TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2023 AND 2022

Notice to readers:

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

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To TURVO INTERNATIONAL CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the "Company") and its subsidiaries as at 30 September 2023 and 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2023 and 2022, and consolidated statements of changes in equity and cash flows for the nine-month periods ended 30 September 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 30 September 2023 and 2022, and their consolidated financial performance for the three-month and nine-month periods ended 30 September 2023 and 2022, and cash flows for the nine-month periods ended 30 September 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by the Financial Supervisory Commission of the Republic of China.

Chen, Ming Hung

Lo, Wen Chen

Ernst & Young, Taiwan

6 November 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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
30 September 2023, 31 December 2022 and 30 September 2022
(Expressed in Thousand New Taiwan Dollars)

		As at		
Assets	Notes	30 September 2023	31 December 2022	30 September 2022
Current Assets				
Cash and cash equivalents	4, 6(1)	$1,010,440	$1,053,051	$1,151,490
Financial assets measured at amortized cost,current	4, 6(2), 8	90,395	160,748	240,322
Notes receivable	6(13)	701	3,186	5,141
Accounts receivable, net	4, 5, 6(3), 6(13), 7	799,019	677,816	823,506
Other receivables		9,094	3,494	7,047
Current income tax assets		-	608	-
Inventories, net	4,5, 6(4)	708,064	898,869	842,092
Prepayment		75,067	50,814	53,855
Other current assets		43,349	20,887	14,793
Total current assets		2,736,129	2,869,473	3,138,246
Non-current assets				
Property, plant and equipment	4, 6(5), 8	1,426,148	1,525,264	1,572,607
Right of use assets	4, 6(14)	53,463	89,936	90,311
Intangible assets	4	10,372	8,266	7,544
Deferred tax assets	4, 6(18)	14,373	15,492	16,432
Other non-current assets	6(6)	603,144	474,450	329,181
Total non-current assets		2,107,500	2,113,408	2,016,075
Total assets		$4,843,629	$4,982,881	$5,154,321

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
30 September 2023, 31 December 2022 and 30 September 2022
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at 30 September 2023	31 December 2022	30 September 2022
Current liabilities				
Short-term loans	4, 6(7)	$37,000	$ -	$161,886
Contract liabilities,current	4、6(12)	-	941	294
Notes payable	4	35,125	98,233	123,260
Accounts payable	4	274,265	240,335	287,224
Other payables	6(8)	235,970	303,447	302,310
Current tax liabilities	4, 6(18)	71,385	194,174	147,769
Current lease liabilities	4, 6(14)	23,470	48,028	41,830
Other current liabilities		65,760	19,582	20,956
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(9)	121,024	128,454	118,362
Total current liabilities		863,999	1,033,194	1,203,891
Non-current liabilities				
Long-term loans	4, 6(9)	381,853	397,905	371,989
Deferred tax liabilities	4, 6(18)	65,630	57,970	150,450
Non-current lease liabilities	4, 6(14)	24,152	44,492	47,772
Other non-current liabilities		-	1,311	1,312
Total non-current liabilities		471,635	501,678	571,523
Total liabilities		1,335,634	1,534,872	1,775,414
Equity attributable to the parent company	6(11)			
Capital				
Common stock		602,881	602,881	602,881
Additional paid-in capital		818,217	818,217	818,217
Retained earnings				
Legal reserve		444,771	382,536	382,536
Special reserve		137,354	157,901	157,901
Retained earnings		1,594,171	1,609,531	1,505,363
Total Retained earnings		2,176,296	2,149,968	2,045,800
Other components of equity				
Exchange differences on translation of foreign operations - the parent company		(99,767)	(137,354)	(103,867)
Equity attributable to owners of the parent		3,497,627	3,433,712	3,363,031
Non-controlling interests	6(11)	10,368	14,297	15,876
Total equity		3,507,995	3,448,009	3,378,907
Total liabilities and equity		$4,843,629	$4,982,881	$5,154,321

