair value through profit or loss	2,517	(6,553)
Gains on disposal of property, plant, and equipment	2,320	863
Other expense	-	(424)
Total	$126,142	$(35,147)

C. Financial costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	$(2,765)	$(2,910)
Interest on lease liabilities	(209)	(181)
Total	$(2,974)	$(3,091)

(17)Components of other comprehensive income

A. For the year ended 31 December 2022

	Arising during the period	Reclassification adjustment of the current period	Other comprehensive income, net of tax	Income tax benefit (expense)	Other comprehensive income, after-tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	$25,683	$-	$25,683	$(5,136)	$20,547

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

B. For the year ended 31 December 2021

	Arising during the period	Reclassification adjustment of the current period	Other comprehensive income, net of tax	Income tax benefit (expense)	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	(14,022)	$-	$(14,022)	2,804	(11,218)

(18) Income tax

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 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	
	2022	2021
Current income tax expense:		
Current income tax charge	$153,851	$73,770
Adjustments in respect of current income tax of prior periods	(5,395)	(9,680)
Corporate income surtax on undistributed retained earnings	14,820	11,445
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(77,207)	(3,498)
Income tax expense recognized in profit or loss	$86,069	$72,037

(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	
	2022	2021
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations	$5,136	$(2,804)
Income tax relating to components of other comprehensive income	$5,136	$(2,804)

(2) A reconciliation between tax expense and the product of accounting profit multiplied by the Company's applicable tax rate is as follows:

	For the years ended 31 December	
	2022	2021
Accounting profit before tax from continuing operations	$708,415	$614,798
The amount of tax at each statutory income tax rate	$141,683	$122,960
Tax effect of revenue exempt from taxation	(65,130)	(52,704)
Tax effect of expenses not deductible for tax purposes	91	16
Corporate income surtax on undistributed retained earnings	14,820	11,445
Adjustments in respect of current income tax of prior periods	(5,395)	(9,680)
Income tax impact adjusted according to other tax laws	-	-
Total income tax expenses recorded in profit or loss	$86,069	$72,037

(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 2022

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized foreign currency exchange gain or loss	$5,056	$(6,784)	$-	$(1,728)
Loss allowance overdue	123	(123)	-	-
Unrealized gain on foreign investments	(169,377)	83,591	-	(85,786)
Provision for allowance to reduce inventories to market value	3,850	876	-	4,726
Exchange differences on translation of foreign operations	34,689	-	(5,136)	29,553
Gain or Loss on valuation of financial asset	353	(353)	-	-
Unrealized loss	9	-	-	9
Deferred tax income/(expense)		$77,207	$(5,136)	
Net deferred tax assets/ (liabilities)	$(125,297)			$(53,226)
Reflected in balance sheet as follows:				
Deferred income tax assets	$4,778			$4,743
Deferred income tax liabilities	$(130,075)			$(57,969)

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

(B) For the year ended 31 December 2021

Items	Balance as of 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of 31 December
Temporary difference				
Unrealized foreign currency exchange gain or loss	$1,751	$3,305	$-	$5,056
Loss allowance overdue	92	31	-	123
Unrealized gain on foreign investments	(169,377)	-	-	(169,377)
Provision for allowance to reduce inventories to market value	2,124	1,726	-	3,850
Exchange differences on translation of foreign operations	31,885	-	2,804	34,689
Gain or Loss on valuation of financial asset	(702)	1,055	-	353
Unrealized loss	2,628	(2,619)	-	9
Deferred tax income/(expense)		$3,498	$2,804	
Net deferred tax assets/ (liabilities)	$(131,559)			$(125,297)
Reflected in balance sheet as follows:				
Deferred income tax assets	$38,480			$4,778
Deferred income tax liabilities	$(170,079)			$(130,075)

D. The assessment of income tax returns

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2020

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the years ended 31 December	
	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$622,336	$542,761
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,248
Basic earnings per share (NTD)	$10.32	$9.01

B. Diluted earnings per share

	For the years ended 31 December	
	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$622,346	$542,761
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,248
Effect of dilution:		
Employees' compensation – stock (in thousands)	273	223
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,561	60,471
Diluted earnings per share (NTD)	$10.28	$8.98

There have been no other significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
TIPO INTERNATIONAL CO., LTD. (TIPO)	Investee company (subsidiary) using the equity method
Hong Kong Xin-Feng Co., Ltd	Investee company (subsidiary) evaluated by TIPO using the equity

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

(Hong Kong Xin-Feng)	method
Zhejiang Yu-Zuan Precision Component Co., Ltd. (Zhejiang Yu-Zuan)	Investee company (subsidiary) evaluated by TIPO using the equity method
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. (Dong-Guan Xin-Feng)	Investee company (third-tier subsidiary) evaluated by Hong Kong Xin-Feng using the equity method
T&M Joint (Cayman) Holding Co., LTD. (T&M)	Investee company (subsidiary) evaluated by TIPO using the equity method
Matec Southeast Asia (Thailand) Co., Ltd. (MSAT)	Investee company (second-tier subsidiary) evaluated by T&M using the equity method
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Mechantronic Co., Ltd (AWEA)	The Chairman of the Group is the board of director of the Company
ALLRICH, CNC, LTD. (ALLRICH)	The Chairman of the Group is the board of director of the Company
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company
LIOU, JYUN-CHANG and other 11 people	Major management level of the Company

(2) Significant transaction between the Company and related parties

A. Sales

Transactions of materials and supplies sold to related parties for the years ended 31 December 2022 and 2021 are summarized as follows:

	For the years ended 31 December	
Name of Related Parties	2022	2021
Dong-Guan Xin-Feng	$3,146	$5,940
Zhejiang Yu-Zuan	5,593	4,776
GOODWAY	200	-
MSAT	179	-
Total	$9,118	$10,716

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

The Company set the selling price for the above related parties based on factors such as different markets, business competition, product characteristics, bulk purchasing, and receivable terms, etc. There are no significant differences from general sales procedures.

B. Purchase

Details of purchase items of the related parties as of the year ended 2022 and 2021 of the Company are as follows:

	For the years ended 31 December	
Name of Related Parties	2022	2021
Dong-Guan Xin-Feng	$514,249	$469,413
Zhejiang Yu-Zuan	146,086	181,580
Total	$660,335	$650,993

The Company calculated prices based on high/low quality when purchasing goods from the above related parties, where the transaction term is the same as regular companies.

C. Acquisition of property, plant and equipment

	For the years ended 31 December	
Name of Related Parties	2022	2021
AWEA	$-	$39,610
GOODWAY	3,592	18,703
ALLRICH	-	472
Total	$3,592	$58,785

No significant difference between acquisition and payment requirement of property, plant, and equipment and regular trading.

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

D. Other receivables

	For the years ended 31 December	
Name of Related Parties	2022	2021
MSAT	$60,032	$37,866
T&M	1,826	1,398
Total	$61,858	$39,264

Other receivables of the above related parties of the Company are mainly borrowing funds, where the interest rate is based on principle and period. Borrowing terms is the same as regular companies.

E. Notes payable

	For the years ended 31 December	
	2022	2021
GOODWAY	$4,968	$-

F. Other payable

	For the years ended 31 December	
	2022	2021
Dong-Guan Xin-Feng	$143,218	$103,021
Zhejiang Yu-Zuan	20,125	23,429
Total	$163,343	$126,450

G. Payable on machinery and equipment

	For the years ended 31 December	
	2022	2021
GOODWAY	$-	$8,778

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

H. Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$40,408	$30,656
Post-employment Benefits	1,146	1,102
Total	$41,554	$31,758

The key management of the Company comprises the chairman, directors, independent directors, and general manager.