(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 three-month and nine-month periods ended 30 September 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	Notes	2023	2022	2023	2022
Net Sales	4, 6(12),7	$897,517	$859,793	$2,472,630	$2,610,033
Cost of Sales	6(4), 6(10), 6(14), 6(15)	(571,475)	(586,721)	(1,693,242)	(1,746,672)
Gross Profit		326,042	273,072	779,388	863,361
Operating Expenses	6(10), 6(14), 6(15)				
Selling and marketing		(14,059)	(10,160)	(42,991)	(28,400)
Management and administrative		(70,971)	(78,198)	(205,947)	(256,875)
Research and development		(55,014)	(47,083)	(149,499)	(135,083)
Expected credit gains (losses)	6(13)	931	(4,210)	1,176	(8,047)
Total Operating Expenses		(139,113)	(139,651)	(397,261)	(428,405)
Operating Income		186,929	133,421	382,127	434,956
Non-operating income and expenses					
Other income	6(16)	6,336	11,273	23,489	25,389
Other gains and loss	6(16)	(9,516)	62,068	(2,087)	195,421
Financial costs	4,6(16)	(718)	(1,639)	(2,305)	(5,660)
Total non-operating income and expenses		(3,898)	71,702	19,097	215,150
Income from continuing operations before income tax		183,031	205,123	401,224	650,106
Income tax expense	4, 6(18)	(28,803)	(39,122)	(16,962)	(138,264)
Net income		154,228	166,001	384,262	511,842
Other comprehensive income	6(17)				
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		99,748	23,216	46,850	67,881
Income tax related to items that may be reclassified subsequently		(19,943)	(4,654)	(9,397)	(13,509)
Total other comprehensive (loss) income, net of tax		79,805	18,562	37,453	54,372
Total comprehensive income		$234,033	$184,563	$421,715	$566,214
Net income attributable to:					
Stockholders of the parent		$155,371	$167,642	$388,057	$518,178
Non-controlling interests		(1,143)	(1,641)	(3,795)	(6,336)
		$154,228	$166,001	$384,262	$511,842
Comprehensive income attributable to:					
Stockholder of the parent		$235,141	$186,254	$425,644	$572,212
Non-controlling interests		(1,108)	(1,691)	(3,929)	(5,998)
		$234,033	$184,563	$421,715	$566,214
Earnings per share	6(19)				
Earnings per share-basic (NTD)		$2.58	$2.79	$6.44	$8.60
Earnings per share-diluted (NTD)		$2.57	$2.77	$6.41	$8.53

(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 nine-month periods ended 30 September 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2022		$602,881	$962,908	$328,260	$146,683	$1,233,543	$(157,901)	$3,116,374	$21,874	$3,138,248
Appropriations of earnings, 2021										
Legal reserve	6(11)			54,276		(54,276)		-		-
Special reserve	6(11)				11,218	(11,218)		-		-
Cash dividends	6(11)					(180,864)		(180,864)		(180,864)
Cash dividends distributed by additional paid-in capital	6(11)		(144,691)					(144,691)		(144,691)
Net income for the nine-month period ended 30 September 2022						518,178		518,178	(6,336)	511,842
Other comprehensive income, net of tax for the nine-month period ended 30 September 2022	6(17)						54,034	54,034	338	54,372
Total comprehensive income (loss)		-	-	-	-	518,178	54,034	572,212	(5,998)	566,214
Balance as of 30 September 2022		$602,881	$818,217	$382,536	$157,901	$1,505,363	$(103,867)	$3,363,031	$15,876	$3,378,907
Balance as of 1 January 2023		$602,881	$818,217	$382,536	$157,901	$1,609,531	$(137,354)	$3,433,712	$14,297	$3,448,009
Appropriations of earnings, 2022										
Legal reserve	6(11)			62,235		(62,235)		-		-
Reversal of special reserve	6(11)				(20,547)	20,547		-		-
Cash dividends	6(11)					(361,729)		(361,729)		(361,729)
Net income for the nine-month period ended 30 September 2023						388,057		388,057	(3,795)	384,262
Other comprehensive income, net of tax for the nine-month period ended 30 September 2023							37,587	37,587	(134)	37,453
Total comprehensive income (loss)	6(17)	-	-	-	-	388,057	37,587	425,644	(3,929)	421,715
Balance as of 30 September 2023		$602,881	$818,217	$444,771	$137,354	$1,594,171	$(99,767)	$3,497,627	$10,368	$3,507,995

(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 nine-month periods ended 30 September 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

	For the nine-month periods ended 30 September	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$401,224	$650,106
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	235,452	234,895
Amortization	5,042	4,234
Expected credit (gains) losses	(1,176)	8,047
Net gain of financial assets at fair value through profit or loss	-	(2,517)
Finance costs	2,305	5,660
Interest income	(11,457)	(9,222)
Gain on disposal of property, plant and equipment	(2,238)	(3,092)
(Gains from price recovery) losses on price reduction of inventory	(18,595)	9,270
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	755
Decrease (increase) in Financial assets measured at amortized cost, current	70,353	(5,532)
Decrease in notes receivable	59	3,697
Increase in accounts receivable	(114,137)	(255,273)
(Increase) decrease in other receivables	(5,600)	7,402
Decrease (increase) in inventories, net	211,695	(132,641)
Increase in prepayments	(26,562)	(16,594)
Increase in other current assets	(22,462)	(6,680)
(Decrease) increase in contract liabilities	(941)	29
(Decrease) increase in notes payable	(58,464)	50,781
Increase in accounts payable	39,361	65,174
(Decrease) increase in other payables	(58,546)	29,655
Increase in other current liabilities	44,981	1,241
Cash generated from operations	690,294	639,395
Income tax paid	(139,032)	(88,358)
Net cash provided by operating activities	551,262	551,037

(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 nine-month periods ended 30 September 2023 and 2022

(Expressed in Thousand New Taiwan Dollars)