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Company pledged as security:

	Carrying amount		
Items	31 December 2022	31 December 2021	Secured liabilities
Financial assets measured at amortized cost, current	$1,024	$1,016	Guarantee for the construction of contract
Property, Plant and Equipment- building	118,587	124,091	Bank loan
Property, Plant and Equipment- equipment	229,682	182,475	Bank loan
Property, Plant and Equipment- other	10,158	11,545	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The amount of guaranteed promissory notes write-off that has not been recovered due to issuance of the loan accounted to 2,313,099 and 1,895,829 as of the year ended 2022 and 2021 of the Company.

(2) The important contracts of construction in progress

A. As of 31 December 2022

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

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	$386,998
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$401,902

The above construction payment is based on construction progress.

B. As of 31 December 2021

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	$149,444
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	-
Total			$757,981	$149,444

The above construction payment is based on construction progress.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

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

Financial Assets	As of	
	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss at initial recognition	$-	$57
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	647,405	1,392,045
Financial assets measured at amortized cost	160,748	234,791
Notes receivable	3,186	3,097
Accounts receivable	278,296	189,616
Other receivables	62,127	40,328

Financial Liabilities		
Current financial liabilities at fair value through profit or loss：		
Designated at fair value through profit or loss at initial recognition	$-	$1,820
Financial liabilities at amortized cost:		
Short-term loans	-	433,692
Contract liability	941	265
Notes and accounts payables	141,538	126,898
Other payables	310,250	247,539
Lease liability	26,507	20,540
Long-term loans (Long-term loans due within one year)	526,359	377,399

(2) Financial risk management objectives and policies

The Company’s risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Company is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

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

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

A. When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2022 and 2021 is decreased by $(22,933) and $(32,873), respectively; and no impact on the equity.
B.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to Company's bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an increase/decrease of $526 and $811 for the years ended 31 December 2022 and 2021, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Company's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 December 2022, and 2021, amounts receivables from top ten customers represented 92% and 68% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities	< 1 year	2 ~ 3 years	4 ~ 5 years	> 5 years	Total
As of 31 December 2022					
Short-term loans	$-	$-	$-	$-	$-
Notes and accounts payable	141,538	-	-	-	141,538
Lease liability	10,688	12,500	3,847	-	27,035
Long-term loans	128,921	182,512	154,106	62,222	527,761
As of 31 December 2021					
Short-term loans	$434,362	$-	$-	$-	$434,362
Notes and accounts payable	126,898	-	-	-	126,898
Lease liability	9,714	9,239	1,856	-	20,809
Long-term loans	59,993	162,664	87,429	68,430	378,516

Note：(i) Include the cash flow of lease contract from short-term lease and low-value target assets

(ii) The following table provide further analysis about the maturity of lease liability:

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

	Maturity			
	< 1 year	1 ~ 5 year	6 ~ 10 year	Total
Lease liability	$10,688	$16,347	$-	$27,035

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2022	$433,692	$377,399	$20,540	$831,631
Cash flow	(433,692)	148,960	(10,957)	(295,689)
Non-cash changes	-	-	16,924	16,924
As of 31 December 2022	$-	$526,359	$26,507	$552,866

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As of 1 January 2021	$407,051	$57,107	$14,157	$478,315
Cash flow	26,641	320,292	(7,519)	339,414
Non-cash changes	-	-	13,902	13,902
As of 31 December 2021	$433,692	$377,399	$20,540	$831,631

(7) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The Company's derivative financial instruments include a foreign exchange swap and a cross currency swap. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2022 and 2021 is as follows:

Foreign Exchange Swap and Cross Currency Swap

The Company entered into a foreign exchange swap and a cross currency swap to manage its exposure to financial risk, but these contracts are not designated as hedging instruments.

The table below lists the information related to these contracts:

Date	Contact	Contract amount	Maturity
2022.12.31	None		
2021.12.31	Foreign Exchange Swap	USD4,700(in thousands)	2021/11/30-2022/03/31
		USD1,100(in thousands)	2021/11/30-2022/04/29
		USD1,700(in thousands)	2021/11/30-2022/04/29
		USD5,000(in thousands)	2021/12/10-2022/03/10
		RMB37,000(in thousands)	2021/10/29-2022/01/28
		RMB6,000(in thousands)	2021/11/10-2022/02/10
		RMB9,800(in thousands)	2021/12/10-2022/03/10

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis.

(10) 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 2022			31 December 2021		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$8,212	30.7080	$252,174	$41,469	27.69	1,148,277
EUR	3,640	32.7086	119,059	1,909	31.3382	59,825
RMB	7,428	4.4092	32,752	6,457	4.3431	28,043
Non-monetary item						
USD	$70,848	30.7080	$2,175,600	80,976	27.69	2,242,230
Financial liabilities						
Monetary item:						
USD	$4,380	30.7080	$134,501	$3,729	27.69	$103,256
EUR	1,055	32.7086	34,508	1,017	31.3382	31,871

Due to the large number of functional currencies used in the Company, it’s impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Company recognized $121,305 and $(29,033) for foreign exchange loss for the years ended 31 December 2022 and 2021, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(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 (note3)	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	$177,910	$120,060	$-	NA	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$5,179	$3,732	$1,639	NA	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$135,609	$79,041	$47,330	2.0%~3.0%	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,527	$8,527	$-	4%	2	$-	Purchase of equipments and materials	$-	-	$-	$343,371	$1,373,485

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

1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Zhejiang Yu-Zuan Precision Component Co., Ltd.	Other receivables due from related parties	Yes	$130,066	$95,647	$-	4%	2	$-	Operating cycle	$-	-	$-	$1,182,551 (Note 4)	$1,182,551 (Note 4)

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1

(2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

(B) Endorsement/guarantee provided: none.

(C) Securities held at the end of the period (excluding investment subsidiaries, affiliates and joint venture controlling interests): none.

(D) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or 20% of the paid-in capital: none.

(E) Acquisition of individual real estate that cost at least $300 million or 20% of the paid-in capital: none.

(F) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: none.

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

(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 Company has a controlling interest: refer to Note 12 (8).

(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	$514,249 (USD 17,915,737 EUR 1,345)	Regular trade	15.35%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	$143,218 (USD 4,663,874)	Regular trade	2.87%

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES
Notes to Parent Company Only Financial Statements
(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (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	Zhejiang Yu-Zuan Precision Component Co., Ltd.	(1)	Purchase of goods	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand)	(1)	Other receivables	$60,032 (USD 283,851 THB 57,716,951)	Regular trade	1.20%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$514,249 (USD 17,915,737 EUR1,345)	Regular trade	15.35%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	$143,218 (USD 4,663,874)	Regular trade	2.87%
2	Zhejiang Yu-Zuan Precision Component Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%
3	Matec Southeast Asia (Thailand)	TURVO INTERNATIONAL Co., LTD	(2)	Other payables	$60,032 (USD 283,851 THB 57,716,951)	Regular trade	1.20%

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 at 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Equity in Earnings (Losses) (Note 2)	Notes
				31 December 2022	31 December 2021	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD 31,133,211)	$946,313 (USD 31,133,211)	31,133,211	100%	$2,167,667	$325,651	$324,023	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	35.71%	$7,941	$(13,678)	$(4,884)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD 7,133,211 HKD 220,000)	$216,811 (USD 7,133,211 HKD 220,000)	-	100%	$975,220	$251,566	Managed by the consolidated subsidiary	Sub-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	99,99%	$24,062	$(13,270)	Managed by the consolidated subsidiary	Sub-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.

(B) Information about major transactions of investee companies with controlling power

(1) Financing provided: none.

(2) Endorsement/guarantee provided: none.

(3) Marketable securities held: none.

(4) Marketable securities acquired or disposed of that cost or amounted to at least $300 million or 20% of the paid-in capital: none.

(5) Acquisition of individual real estate that cost at least $300 million or 20% of the paid-in capital: none.