	For the nine-month periods ended 30 September	
(Continued)	2023	2022
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(22,219)	(73,556)
Proceeds from disposal of property, plant and equipment	16,146	12,447
Acquisition of intangible assets	(2,749)	(1,993)
Increase in other non-current assets	(207,169)	(213,421)
Interest received	11,405	8,800
Net cash used in investing activities	(204,586)	(267,723)
Cash flows from financing activities:		
Increase in short-term loans	104,000	737,286
Decrease in short-term loans	(67,000)	(1,009,092)
Increase in long-term loans (including current portion with maturity less than 1 year)	74,924	153,016
Decrease in long-term loans (including current portion with maturity less than 1 year)	(98,406)	(40,063)
Lease principal repayment	(50,154)	(44,840)
Cash dividends	(361,729)	(325,556)
Interest paid	(2,240)	(5,660)
Net cash used in financing activities	(400,605)	(534,909)
Effect of exchange rate changes	11,318	9,944
Net decrease in cash and cash equivalents	(42,611)	(241,651)
Cash and cash equivalents at beginning of period	1,053,051	1,393,141
Cash and cash equivalents at end of period	$1,010,440	$1,151,490

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

TURVO INTERNATIONL CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the nine-month periods ended 30 September 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND OPERATIONS

Turvo International Co., Ltd. (the Company) was incorporated on 29 December 1987 to manufacture and market air tools, mechanical parts, hardware parts, wood lathes, and wood planers used on these products. Additionally, the Company also processes, manufactures, and markets optical components. For the purpose of management operation, the Company conducted a simple merger with the wholly owned reinvestees - Yubo investment Co., Ltd. and Yuli investment Co., Ltd., upon board meeting resolution passed in June 2010, to set 1 August 2010 as the consolidation record date. The Company is the surviving entity after the consolidation.

The Company applied to be listed on the GreTai Securities Market (now Taipei Exchange) and was authorized for trading over the counter on 14 November 2011. On 28 June 2019, the Company applied to be listed on the Taiwan Stock Exchange and became officially listed on 17 September 2019. The main registration and operation location is No. 59, Jing 2nd Rd., Taichung Harbor Export Processing Zone, Wuci Dist., Taichung City 435, Taiwan. Zeng Hsing Industrial Co., Ltd. is the parent company of the Company, and the ultimate controlling party of the group.

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

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the nine-month periods ended 30 September 2023 and 2022 were authorized for issue by the Company’s board of directors on 6 November 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 Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards and amendments had no material impact on the Group.

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

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

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

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

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

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

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

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

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

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

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

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

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group 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	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the nine-month periods ended 30 September 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

(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 statements

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 or not 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 Company 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 Company 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. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss; and
F. recognizes any surplus or deficit in profit or loss.

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

The consolidated entities are as follows:

			Percentage of ownership (%)		
Investor	Subsidiary	Main Business	30 September 2023	31 December 2022	30 September 2022
the Company	TIPO INTERNATIONAL CO., LTD.(SAMOA) [abbreviation: TIPO]	Investing and trading company	100.00%	100.00%	100.00%
the Company	T&M Joint (Cayman) Holding Co., Ltd. (Note 1) [abbreviation: T&M]	Holding company of reinvesting MSAT	35.71%	35.71%	35.71%
the Company	TUF Technology CO., LTD. [abbreviation: TUF]	Trading	100.00%	(Note 2)	(Note 2)
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%	100.00%
TIPO, Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd.	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%	100.00%
Hong Kong Xin-Feng Enterprise Limited	Dongguan Xin Feng Hardware Machinery & Plastics Industry 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%	100.00%
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%	99.9991%

Note 1: The company included T&M in the compilation since 1 January 2018, this is due to the Company being the single largest shareholder of T&M, and the remaining rights of T&M were widely held by many other shareholders. In addition, in the absence of contractual rights, due to the reasons such as the company had acquired a relatively higher voting rights on power of attorney and eligible to appoint T&M’s key management personal who have the ability to lead main stakeholder activities. Therefore, the company determine that even if it hold less than 50% of the voting rights, it has control over T&M.

Note 2: TUF Technology CO., LTD. was incorporated on 25 July 2023.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT$, which is also the 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 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 at the dates of the initial transactions.

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

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

A. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
B. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising from 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. The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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 partial disposal of an associate or joint arrangement 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 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 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 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.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits 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 and
(B) the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at 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:

(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.

<u>Financial asset measured at fair value through other comprehensive income</u>

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 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 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 assets 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.

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 accounts receivable 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

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at 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 at 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 assets, financial liabilities or both is 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.

<u>Financial liabilities at amortized cost</u>

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 on acquisition and fees or transaction costs.

<u>Derecognition of financial liabilities</u>

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) 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 by 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.

(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:

Raw materials / Merchandise– Purchase cost on a 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 on weighted average method.

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 in accordance with IFRS 15 and not within the scope of inventories.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16. 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	2～15 years
Transportation equipment	2～10 years
Lease improvements	2～25 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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(12) Leases

On the date that contracts are established, 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>Group as a lessee</u>

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 at 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 statements of 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.

<u>Group as a lessor</u>

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.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at 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.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software	Trademarks	Patents	Others
Useful lives	2~10 years	10 years	9~10 years	uncertainty
Amortization method used	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
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(14) 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 cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The 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.