(6) Disposal of individual real estate at prices of at least $300 million or 20% of the paid-in capital: none.

(7) Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: refer to Note 13(1) J.

(8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: refer to Note 13(1) J.

(9) Information about derivatives of investees over which the Company has a controlling interest: refer to Note 12(7)。

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

C. Information on investment in Mainland China

(A) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee:

Investee Company	Main Businesses and Products	Total Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2022	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2022	Accumulated Inward Remittance of Earnings as of 31 December 2022
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Establish companies through investment in the third region and reinvest in China companies	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD7,120,536)	100%	$253,783	$971,523	$717,836
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Manufacturing and trading	USD 23,000,000	Establish companies through investment in the third region and reinvest in China companies	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100%	$46,420	$1,182,551	$-

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

Accumulated investment in Mainland China as of 31 December 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$917,245 (USD30,120,536)	$917,245 (USD 30,120,536)	$2,060,227 (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.

(B) As of 31 December 2022, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) G. The unrealized profit amount generated due to the previous significant transaction items accounted for $13,295 thousand.

D. Information of major shareholders

For the year ended 31 December 2022

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
HSBC Bank custodian Merrill Lynch International Investment Special Account	14,030,000	23.27%
GOODWAY Machine CORP.	10,528,064	17.46%

Note: The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares held by the shareholders, which have completed the delivery and registration of dematerialized shares that reached 5%. The share capital stated in the Company's financial report and the number of dematerialized shares actually delivered and registered by the Company may differ because the calculation bases were different.

TURVO International Co., Ltd.

STATEMENTS OF MAJOR ACCOUNTING ITEMS
For the Year Ended 31 December 2022

Item	Index
Statement of Cash and Cash Equivalents	1
Statement of Accounts Receivable, Net	2
Statement of Other Receivable	3
Statement of Inventories	4
Statement of Changes in Investments Accounted for Using Equity Method	5
Statement of Changes in Property, Plant and Equipment	Note 6(6)
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 6(6)
Statement of Accounts Payable, Net	6
Statement of Accounts Payable, Net	Note 6(8)
Statement of Lease Liabilities	7
Statement of Net Sales	8
Statement of Cost of Sales	9
Statement of Manufacturing Overheads	10
Statement of Operating Expenses	11
Statement of Non-Operating Income and Expenses	Note 6(16)
Summary statement of employee benefits, depreciation and amortization expenses by function	Note 6(15)

TURVO International Co., Ltd.

1. Statement of cash and cash equivalents

Ended 31 Dec. 2022

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

Item	Description	Amount	Note
Cash	Cash on hand/Revoling funds	$317	
Cash in banks			
Checking accounts		81,779	
Demand deposits - New Taiwan dollar		109,208	
Demand deposits - foreign currency	(JPY 170,466 thousand 、EUR 2,449 thousand 、USD 3,225 thousand)	231,479	
Cash in transit		14	
Time deposits		224,925	
Total		$647,722	

TURVO International Co., Ltd.

2. Statement of Accounts Receivable, Net

31 December 2022

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

Company Name	Description	Amount	Note
Company A		$84,576	
Company B		37,642	
Company C		30,624	
Company D		22,832	
Company E		18,720	
Company F		16,469	
Company G		13,354	
Others (Note)		56,848	
Subtotal		281,065	
Less: Allowance for sales returns and discounts		(2,769)	
Total		$278,296	

(Note) The amount of individual client included in others does not exceed 5% of the account balance of accounts receivable- non related parties.

TURVO International Co., Ltd.

3. STATEMENT OF OTHER RECEIVABLES

31 DECEMBER 2022

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

Client Name	Description	Amount		Note
		Subtotal	Total	
Related Parties				
T&M Joint (Cayman) Holding Co., LTD.	Loaned to T&M USD 59 thousand	$1,826		
Matec Southeast Asia (Thailand) Co., Ltd.	Loaned to MSAT THB 57,717 thousand	60,032	$61,858	
Non-related Parties				
Other Receivables-other			269	
Total			$62,127	

TURVO International Co., Ltd.

4. Statement of Inventories

31 December 2022

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

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		$58,843	$60,110	
Supplies		13,802	14,431	
Work in process		72,395	82,991	
Finished goods		114,990	147,101	
Purchased goods		1,198	3,303	
Total		$261,228	$307,936	
Less: Allowance for inventory valuation		(23,628)		
Net		$237,600		

TURVO International Co., Ltd.

5. Statement of Changes in Investments Accounted for Using Equity Method

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Name of Company	Beginning Balance		Additions(Disposals)		Investment income (loss)	聯屬公司間未實現毛利	Exchange differences	Capital surplus	Ending balance			評價基礎	Collateral
	Number of shares	Amount	Number of shares	Amount					Number of shares	Ownership	Amount		
TIPO INTERNATIONAL CO., LTD.	31,133,211	$2,230,080	-	$(417,955)	$324,023	$6,512	$25,008	$-	31,133,211	100%	$2,167,667	Equity method	
T&M Joint (Cayman) Holding Co., Ltd.	4,912,749	12,150	-	-	(4,884)	-	675	-	4,912,749	35.71%	7,941	Equity method	
Total		$2,242,230		$(417,955)	$319,139	$6,512	$25,683	$-			$2,175,608		

TURVO International Co., Ltd.

6. STATEMENT OF ACCOUNTS PAYABLE

31 DECEMBER 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Name	Description	Amount	Note
Company A	Pay for raw materials	$10,713	
Company B	Pay for raw materials	8,878	
Company C	Pay for raw materials	4,289	
Company D	Pay for raw materials	2,623	
Company E	Pay for raw materials	2,609	
Others (Note)		14,193	
Total		$43,305	

(Note) The amount of individual client in others does not exceed 5% of the account balance.

TURVO International Co., Ltd.

7. Statement of lease liabilities

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Description	Rental period	Discount rate	Amount
Land	Plant and office	4~8 years	0.95%	$7,682
Buildings	Plant	1~2 years	0.95%	10,155
Transportation equipment	Official vehicles	2~3 years	0.95%	8,670
				26,507
Less: Current				(10,437)
lease liabilities - Non-current				$16,070

TURVO International Co., Ltd.

8. Statement of net operating income

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Quantity	Amount	Note
Precision metal parts	58,859 PCS	$1,806,149	

TURVO International Co., Ltd.

9. Statement of operating costs

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Amount	Note
A. Cost of self-produced goods		
Direct materials: beginning of year	$40,036	
Add: Raw materials purchased	314,338	
Transferred from Work-in-progress	26,638	
Less: Raw materials, end of year	(58,843)	
Sale	(131,811)	
Inventory shortage	(72)	
Scraps	(273)	
Manufacturing cost	190,013	
Supplies : beginning of year	14,642	
Add: Supplies purchased	18,336	
Transferred from Work-in-progress	12,937	
Less: Supplies, end of year	(13,802)	
Sale	(10,708)	
Inventory shortage	(40)	
Scraps	(3)	
Direct material used	21,362	
Direct labor	146,313	
Manufacturing expenses (Refer to 9)	341,864	
Manufacturing cost	699,552	
Add: Work in process, beginning of year	78,198	
Inventory shortage	3	
Less: Work in process, end of year	(72,395)	
Sale	(187)	
Scraps	(153)	
Transferred to raw material	(26,638)	
Transferred to Supplies	(12,937)	
Transferred to Merchandise	(10,475)	
Others	(526)	
Manufacturing cost	654,442	

TURVO International Co., Ltd.

9. Statement of operating costs (continue)

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Amount	Note
(Continue)		
Add: Finished goods, beginning of year	42,781	
Finished goods purchased	669,361	
Finished goods shortage	505	
Less: Finished goods, end of year	(114,990)	
Scraps	(5,282)	
Cost of self-produced goods	1,246,817	
B. Cost of sales of goods purchased		
Add: Merchandise, beginning of year	344	
Transferred from Work-in-progress	10,475	
Less:本期出售	(5,964)	
Merchandise, end of year	(1,198)	
其他轉出	(965)	
Cost of sales of goods purchased	2,692	
C.其他成本		
出售原物料、在製品及商品成本	148,670	
代採購轉回	(136,538)	
銷貨成本-出售下腳及廢料收入	(16,378)	
銷貨成本-存貨跌價及呆滯損失	4,378	
存貨報廢	5,711	
盤盈虧調整	(396)	
Operating Costs	$1,254,956	

TURVO International Co., Ltd.

10. STATEMENT OF MANUFACTURING EXPENSES

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Amount	Note
Processing costs	$156,881	
Depreciation expense	70,319	
Indirect labor	32,886	
Utilities expense	18,117	
消耗材料及工具	17,661	
Others (Note)	46,000	
Total	$341,864	

(Note) The amount of individual client in others does not exceed 5% of the account balance.

TURVO International Co., Ltd.

11 Statement of Operating Expenses

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Selling expenses	General and Administrative Expense	Research and development expenses	Total	Note
Salariesa	$15,316	$108,019	$48,365	$171,700	
Pension	840	2,727	2,425	5,992	
Travelling expense	2,072	1,011	716	3,799	
Insurance	1,468	9,913	4,796	16,177	
Professional expense	779	39,467	540	40,786	
Depreciation	467	6,319	6,566	13,352	
Sample material expense	-	-	14,525	14,525	
Others (Note)	3,801	34,352	10,221	48,374	
Total	$24,743	$201,808	$88,154	$314,705	

(Note) The amount of each item in others does not exceed 5% of the account balance.

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Notice to readers:

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

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

Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, 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 2022 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, 2022, the the Company and its subsidiaries's accounts receivable and allowance for doubtful accounts amounted to NTD 677,816 thousand and NTD 8,654 thousand, respectively. Net accounts receivable represented 14% 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, 2022, the net inventories and allowance for reduction of inventories amounted to NTD 898,869 thousand and NTD 71,847 thousand, respectively. Net inventories represented 18% 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 2022 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, 2022 and 2021.

Huang, Tzu Ping
Huang, Yu Ting
Ernst & Young, Taiwan
March 9, 2023

Notes to Readers

The accompanying consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at 31 December 2022	As at 31 December 2021
Current Assets			
Cash and cash equivalents	4, 6(1)	$1,053,051	$1,393,141
Financial assets at fair value through profit or loss, current	4	-	57
Financial assets measured at amortized cost, current	4, 6(2)	160,748	234,791
Notes receivable		3,186	3,097
Accounts receivable, net	4, 5, 6(3)	677,816	565,564
Other receivables		3,494	14,449
Current income tax assets		608	3,157
Inventories, net	4,5, 6(4)	898,869	707,859
Prepayment		50,814	36,379
Other current assets		20,887	8,113
Total current assets		2,869,473	2,966,607
Non-current assets			
Property, plant and equipment	4, 6(5), 8	1,525,264	1,582,313
Right of use assets	4, 6(13)	89,936	123,603
Intangible assets	4	8,266	6,256
Deferred tax assets	4, 6(17)	15,492	16,345
Other non-current assets		474,450	231,702
Total non-current assets		2,113,408	1,960,219
Total assets		$4,982,881	$4,926,826

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 December 2022	As at 31 December 2021
Current liabilities			
Short-term loans	4, 6(6)	$ -	$433,692
Financial liabilities at fair value through profit or loss, current	4	-	1,820
Contract liabilities, current	4、6(11)	941	265
Notes payable	4	98,233	86,718
Accounts payable	4	240,335	231,424
Other payables	6(7)	303,447	271,529
Current tax liabilities	4, 6(17)	194,174	106,120
Current lease liabilities	4, 6(13)	48,028	44,707
Other current liabilities		19,582	19,441
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8)	128,454	59,635
Total current liabilities		1,033,194	1,255,351
Non-current liabilities			
Long-term loans	4, 6(8)	397,905	317,764
Deferred tax liabilities	4, 6(17)	57,970	130,075
Non-current lease liabilities	4, 6(13)	44,492	84,076
Other non-current liabilities		1,311	1,312
Total non-current liabilities		501,678	533,227
Total liabilities		1,534,872	1,788,578
Equity attributable to the parent company	6(10)		
Capital			
Common stock		602,881	602,881
Additional paid-in capital		818,217	962,908
Retained earnings			
Legal reserve		382,536	328,260
Special reserve		157,901	146,683
Retained earnings		1,609,531	1,233,543
Total Retained earnings		2,149,968	1,708,486
Other components of equity			
Exchange differences on translation of foreign operations - the parent company		(137,354)	(157,901)
Equity attributable to owners of the parent		3,433,712	3,116,374
Non-controlling interests		14,297	21,874
Total equity		3,448,009	3,138,248
Total liabilities and equity		$4,982,881	$4,926,826

(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 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December 2022	2021
Net Sales	4, 6(11)	$3,350,323	$3,232,810
Cost of Sales	6(4), 6(9), 6(14)	(2,246,687)	(2,083,499)
Gross Profit		1,103,636	1,149,311
Operating Expenses	6(9), 6(14)		
Selling and marketing		(39,659)	(39,221)
Management and administrative		(332,172)	(270,743)
Research and development		(185,235)	(191,195)
Expected credit (losses) gains	6(12)	(1,764)	1,047
Total Operating Expenses		(558,830)	(500,112)
Operating Income		544,806	649,199
Non-operating income and expenses			
Other income	6(15)	49,442	48,457
Other gain and loss	6(15)	187,983	(36,465)
Financial costs	4,6(15)	(7,418)	(9,471)
Total non-operating income and expenses		230,007	2,521
Income from continuing operations before income tax		774,813	651,720
Income tax expense	4, 6(17)	(161,260)	(121,742)
Net income		613,553	529,978
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		26,899	(18,371)
Income tax related to items that may be reclassified subsequently		(5,136)	2,804
Total other comprehensive income (loss), net of tax		21,763	(15,567)
Total comprehensive income	6(16)	$635,316	$514,411
Net income attributable to:			
Stockholders of the parent		$622,346	$542,761
Non-controlling interests		(8,793)	(12,783)
		$613,553	$529,978
Comprehensive income attributable to:			
Stockholder of the parent		$642,893	$531,543
Non-controlling interests		(7,577)	(17,132)
		$635,316	$514,411
Earnings per share	6(18)		
Earnings per share-basic (NTD)		$10.32	$9.01
Earnings per share-diluted (NTD)		$10.28	$8.98

(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 2022 and 2021
(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	Treasury Stock	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2021		$602,881	$1,068,073	$290,748	$158,368	$837,003	$(146,683)	$(9,915)	$2,800,475	$39,006	$2,839,481
Appropriations of earnings, 2020											
Legal reserve				37,512		(37,512)			-		-
Special reserve					(11,685)	11,685			-		-
Cash dividends						(120,394)			(120,394)		(120,394)
Cash dividends distributed by additional paid-in capital			(105,345)						(105,345)		(105,345)
Net income for the year ended 31 December 2021						542,761			542,761	(12,783)	529,978
Other comprehensive income (loss), net of tax for the year ended 31 December 2021	6(16)						(11,218)		(11,218)	(4,349)	(15,567)
Total comprehensive income (loss)						542,761	(11,218)		531,543	(17,132)	514,411
Share-based payment transactions recognized the compensation cost			180						180		180
Employee stock options subscribe treasury stock								9,915	9,915		9,915
Balance as of 31 December 2021		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$ -	$3,116,374	$21,874	$3,138,248
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 2022		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$ -	$3,433,712	$14,297	$3,448,009