(16) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Post- employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the 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).

(18) 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.

(19) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at 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 joint ventures, 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.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, 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:

A. Judgement of control over subsidiaries without the majority of voting rights.

The Company does not have majority of the voting rights in certain subsidiaries. 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.

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

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 IFRS 16 to measure lease liability and estimate the right-of-use asset, including determining the lease period and the implied interest rate of leases.

The Group determined the lease period as non-cancellable period, with both the 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.

Please refer to Notes 3 and 6 for further information about the assumption of lease liability measurement.

6. <u>CONTENTS OF SIGNIFICANT ACCOUNTS</u>

(1) Cash and cash equivalents

	As at		
	30 September 2023	31 December 2022	30 September 2022
Cash on hand	$711	$1,541	$1,054
Bank deposits	1,009,729	1,051,510	1,150,436
Total	$1,010,440	$1,053,051	$1,151,490

Cash and cash equivalents were not pledged.

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

(2) Financial assets measured at amortized cost, current

	As at		
	30 September 2023	31 December 2022	30 September 2022
Restricted bank deposits	$90,395	$160,748	$240,322

Restricted bank deposits as at 30 September 2023, 31 December 2022 and 30 September 2022 referred to the funds that the Company will deposit into the dedicated bank account pursuant to the Management, Utilization, and Taxation of Repatriated Offshore Funds Act . According to the Act, the use of the funds is limited to the approved plan and cannot be used for other purposes.

Please refer to Note 8 for more details on restricted bank deposits under pledge.

(3) Accounts receivable

A. Components of accounts receivable:

	As at		
	30 September 2023	31 December 2022	30 September 2022
Accounts receivable	$806,616	$683,712	$839,208
Lease payments receivables	-	3,354	1,498
Less: unearned finance income	-	(596)	(591)
Less: loss allowance	(7,597)	(8,654)	(16,609)
Total	$799,019	$677,816	$823,506

B. Account receivables are generally on 60~90 days. The total carrying amounts as at 30 September 2023, 31 December 2022 and 30 September 2022 were $806,616, $686,470 and $840,115, respectively. Please refer to Note 6 (13) for more details on loss allowance of account receivables for the nine-month periods ended 30 September 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

C. Please refer to Note 6(14) for further information of accounts receivable of finance leasing on machinery and equipment signed by the Group.

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

D. No accounts receivables were pledged.

(4) Inventories

A. Details as follows:

	As at		
	30 September 2023	31 December 2022	30 September 2022
Merchandise inventories	$853	$1,198	$290
Raw materials	223,585	303,945	300,457
Work in progress	194,470	186,542	229,381
Finished goods	289,156	407,184	311,964
Total	$708,064	$898,869	$842,092

B. The Group's cost of inventories recognized in cost of goods sold amounted to $571,475, $586,721, $1,693,242 and $1,746,672 for the three-month and nine-month periods ended 30 September 2023 and 2022, respectively. Within the above-mentioned inventory costs, the recognition of inventory write-down and obsolescence (reversal) losses amounted to $(8,216), $4,289, $(18,595) and $9,270 for the three-month and nine-month periods ended 30 September 2023 and 2022, respectively, which was due to the reduction of inventory to its net realizable value.

C. Gain from price recovery of inventories were due to the sale of obsolete products and the net realized value recovery for the three-month and nine-month periods ended 30 September 2023.

D. No inventories were pledged.

(5) Property, plant and equipment

A. Owner occupied property, plant and equipment

	As at		
	30 September 2023	31 December 2022	30 September 2022
Owner occupied property, plant and equipment	$1,426,148	$1,525,264	$1,572,607

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

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 January 2023	$11,107	$274,561	$2,387,582	$14,862	$118,797	$381,543	$21,841	$3,210,293
Additions	-	-	44,674	-	-	2,825	7,344	54,843
Disposals	-	(771)	(40,839)	-	-	(6,207)	-	(47,817)
Transfers	-	-	25,151	85	4,065	3,936	1,481	34,718
Exchange differences	(70)	(786)	33,492	156	2,110	5,723	83	40,708
As at 30 September 2023	$11,037	$273,004	$2,450,060	$15,103	$124,972	$387,820	$30,749	$3,292,745
Depreciation and impairment:								
As at 1 January 2023	$-	$98,520	$1,254,222	$10,589	$69,281	$252,417	$-	$1,685,029
Depreciation	-	8,327	150,211	793	9,241	25,043	-	193,615
Disposals	-	(141)	(27,658)	-	-	(6,110)	-	(33,909)
Exchange differences	-	(283)	17,294	130	1,316	3,405	-	21,862
As at 30 September 2023	$-	$106,423	$1,394,069	$11,512	$79,838	$274,755	$-	$1,866,597