(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 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	$774,813	$651,720
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	314,618	285,220
Amortization	5,572	4,689
Expected credit losses (gains)	1,764	(1,047)
Net loss (gain) of financial assets at fair value through profit or loss	(2,517)	6,553
Interest cost	7,418	9,471
Interest income	(12,984)	(12,467)
Share-based payment expense	-	180
Gain on disposal of property, plant and equipment	(3,982)	(2,963)
Inventory falling price losses	15,387	13,847
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	755	4,729
Decrease in Financial assets measured at amortized cost, current	74,042	5,020
Decrease in notes receivable	5,653	3,317
(Increase) decrease in accounts receivable	(105,119)	129,334
Decrease (increase) in other receivables	10,955	(7,889)
Increase in inventories, net	(203,621)	(209,787)
Increase in prepayments	(19,468)	(14,903)
(Increase) decrease in other current assets	(12,773)	6,078
Decrease in financial liabilities at fair value through profit or loss	-	(6,007)
Increase (decrease) in contract liabilities	676	(771)
Increase in notes payable	25,815	43,524
Decrease (increase) in accounts payable	26,418	(6,840)
Increase in other payables	29,399	23,090
(Decrease) increase in other current liabilities	(133)	9,136
Cash generated from operations	932,688	933,234
Income tax paid	(148,335)	(94,418)
Net cash provided by operating activities	784,353	838,816

(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 2022 and 2021

(Expressed in Thousand New Taiwan Dollars)

	For the years ended 31 December	
(Continued)	2022	2021
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(175,979)	(225,331)
Proceeds from disposal of property, plant and equipment	13,668	5,560
Acquisition of intangible assets	(2,054)	(1,732)
Increase in other non-current assets	(289,550)	(226,704)
Interest receive	12,386	12,078
Net cash used in investing activities	(441,529)	(436,129)
Cash flows from financing activities:		
Increase in short-term loans	834,238	685,863
Decrease in short-term loans	(1,267,930)	(659,222)
Increase in long-term loans (including current portion with maturity less than 1 year)	221,010	331,237
Decrease in long-term loans (including current portion with maturity less than 1 year)	(72,050)	(10,945)
Lease principal repayment	(55,256)	(55,189)
Cash dividends	(325,555)	(225,739)
Exercise of employee stock options	-	9,915
Interest paid	(7,423)	(9,546)
Net cash (used in) provided by financing activities	(672,966)	66,374
Effect of exchange rate changes	(9,948)	3,802
Net (decrease) increase in cash and cash equivalents	(340,090)	472,863
Cash and cash equivalents at beginning of period	1,393,141	920,278
Cash and cash equivalents at end of period	$1,053,051	$1,393,141

(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.

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 2022 and 2021 were authorized for issue in accordance with the resolution of the board of directors' meeting held on 9 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

(a) The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2022. 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, but not yet adopted by the Group as at the end of the reporting period are listed below:

Items	Newly issued, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

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

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 2023. The standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Company as at 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(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 it 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 transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results 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) 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.

(d) 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.

(e) 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 period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements for the years ended 31 December 2022 and 2021 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 2022	31 December 2021
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%
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	Zhejiang Yu-Zuan Precision Component Co., Ltd. [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%
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%

Note: 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.

(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.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

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) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized under equity.

(17) 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:

Sale of goods

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.

(18) 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.

(19) 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).

(20) 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 at 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.

(21) 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

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. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition 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

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.

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 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.

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

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 at	
	31 December 2022	31 December 2021
Cash on hand	$1,541	$1,096
Bank deposits	1,051,510	1,392,045
Total	$1,053,051	$1,393,141

(2) Financial assets measured at amortized cost

	As at	
	31 December 2022	31 December 2021
Restricted bank deposits	$160,748	$234,791

Restricted bank deposits as of the year ended 2022 and 2021 is refer to the fund that the Company will deposit into the special bank account based on the operation of foreign funds management and taxation regulations. According to the regulations, the fund is limited to the approved plan and cannot be used for other purposes.

(3) Accounts receivable, net

	As at	
	31 December 2022	31 December 2021
Accounts receivable	$683,712	$572,847
Lease payments receivables	3,354	1,599
Less: unearned finance income	(596)	(459)
Less: loss allowance	(8,654)	(8,423)
Accounts receivable, net	$677,816	$565,564

(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 2022 and 2021 were $686,470 and $573,987, respectively. Please refer to Note 6 (12) for more details on loss allowance of trade receivables for the years ended 31 December 2022 and 2021. 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.

C. No accounts receivables were pledged.

(4) Inventories, net

A. Details as follows

	As at	
	31 December 2022	31 December 2021
Merchandise inventories	$1,198	$344
Raw materials	303,945	218,777
Work in progress	186,542	191,384
Finished goods	407,184	297,354
Total	$898,869	$707,859

B. The Group cost of inventories recognized in cost of goods sold amounted to $2,246,687 and $2,083,499 for the year ended 31 December 2022 and 2021, including the loss from market value decline, obsolete and slow-moving of inventories $15,387 and $13,847.

C. 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 at 1 January 2022	$10,758	$270,677	$2,248,727	$16,855	$114,649	$360,543	$22,044	$3,044,253
Additions	-	-	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 at 31 December 2022	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
As at 1 January 2022	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Disposals	-	10,967	200,138	1,078	15,658	34,216	-	262,057
Transfers	-	(20)	(44,068)	(2,190)	-	(9,973)	-	(56,251)
Exchange differences	-	1,104	10,843	156	736	4,444	-	17,283
As at 31 December 2022	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029

(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 at 1 January 2021	$11,479	$278,730	$2,050,251	$18,325	$99,179	$337,354	$23,312	$2,818,630
Depreciation	-	-	97,106	834	3,572	14,744	31,978	148,234
Disposals	-	-	(16,582)	(3,435)	-	(11,080)	-	(31,097)
Transfers	-	-	135,215	1,396	12,483	22,073	(33,231)	137,936
Exchange differences	(721)	(8,053)	(17,263)	(265)	(585)	(2,548)	(15)	(29,450)
As at 31 December 2021	$10,758	$270,677	$2,248,727	$16,855	$114,649	$360,543	$22,044	$3,044,253
As at 1 January 2021	$-	$76,804	$930,921	$14,037	$44,197	$204,635	$-	$1,270,594
Depreciation	-	11,431	184,487	1,187	8,953	31,285	-	237,343
Disposals	-	-	(14,195)	(3,435)	-	(10,870)	-	(28,500)
Exchange differences	-	(1,766)	(13,904)	(244)	(263)	(1,320)	-	(17,497)
As at 31 December 2021	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Net carrying amount as of:								
31 December 2022	$11,107	$176,041	$1,133,360	$4,273	$49,516	$129,126	$21,841	$1,525,264
31 December 2021	$10,758	$184,208	$1,161,418	$5,310	$61,762	$136,813	$22,044	$1,582,313

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 years, 10 years, and 8 years, respectively.

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 2022 and 2021, and its interest rates are as follows:

Items	For the year ended 31 December 2022	For the year ended 31 December 2021
Machinery and equipment	$-	$288
Construction in progress	-	96
Borrowing cost capitalization interest rate interval	-%	0.6780%

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

(6) Short-term borrowings

		As at	
	Interest Rates (%)	31 December 2022	31 December 2021
Unsecured bank loans	0.54%~0.70%	$-	$383,692
Secured bank loans	0.70%	-	50,000
Total		$-	$433,692

The Group’s unused short-term lines of credits amounted to $1,440,842 and $996,993 as of 31 December 2022 and 2021, respectively.

Please refer to Note 8 for more details on secured bank loans.

(7) Other accounts payables

	As at	
Accounting title	31 December 2022	31 December 2021
Wages and salaries payable	$112,226	$108,674
Accrued manufacturing overhead	37,610	33,256
Accrued employee bonus	27,592	23,137
Income tax payable	26,042	19,372
Payable on machinery and equipment	18,335	13,882
Employee, director, and supervisor compensation payables	12,727	11,030
Other accounts payables - other	68,915	62,178
Total	$303,447	$271,529

(8) Long-term loans

A. Details of long-term loans as of 31 December 2022 and 2021 are as follows:

Creditor	Content	31 December 2022	Repayment period and methods	security
Bank of Taiwan	Unsecured loan	$75,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the	None

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

Creditor	Content	31 December 2022	Repayment period and methods	security
			fourth year the principal 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.	
Bank of Taiwan	Secured loan	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.	Equipment
Bank of Taiwan	Secured loan	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.	Plant
Subtotal		526,359		
Less: current portion (with maturity less than 1 year)		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on unsecured bank loans.

Creditor	Content	31 December 2021	Repayment period and methods	security
Bank of Taiwan	Unsecured loan	$100,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly	None

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

Creditor	Content	31 December 2021	Repayment period and methods	security
			interest payments, and the fourth year the principal 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.	
Bank of Taiwan	Secured	151,873	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.	Equipment
Bank of Taiwan	Secured loan	125,526	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.	Plant
Subtotal		377,399		
Less: current portion		(59,635)		
Total		$317,764		
Interest rates		1.095%		

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.

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

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 2022 and 2021 were $10,634 and $8,926.

(10)Equities

A. Common stock

The Company's authorized and issued capital was NT$800,000 for the years ended 31 December 2022 , respectively, the paid-in capital of NT $602,881, and divided into 60,288,089 shares with par value of $10 (in dollar) each. Each share has one right to vote and receive dividends.

As at December 31, 2022, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As at	
	31 December 2022	31 December 2021
Premium from common stock issuance	$788,696	$933,387
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	$962,908

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.

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

C. Treasury Stocks

The Company implemented a treasury stock system and repurchased the Company's shares from the centralized securities market, and the changes in the number of shares repurchased by reason of repurchase are as follows：

For the years ended 31 December , 2022

None.

For the years ended 31 December , 2021

Reason for buying back	Balance as of 1 January	Increased	Decreased	Cancelled	Balance as of 31 December
Transfers to employees	91,000 shares	- shares	(91,000) shares	- shares	- shares

On March 16, 2018, the Company's Board of Directors resolved to repurchase the Company's shares for the period from March 19, 2018, to May 18, 2018; the repurchase price range is $90 to $140.

On May 5, 2021, the Board of Directors resolved to transfer 91,000 shares of treasury stock to employees and established May 27, 2021, as the base date for employee stock options. The Company used the Black-Scholes option valuation model to estimate the fair value of the employee stock options and recognized the compensation cost on the date of grant. The 91,000 employee stock options were fully exercised on June 11, 2021, at a transfer price of $108.96, and the compensation cost was recognized as capital surplus - treasury stock transaction of $180 thousand on the date the stock was delivered to employees.

D. 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.

According to the amendment to the Company Act on 20 May 2015, the company is required to distribute employee compensation based on the profitability of the current year. The company held the shareholders meeting to revise the Company's Articles of Incorporation as of 23 June 2020, to revise the Company's Articles of Incorporation. In accordance with the revised articles, 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.

The FSC on 31 March 2021 issued Order No. Jin-Guan-Zheng-Fa-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

The Company has not adopted the special reserve requirement for the first time, so this letter order has no impact on the Company.

C. Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the board of shareholders' meeting on 30 June 2022 and 5 July 2021, respectively, are as follows:

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

	Appropriation of earnings		Dividend per share (NTD)	
	2021	2020	2021	2020
Legal Reserve	$54,276	$37,512		
Special reserve	11,218	(11,685)		
Common stock - cash dividends	180,864	120,394	$3.0	$2.0

On May 5, 2022 and May 5,2021,, the Board of Directors resolved to distribute cash in the amount of $144,691 thousand ($2.40 per share) and NT$105,345 thousand ($1.75 per share) from capital surplus.

The aforementioned cash dividend adjustment of $1.99698116 per share and capital reserve cash payment adjustment of $1.74735852 per share for 2020 is due to the increase in the number of outstanding common shares as a result of the transfer of treasury shares to employees.

The company will hold details of the 2022 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.

E. Please refer to Note 6(14) for information on the basis of estimating and recognizing employee compensation and directors' compensation.

E. Non-controlling interests

	For the years ended 31 December	
	2022	2021
Balance as of 1 January	$21,874	$39,006
Net loss for the period attributable to noncontrolling interests	(8,793)	(12,783)
Other comprehensive income or loss attributable to non-controlling interests		-
Exchange differences on translation of financial statements of foreign operating companies	1,216	(4,349)
Balance as of 31 December	$14,297	$21,874

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

(11)Operating Revenue

	For the years ended 31 December	
Revenue from contracts with customers	2022	2021
Net sales	$3,350,323	$3,232,810

Analysis of revenue from contracts with customers during the years ended on 31 December 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended 31 December 2022

	Taiwan	China	Other	Total
Sale of goods	$1,797,231	$1,552,420	$672	$3,350,323

For the year ended 31 December 2021

	Taiwan	China	Other	Total
Sale of goods	$1,722,090	$1,509,163	$1,557	$3,232,810

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.

B. Contract balances

Contract liabilities - current

	As at		
	31 December 2022	31 December 2021	1 January 2021
Sales of goods	$941	$265	$1,036

The significant changes in the Group's balances of contract liabilities during the years ended 31 December 2022 and 2021 are as follows:

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

	For the years ended 31 December	
	2022	2021
The opening balance transferred to revenue	$(265)	$(1,036)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	941	265
Changes during the period	$676	$(771)

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(12)Expected credit losses / (gains)

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Trade receivables	$1,764	$(1,047)

Please refer to Note 12 for more details on credit risk.

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 2021 and 2020 is as follows:

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

31 December 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$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

31 December 2021

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=12d1 days	Total
Gross carrying amount	$507,520	$56,830	$3,479	$-	$12	$9,243	$577,084
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(8,423)	(8,423)
Carrying amount	$507,520	$56,830	$3,479	$-	$12	$820	$568,661

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 2022 and 2021 is as follows:

	Trade receivables
Beginning balance on 1 January 2022	$8,423
Reversal for the current period	1,764
Exchange Rate Difference	(1,533)
Ending balance on 31 December 2022	$8,654
Beginning balance on 1 January 2021	$9,678
Reversal for the current period	(1,047)
Exchange Rate Difference	(208)
Ending balance on 31 December 2021	$8,423

(13)Lease

A. Group as a lessee

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

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 at	
	31 December 2022	31 December 2021
Land	$7,185	$10,088
Land Improvements	360	-
Buildings	71,835	107,366
Transportation equipment	10,408	6,111
Office equipment	148	38
Total	$89,936	$123,603

b. Lease liabilities

	As at	
	31 December 2022	31 December 2021
Lease liabilities		
Current	$48,028	$44,707
Non-current	44,492	84,076
Total	$92,520	$128,783

Please refer to Note 6 (15) (c) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021 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	
	2022	2021
Land	$2,902	$2,902
Land Improvements	31	20
Buildings	45,882	42,285
Transportation equipment	3,697	2,616
Office equipment	49	54
Total	$52,561	$47,877

(C) Income and costs relating to lessee and leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	$781	$1,032

(D) Cash outflow relating to lessee and leasing activities

During the year ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounted to $55,256 and $55,189, 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. 。

The Group has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2022 and 2021 are as follows:

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

	As at	
	31 December 2022	31 December 2021
< 1 year	$ 3,101	$1,599
1 ~ 2 years	5,902	4,391
2 ~ 3 years	5,902	4,391
3 ~ 4 years	5,902	4,391
4 ~ 5 years	4,745	4,391
> 5 years	3,030	4,309
Undiscounted lease payments	28,582	23,472
Less: Unearned finance income from finance leases	(1,721)	(1,541)
Net investment in leases (finance lease receivables)	$ 26,861	$21,931
Current	$ 2,758	$1,140
Non-Current	$ 24,103	$20,791

(14) Summary of employee benefits, depreciation and amortization expense incurred in fiscal 2022 and 2021, by function, is as follows:

Function / Nature	For the years ended 31 December					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$511,919	$269,882	$781,801	$512,115	$263,256	$775,371
Labor and health insurance	42,387	21,143	63,530	50,776	22,663	73,439
Pension	4,643	5,991	10,634	3,443	5,483	8,926
Others	20,281	17,743	38,024	23,119	19,265	42,384
Depreciation	262,513	52,105	314,618	236,592	48,628	285,220
Amortization	527	5,045	5,572	139	4,550	4,689

The number of employees in the Group were 1,602 and 1,783 as at 31 December 2022 and 2021, 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, thereto 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.