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

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold 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	-	-	70,717	-	14	6,018	30,889	107,638
Disposals	-	(20)	(44,704)	(2,190)	-	(6,902)	-	(53,816)
Transfers	-	-	61,961	-	3,210	10,914	(21,807)	54,278
Exchange differences	60	667	51,482	297	2,452	8,472	994	64,424
As at 30 September 2022	$10,818	$271,324	$2,388,183	$14,962	$120,325	$379,045	$32,120	$3,216,777
Depreciation and impairment:								
As at 1 January 2022	$-	$86,469	$1,087,309	$11,545	$52,887	$223,730	$-	$1,461,940
Depreciation	-	8,218	149,796	819	11,628	25,591	-	196,052
Disposals	-	(20)	(35,878)	(2,190)	-	(6,373)	-	(44,461)
Exchange differences	-	151	23,533	229	1,575	5,151	-	30,639
As at 30 September 2022	$-	$94,818	$1,224,760	$10,403	$66,090	$248,099	$-	$1,644,170
Net carrying amount as at:								
30 September 2023	$11,037	$166,581	$1,055,991	$3,591	$45,134	$113,065	$30,749	$1,426,148
31 December 2022	$11,107	$176,041	$1,133,360	$4,273	$49,516	$129,126	$21,841	$1,525,264
30 September 2022	$10,818	$176,506	$1,163,423	$4,559	$54,235	$130,946	$32,120	$1,572,607

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

B. Operating lease of properties, plants, and equipment:

No properties, plants, and equipment were leased.

C. Components of building that have different useful lives are 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.

D. Please refer to Note 8 for property, plant and equipment pledged as collateral.

E. The capitalization amount of the borrowing costs of the Group for the nine-month periods ended 30 September 2023 and 2022, and its interest rates are as follows:

Items	For the nine-month periods ended 30 September 2023	For the nine-month periods ended 30 September 2022
Construction in progress	$1,983	$-
Borrowing cost capitalization interest rate interval	1.595%	-%

(6) Other non-current assets

	As at		
	30 September 2023	31 December 2022	30 September 2022
Prepayments for business facilities	$588,791	$431,267	$283,544
Guarantee deposits paid	13,314	15,432	15,124
Other non-current assets, others	1,039	27,751	30,513
Total	$603,144	$474,450	$329,181

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

(7) Short-term loans

		As at		
	Interest Rates (%)	30 September 2023	31 December 2022	30 September 2022
Unsecured bank loans	0.530%~1.450%	$37,000	$-	$61,886
Secured bank loans	1.060%	-	-	100,000
Total		$37,000	$-	$161,886

The Group's unused short-term lines of credits amounted to $1,660,782, $ 1,440,842 and $ 1,416,733 as at 30 September 2023, 31 December 2022 and 30 September 2022, respectively.

Please refer to Note 8 for further details on secured loans.

(8) Other payables

	As at		
	30 September 2023	31 December 2022	30 September 2022
Wages and salaries payable	$80,845	$112,226	$77,253
Employee compensation payable	30,678	27,592	45,440
Accrued processing expense	25,182	37,610	48,082
Business tax payable	13,912	26,042	30,535
Employee, director, and supervisor compensation payables	7,450	12,727	11,035
Payable on machinery and equipment	7,159	18,335	16,503
Accrued utilities	3,292	-	6,732
Other payables, others	67,452	68,915	66,730
Total	$235,970	$303,447	$302,310

(9) Long-term loans

Details of long-term loans as at 30 September 2023, 31 December 2022 and 30 September 2022 are as follows:

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

A. As at 30 September 2023

Creditor	Content	30 September 2023	Repayment period and methods	Security
Bank of Taiwan	Secured loan	$267,487	The term is 10 years. The loan is drawn in installments and is not available for revolving use; the first three years after the first drawdown is grace period requiring monthly interest payments, and the fourth year the principal is divided into 84 installments, with each full month being one installment. The principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	154,187	The term is 7 years. The loan is drawn in installments and is not available for revolving use; the principal is divided into 84 installments with each full month from the date of first drawdown being one installment, and interest is charged monthly. The principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Secured loan	43,703	The term is 10 years. T loan is drawn in installments and is not available for revolving use. The first three years after the first drawdown is grace period requiring monthly interest payments. The principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities

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

Creditor	Content	30 September 2023	Repayment period and methods	Security
Bank of Taiwan	Unsecured loan	37,500	The term is 5 years. The loan is drawn in installments and is not available for revolving use. The first three years after the first drawdown is grace period requiring monthly interest payments. The principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		502,877		
Less: current portion (with maturity less than 1 year)		(121,024)		
Total		$381,853		
Interest rates		1.595%		

Please refer to Note 8 for more details on the above bank loan securities.

B. As at 31 December 2022

Creditor	Content	31 December 2022	Repayment period and methods	Security
Bank of Taiwan	Secured loan	$269,418	The term is 10 years. The loan is drawn in installments and is not available for revolving use. The first three years after the first drawdown is grace period requiring monthly interest payments, and the fourth year the principal is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities

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

Creditor	Content	31 December 2022	Repayment period and methods	Security
Bank of Taiwan	Secured loan	181,941	The term is 7 years. The loan is drawn in installments and is not available for revolving use. The principal is divided into 84 installments with one full month from the date of first drawdown being one installment. Interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	75,000	The term is 5 years. The loan is drawn in installments and is not available for revolving use. The first three years after the first drawdown is grace period requiring monthly interest payments. The principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		526,359		
Less: current portion (with maturity less than 1 year)		(128,454)		
Total		$397,905		
Interest rates		1.470%		

Please refer to Note 8 for more details on the above bank loan securities.

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

C. As at 30 September 2022

Creditor	Content	30 September 2022	Repayment period and methods	Security
Bank of Taiwan	Secured loan	$211,659	The term is 10 years. The loan is drawn in installments and is not available for revolving use. The first three years after the first drawdown is grace period requiring monthly interest payments. The fourth year the principal is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	191,192	The term is 7 years. The loan is drawdown in installments and is not available for revolving use. The principal is divided into 84 installments with one full month from the date of first drawdown being one installment. Interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	87,500	The term is 5 years. The loan is drawn in installments and is not available for revolving use. The first three years after the first drawdown is grace period requiring monthly interest payments. The principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		490,351		
Less: current portion (with maturity less than 1 year)		(118,362)		
Total		$371,989		
Interest rates		1.345%		

Please refer to Note 8 for more details on the above bank loan securities.

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

(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.

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.

Expenses under the defined benefits plan for the three-month periods and nine-month periods ended 30 September 2023 and 2022 amounted to $2,082, $2,732, $8,507 and $7,525 respectively.

(11) Equities

A. Common stock

The Company's authorized and issued capital amounted to NT$800,000 as at 1 January 2022, divided into 60,288,089 shares with par value of NT$10 each. The paid-in capital amounted to NT$602,881 with 60,288,089 shares issued at par value of NT$10.

As at 30 September 2023, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As at		
	30 September 2023	31 December 2022	30 September 2022
Premium from common stock issuance	$788,696	$788,696	$788,696
Treasury Stock transaction	180	180	180
Changes in the net value of related companies and joint venture equity using the equity method	2,213	2,213	2,213
Employee stock option	26,848	26,848	26,848
Other	280	280	280
Total	$818,217	$818,217	$818,217

According to the Company Act, the capital reserve shall not be used except when offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

(A) The Company’s Articles of Association provide that profits of the current year (i.e., pre-tax profit less compensation and remuneration distributed to employees and directors) shall first make up for accumulated losses, and the remaining amount shall set aside 3.5%~7% as employee compensation and no more than 1.7% as director’s remuneration. The distribution of employees compensation and directors remuneration must be approved by more than two-thirds of the board directors in attendance and agreed by more than half of them, to be reported to the shareholders meeting. Those who are eligible to receive the distribution of stocks and cash may include employees of controlling entities or associates who meet certain conditions.

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) 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 amend the Company’s Articles of Incorporation on 23 June 2020, to amend the Company's Articles of Incorporation. In accordance with the amended 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 the 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 be based on the projected investment expense in the future and fund demand, to allocate 20% 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 shall not be lower than 30% of the total dividends of shareholders. However, the types and ratio of the distribution surplus should be adjusted through the shareholders meeting resolution based on the actual profits at that year, after the distribution is proposed at the board meeting.

When the Company makes 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.

On 31 March 2021, the FSC issued Order Financial-Supervisory-Securities-Corporate-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 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 shareholders' meeting on 27 June 2023 and 30 June 2022, respectively, are as follows:

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

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal Reserve	$62,235	$54,276		
Special reserve	(20,547)	11,218		
Common stock - cash dividends	361,729	180,864	$6.0	$3.0

On 5 May 2022, the Board of Directors resolved to distribute cash in the amount of $144,691 (NT$2.40 per share) from capital surplus.

(D) For information about the earnings distribution plan, please visit the Market Observation Post System of the Taiwan Stock Exchange.

(E) Please refer to Note 6(15) for information on the basis of estimating and recognizing employee compensation and directors remuneration.

D. Non-controlling interests

	For the nine-month periods ended 30 September	
	2023	2022
Balance as at 1 January	$14,297	$21,874
Net loss for the period attributable to noncontrolling interests	(3,795)	(6,336)
Other comprehensive income or loss attributable to non-controlling interests		
Exchange differences on translation of financial statements of foreign operating companies	(134)	338
Balance as at 30 September	$10,368	$15,876

(12) Net sales

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Revenue from contracts with customers				
Sale of goods	$897,517	$859,793	$2,472,630	$2,610,033

Analysis of revenue from contracts with customers for the nine-month periods ended 30 September 2023 and 2022 is as follows:

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

A. Disaggregation of revenue

For the three-month periods ended 30 September 2023

	Taiwan	China	Other	Total
Sale of goods	$432,609	$464,908	$-	$897,517

For the three-month periods ended 30 September 2022

	Taiwan	China	Other	Total
Sale of goods	$497,311	$362,482	$-	$859,793

For the nine-month periods ended 30 September 2023

	Taiwan	China	Other	Total
Sale of goods	$1,199,984	$1,272,020	$626	$2,472,630

For the nine-month periods ended 30 September 2022

	Taiwan	China	Other	Total
Sale of goods	$1,433,390	$1,175,971	$672	$2,610,033

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			
	30 September 2023	31 December 2022	30 September 2022	1 January 2022
Sales of goods	$-	$941	$294	$265

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

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended 30 September 2023 and 2022 are as follows:

	For the nine-month periods ended 30 September	
	2023	2022
The opening balance transferred to revenue	$(941)	$(265)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	-	294

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(13) Expected credit (gains) losses

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Operating expenses – Expected credit (gains) losses				
Accounts receivable	$(931)	$4,210	$(1,176)	$8,047

Please refer to Note 12 for more details on credit risk.