Based on the profit of the year ended 2022 and 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors in 2022 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 2022 and 2021 are as follows:

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

	For the years ended 31 December	
	2022	2021
Employees' compensation	$27,592	$23,137
Remuneration to directors	12,727	11,030

A resolution was passed at a board of directors meeting held on 9 March 2023 to distribute $27,592 and $12,727 in cash as the employees' compensation and remuneration to directors of 2022, 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 2021.

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 2020.

(15)Non-operating income and expenses

A. Other income

	For the years ended 31 December	
	2022	2021
Interest income		
Current financial assets at fair value through profit or loss	$2,090	$6,025
Amortized cost of a financial asset	10,894	6,442
Grant revenue	24,965	22,489
Other revenue-rent discount	152	-
Other revenue-other	11,341	13,501
Total	$49,442	$48,457

B. Other gains and losses

	For the years ended 31 December	
	2022	2021
Foreign exchange losses, net	$185,499	$(31,963)
Net losses on financial assets at fair value through profit or loss	2,517	(6,553)
Gains on disposal of property, plant and equipment	3,982	2,963
Other expense	(4,015)	(912)
Total	$187,983	$(36,465)

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

C. Financial costs

	For the years ended 31 December 2022	2021
Interest on loans from bank	$(2,765)	$(2,910)
Interest on lease liabilities	(4,653)	(6,561)
Total	$(7,418)	$(9,471)

(16)Components of other comprehensive income

A. 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

B. For the year ended 31 December 2021

	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	$(18,371)	$-	$(18,371)	$2,804	(15,567)

(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 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	
	2022	2021
Current income tax expense:		
Current income tax payable	$229,214	$125,115
Adjustments in respect of current income tax of prior periods	(6,400)	(12,916)
Corporate income surtax on undistributed retained earnings	14,820	11,445
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	(76,388)	(1,765)
Others	14	(137)
Income tax expense recognized in profit or loss	$161,260	$121,742

(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	
	2022	2021
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations	$5,136	$(2,804)
Income tax relating to components of other comprehensive income	$5,136	$(2,804)

(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	
	2022	2021
Accounting profit before tax from continuing operations	$774,813	$651,720
The amount of tax at each statutory income tax rate	$232,009	$192,466
Tax effect of revenue exempt from taxation	(65,130)	(54,360)
Tax effect of expenses non-deductible for tax purposes	509	99
Corporate income surtax on undistributed retained earnings	14,820	11,445
Adjustments in respect of current income tax of prior periods	(6,400)	(12,916)
Income tax impact adjusted according to other tax laws	(14,548)	(14,992)
Total income tax expenses recorded in profit or loss	$161,260	$121,742

Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. established the productive international investment business enterprise in Mainland China, the applicable tax rate is 25%. Due to the High-tech Enterprise Certificate acquired by Zhejiang Yu-Zuan Precision Components Co., Ltd., the company enjoyed 10% of tax incentives on income tax as of December 2020 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 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)

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

(B) For the year ended 31 December 2021

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	$10,409	$(1,784)	$-	$8,625
Unrealized foreign currency exchange gain or loss	1,751	3,305	-	5,056
Loss allowance overdue	631	(83)	-	548
Unrealized gain on foreign investments	(169,377)	-	-	(169,377)
Provision for allowance to reduce inventories to market value	4,476	1,891	-	6,367
Exchange differences on translation of foreign operations	31,885	-	2,804	34,689
Gain or Loss on valuation of financial asset	(702)	1,055	-	353
Unrealized loss	2,628	(2,619)	-	9
Deferred tax income/(expense)		$1,765	$2,804	
Net deferred tax assets/ (liabilities)	$(118,299)			$(113,730)
Reflected in balance sheet as follows:				
Deferred income tax assets	$51,780			$16,345
Deferred income tax liabilities	$170,079			$(130,075)

D. The assessment of income tax returns

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2020
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Declared and approved up to 2021
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Declared and approved up to 2021

(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	
	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$622,346	$542,761
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,248
Basic earnings per share (NTD)	$10.32	$9.01

B. Diluted earnings per share

	For the years ended 31 December	
	2022	2021
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$622,346	$542,761
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,248
Effect of dilution:		
Employees' compensation – stock (in thousands)	273	223
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,561	60,471
Diluted earnings per share (NTD)	$10.28	$8.98

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)	Parant 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)	Related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Related party of the Group
Hongli Investment Co., Ltd. (Hongli Investment)	Related party of the Group
Hongju Investment Co., Ltd. (Hongju Investment)	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) Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	$53,122	$42,119
Post-employment Benefits	1,146	1,102
Total	$54,268	$43,221

The key management of the Group comprises the chairman, directors, independent directors, and general manager.

A. Acquisition of property, plant, and equipment

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

	For the years ended 31 December	
	2022	2021
AWEA	$-	$39,610
GOODWAY	3,592	18,703
ALLRICH	-	472
TOTAL	$3,592	$58,785

B. Payable on machinery and equipment

	For the years ended 31 December	
	2022	2021
GOODWAY	$-	$8,778

C. Notes payable

	For the years ended 31 December	
	2022	2021
GOODWAY	$4,968	$-

8. ASSETS PLEDGED AS COLLATERAL

The following table lists assets of the Group pledged as security:

	Carrying amount		
Items	31 December 2022	31 December 2021	Secured liabilities
Financial assets measured at amortized cost, current	$1,024	$1,016	Performance guarantee mechanism
Property, Plant and Equipment- building	118,587	124,091	Bank loan
Property, Plant and Equipment- equipment	229,682	182,475	Bank loan
Property, Plant and Equipment- other	10,158	11,545	Bank loan

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

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 2022 and 2021 are $2,313,099 and $1,895,829.

(2) The important contracts of construction in progress

A. As at 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	$386,998
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	14,904
Total			$757,981	$401,902

The above construction payment is based on construction progress. ◦

B. As at 31 December 2021

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2021
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$149,444
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	-
Total			$757,981	$149,444

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As at	
	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss at initial recognition	$-	$57
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	1,051,510	1,392,045
Financial assets measured at amortized cost	160,748	234,791
Notes receivable	3,186	3,097
Accounts receivable	677,816	565,564
Other receivables	3,494	14,449

Financial Liabilities	As at	
	31 December 2022	31 December 2021
Current financial liabilities at fair value through profit or loss：		
Designated at fair value through profit or loss at initial recognition	$-	$1,820
Financial liabilities at amortized cost:		
Short-term loans	-	433,692
Notes and accounts payables	338,568	318,142
Other payables	303,447	271,529
Lease liability	92,520	128,783
Lease liability (including long-term loans due within one year)	526,359	377,399

(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 2022 and 2021 is decreased by $(4,050) and $(15,278), respectively; and no impact on the equity.