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

The Group measures the loss allowance of its accounts receivable (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 30 September 2023, 31 December 2022 and 30 September 2022 is as follows:

30 September 2023

	Not yet due (Note)	Overdue <=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$781,603	$17,755	$187	$173	$2	$7,597	$807,317
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(7,597)	(7,597)
Carrying amount	$781,603	$17,755	$187	$173	$2	$-	$799,720

31 December 2022

	Not yet due (Note)	Overdue <=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

30 September 2022

	Not yet due (Note)	Overdue <=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$767,685	$50,641	$246	$3,995	$6,080	$16,609	$845,256
Loss ratio	-%	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	-	(16,609)	(16,609)
Carrying amount	$767,685	$50,641	$246	$3,995	$6,080	$-	$828,647

Note: The Group's note receivables are not overdue.

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

The movement in the provision for impairment of accounts receivable for the nine-month periods ended 30 September 2023 and 2022 is as follows:

	Accounts receivable
Beginning balance at 1 January 2023	$8,654
Reversal for the current period	(1,176)
Exchange differences	119
Ending balance at 30 September 2023	$7,597

	Accounts receivable
Beginning balance at 1 January 2022	$8,423
Addition for the current period	8,047
Exchange differences	139
Ending balance at 30 September 2022	$16,609

(14) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 1 to 8 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	30 September 2023	31 December 2022	30 September 2022
Land	$5,009	$7,185	$7,911
Land Improvements	295	360	44
Buildings	40,794	71,835	75,864
Transportation equipment	7,248	10,408	6,492
Office equipment	117	148	-
Total	$53,463	$89,936	$90,311

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

b. Lease liabilities

	As at		
	30 September 2023	31 December 2022	30 September 2022
Current	$23,470	$48,028	$41,830
Non-current	24,152	44,492	47,772
Total	$47,622	$92,520	$89,602

Please refer to Note 6(16)(c) for the interest on lease liabilities recognized for the nine-month periods ended 30 September 2023 and 2022, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities.

(B) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Land	$726	$726	$2,177	$2,177
Land Improvements	21	5	64	15
Buildings	11,939	11,436	35,497	34,223
Transportation equipment	1,326	871	4,069	2,389
Office equipment	10	13	30	39
Total	$14,022	$13,051	$41,837	$38,843

(C) Income and costs relating to leasing activities

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
The expenses relating to short-term leases	$148	$237	$462	$571

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

(D) Cash outflow relating to lessee and leasing activities

For the nine-month periods ended 30 September 2023 and 2022, the Group's total cash outflows for leases amounted to $50,616 and $45,411, 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 at 30 September 2023, 31 December 2022 and 30 September 2022 are as follows:

	As at		
	30 September 2023	31 December 2022	30 September 2022
< 1 year	$-	$ 3,101	$1,244
1 ~ 2 years	-	5,902	5,902
2 ~ 3 years	-	5,902	5,902
3 ~ 4 years	-	5,902	5,902
4 ~ 5 years	-	4,745	5,464
> 5 years	-	3,030	4,167
Undiscounted lease payments	-	28,582	28,581
Less: Unearned finance income from finance leases	-	(1,721)	(1,897)
Net investment in leases (finance lease receivables)	$-	$26,861	$26,684
Current	$-	$2,758	$907
Non-Current	$-	$24,103	$25,777

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

(15) Summary statement of employee benefits, depreciation and amortization expenses by function for the nine-month periods ended 30 September 2023 and 2022:

Function / Nature	For the three-month periods ended 30 September					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$113,561	$ 69,101	$182,662	$129,578	$62,477	$192,055
Labor and health insurance	11,913	5,988	17,901	10,818	4,859	15,677
Pension	1,106	1,681	2,787	1,238	1,494	2,732
Other employee benefits expense	4,044	4,428	8,472	4,853	4,354	9,207
Depreciation	62,727	13,767	76,494	66,342	12,842	79,184
Amortization	70	1,500	1,570	128	1,496	1,624

Function / Nature	For the nine-month periods ended 30 September					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$323,933	$194,951	$518,884	$390,249	$206,187	$596,436
Labor and health insurance	35,402	16,738	52,140	30,651	15,596	46,247
Pension	3,619	4,888	8,507	3,167	4,358	7,525
Other employee benefits expense	11,442	12,861	24,303	15,394	13,219	28,613
Depreciation	194,176	41,276	235,452	196,381	38,514	234,895
Amortization	358	4,684	5,042	396	3,838	4,234

The number of employees in the Group were 1,521 and 1,783 as at 30 September 2023 and 2022, respectively.