B. When NTD appreciates/depreciates against RMB by 1%, the profit for the years ended 31 December 2022 and 2021 is increased by $(4,224) and $(3,394), 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 $526 and $811 for the years ended 31 December 2022 and 2021, 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 2022, and 2021, amounts receivables from top ten customers represented 76% and 71% 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 at 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
As at 31 December 2021					
Short-term loans	$434,362	$-	$-	$-	$434,362
Notes and accounts payable	318,142	-	-	-	318,142
Lease liability	49,207	76,900	10,571	-	136,678
Long-term loans (within 1 year maturity)	59,993	162,664	87,429	68,430	378,516

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	$59,043	$45,711	$-	$104,754

(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 2022:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As at 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 at 31 December 2022	$-	$526,359	$92,520	$618,879

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term loans	Long-term loans (Long-term loans due within one year)	Lease liability	Total liabilities from financing activities
As at 1 January 2021	$407,051	$57,107	$167,915	$632,073
Cash flow	26,641	320,292	(55,189)	291,744
Non-cash changes	-	-	17,075	17,075
Foreign exchange differences	-	-	(1,018)	(1,018)
As at 31 December 2021	$433,692	$377,399	$128,783	$939,874

(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) Derivative financial instruments

The Group's derivative financial instruments include a foreign exchange swap and a cross currency swap. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2022 and 2021 is as follows:

Foreign Exchange Swap and Cross Currency Swap

The Group entered a foreign exchange swap and a cross currency swap to manage its exposure to financial risk, but these contracts are not designated as hedging instruments.

The table below lists the information related to these contracts:

Date	Contact	Contract amount	Maturity
2022.12.31	None		
2021.12.31	Foreign Exchange Swap	USD4,700(in thousands)	2021/11/30-2022/03/31
		USD1,100(in thousands)	2021/11/30-2022/04/29
		USD1,700(in thousands)	2021/11/30-2022/04/29
		USD5,000(in thousands)	2021/12/10-2022/03/10
		RMB37,000(in thousands)	2021/10/29-2022/01/28
		RMB6,000(in thousands)	2021/11/10-2022/02/10
		RMB9,800(in thousands)	2021/12/10-2022/03/10

(9) 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.

(10) 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 at					
	31 December 2022			31 December 2021		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets						
Monetary item:						
USD	$13,807	30.7080	$423,985	$55,177	27.69	$1,527,851
CNY	138,057	4.4092	608,721	118,256	4.3431	513,598
EUR	4,151	32.7086	135,773	1,936	31.3382	60,671
Financial liabilities						
Monetary item:						
CNY	$42,266	4.4092	$186,359	$40,132	4.3431	$174,297
EUR	1,797	32.7086	58,777	1,577	31.3382	49,420

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 $185,499 and $(31,963) for foreign exchange loss for the years ended 31 December 2022 and 2021, respectively.

(11) 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.

(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	$177,910	$120,060	$-	NA	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD	Other receivables due from related parties	Yes	$5,179	$3,732	$1,639	NA	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$135,609	$79,041	$47,330	2%~ 3%	2	$-	Operating cycle	$-	-	$-	$343,371	$1,373,485
0	TURVO INTERNATIONAL Co., LTD	Matec Southeast Asia (Thailand) Co., LTD	Other receivables due from related parties	Yes	$8,527	$8,527	$-	4%	2	$-	Purchase of equipments and materials	$-	-	$-	$343,371	$1,373,485

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

1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Zhejiang Yu-Zuan Precision Component Co., Ltd.	Other receivables due from related parties	Yes	$130,066	$95,647	$-	4%	2	$-	Operating cycle	$-	-	$-	$1,182,551 (Note 4)	$1,182,551 (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.

(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).

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

(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	$514,249 (USD 17,915,737 EUR 1,345)	Regular trade	15.35%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	$143,218 (USD 4,663,874)	Regular trade	2.87%
0	TURVO INTERNATIONAL Co., LTD	Zhejiang Yu-Zuan Precision Component Co., Ltd.	(1)	Purchase of goods	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%

(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	Matec Southeast Asia (Thailand)	(2)	Other receivables	$60,032 (USD 283,851 THB 57,716,951)	Regular trade	1.20%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$514,249 (USD 17,915,737 EUR 1,345)	Regular trade	15.35%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(3)	Other receivables	$143,218 (USD 4,663,874)	Regular trade	2.87%
2	Zhejiang Yu-Zuan Precision Component Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$146,086 (USD 14,003 RMB 33,375,673)	Regular trade	4.36%
3	Matec Southeast Asia (Thailand)	TURVO INTERNATIONAL Co., LTD	(2)	Other payables	$60,032 USD 283,851 (THB 57,716,951)	Regular trade	1.20%

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 at 31 December 2022			Net Income (Losses) of the Investee (Note 1)	Equity in Earnings (Losses) (Note 2)	Notes
				31 December 2022	31 December 2021	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%	$2,167,667	$325,651	$324,023	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	100%	$7,941	$(13,678)	$(4,884)	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%	$975,220	$251,566	Cope with subsidiary	Second-tier subsdiary
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%	$24,062	$(13,270)	Cope with subsidiary	Second-tier subsdiary

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 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2021	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as of 31 December 2022	Accumulated Inward Remittance of Earnings as of 31 December 2021
					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%	$253,783	$971,523	$717,836
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Manufacturing and trading	USD 23,000,000	Indirect investments through Turvo (BVI)	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD23,000,000)	100%	$46,420	$1,182,551	$-

(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)	$2,060,227 (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.

(B) As at 31 December 2022, 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 $13,295 thousand.

D. Information of major shareholders

For the year ended 31 December 2022

Shares / Major shareholders	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,030,000	23.27%
GOODWAY Machine CORP.	10,528,064	17.46%

Note: The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares held by the shareholders, which have completed the delivery and registration of dematerialized shares that reached 5%. The share capital stated in the Company's financial report and the number of dematerialized shares actually delivered and registered by the Company may differ because the calculation bases were different.

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 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)

(B) For the year ended 31 December 2021

	Taiwan	China	Other	Adjustments and eliminations (Note 1)	Total of the Group
Revenue					
External customers	$1,722,090	$1,509,163	$1,557	$-	$3,232,810
Inter-segment	10,716	649,764	1,599	(662,079)	-
Interest revenue	11,557	5,533	34	(4,657)	12,467
Total revenue	1,744,363	2,164,460	3,190	(666,736)	3,245,277
Interest expense	3,091	10,084	953	(4,657)	9,471
Depreciation and amortization	64,864	215,964	9,081	-	289,909
Investment income	256,377	-	410,419	(666,796)	-
Segment profit	$614,798	$313,808	$389,910	$(666,796)	$651,720
Assets					
Investment using the equity method	$2,242,230	$-	$3,426,864	$(5,669,094)	$-
Capital expenditures of non-current assets	128,567	88,559	8,205	-	225,331
Operating segment Assets	$4,565,136	$2,761,280	3,535,923	(5,935,513)	$4,926,826
Operating segment liabilities	$1,448,762	$507,476	$72,884	$(240,544)	$1,788,578

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

C. Geographic information

(A) Revenue from external customers:

	For the years ended 31 December	
Country	2022	2021
China	$1,552,431	$1,509,037
Taiwan	641,087	559,071
Germany	353,810	441,715
Turkey	199,147	99,497
Mexico	106,361	98,853
India	89,149	76,277
Hungary	84,324	65,382
USA	69,284	64,670
Korea	61,956	70,252
Romania	28,689	58,902
Other countries	164,085	189,154
Total	$3,350,323	$3,232,810

(B) Important customer information

	For the years ended 31 December			
	2022		2021	
Customers	Amount	%	Amount	%
Company A	$617,628	19	$555,818	17
Company B	375,863	11	505,542	16
Company C	243,619	7	194,888	6
Total	$1,237,110	37	$1,256,248	39