According to the amended Articles of Incorporation passed by the shareholders' meeting held on 17 June 2019, 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 first have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting 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.

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

Based on the profit for the year ended 31 December 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 higher than 1.7% was recognized as employee and director benefits expenses. The estimates are based on the current year's profit, the previous mentioned amount is accounted under salary expense. If a resolution is passed by the board of directors to distribute employee compensation by stocks, then the stock closing price on the previous day is adopted as the calculation basis for the number of shares to be distributed. The difference is recognized as profit and loss in the next year if a difference exists between the estimated amounts and the actual distribution amounts by the board resolution.

The details of employees compensation and remuneration to directors and supervisors for the nine-month periods ended 30 September 2023 and 2022 are as follows:

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Employees' compensation	$13,073	$13,984	$30,678	$45,440
Remuneration to directors and supervisors	3,174	3,395	7,450	11,035

A resolution was passed by the board of directors on 9 March 2023 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.

(16) Non-operating income and expenses

A. Other income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Interest income				
Current financial assets measured at amortized cost	$3,160	$3,470	$11,457	$7,132
Current financial assets at fair value through profit or loss	-	179	-	2,090
Grant revenue	1,147	2,716	2,184	7,586
Others	2,029	4,908	9,848	8,581
Total	$6,336	$11,273	$23,489	$25,389

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

B. Other gains and losses

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Foreign exchange gains, net	$11,025	$63,718	$17,093	$189,817
Gains on disposal of property, plant and equipment	799	1,737	2,238	3,092
Compensation losses	(21,335)	-	(21,335)	-
Net (losses) gains on financial assets/liabilities at fair value through profit or loss	-	(3,384)	-	2,517
Others	(5)	(3)	(83)	(5)
Total	$(9,516)	$62,068	$(2,087)	$195,421

C. Finance costs

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Interest on loans from bank	$(149)	$(558)	$(244)	$(1,997)
Interest on lease liabilities	(569)	(1,081)	(2,061)	(3,663)
Total	$(718)	$(1,639)	$(2,305)	$(5,660)

(17) Components of other comprehensive income

For the three-month period ended 30 September 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax 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	$99,748	$-	$99,748	$(19,943)	$79,805

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

For the three-month period ended 30 September 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax 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	$23,216	$-	$23,216	$(4,654)	$18,562

For the nine-month period ended 30 September 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax 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	$46,850	$-	$46,850	$(9,397)	$37,453

For the nine-month period ended 30 September 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax 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	$67,881	$-	$67,881	$(13,509)	$54,372

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

(18) Income tax

(1) The major components of income tax expense are as follows:

A. Income tax (income) expense recognized in profit or loss

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Current income tax (income) expense:				
Current income tax payable	$36,626	$46,659	$69,275	$137,629
Income tax of prior fiscal years adjusted in current fiscal year	(8,870)	(1,889)	(51,765)	(6,234)
Deferred income tax expense (income):				
Deferred income tax expense (income) related to origination and reversal of temporary differences	1,047	(5,648)	(548)	6,869
Income tax expense	$28,803	$39,122	$16,962	$138,264

B. Income tax relating to components of other comprehensive income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Deferred income tax expense:				
Exchange differences on translation of foreign operations	$19,943	$4,654	$9,397	$13,509

C. The assessment of income tax returns

As at 30 September 2023, the assessment of income tax returns filed by the Company under Taiwan tax jurisdiction is as follows:

	The assessment of income tax returns
TURVO INTERNATIONL CO., LTD	Assessed and approved up to 2021

As at 30 September 2023,all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022.

(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 three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	$155,371	$167,642	$388,057	$518,178
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288	60,288	60,288
Basic earnings per share (NTD)	$2.58	$2.79	$6.44	$8.60

B. Diluted earnings per share

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NTD)	$155,371	$167,642	$388,057	$518,178
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288	60,288	60,288
Dilutive effect:				
Employees’ compensation – stock (in thousands)	113	141	326	475
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,401	60,429	60,614	60,763
Diluted earnings per share (NTD)	$2.57	$2.77	$6.41	$8.53

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.

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

7. RELATED PARTY TRANSACTIONS

(1) Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Zeng Hsing Industrial CO., Ltd.(Zeng Hsing Industrial)	Parent company of the Group
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd.(AWEA)	Substantive related party of the Group
ALLRICH CNC, LTD (ALLRICH)	Substantive related party of the Group
Hongju Investment Co., Ltd.(Hongju Investment)	Substantive related party of the Group
Hongli Investment Co., Ltd.(Hongli Investment)	Substantive related party of the Group
Taiwan Central Science Park Industry-Academia-Training Association	The Chairman of the Association is the board of director of the Company

(2) Significant transactions with related parties

A. Sales

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2023	2022	2023	2022
GOODWAY	$1,000	$35	$1,183	$183
AWEA	-	-	35	-
Total	$1,000	$35	$1,218	$183

The Company sets the sales prices for transactions with the aforementioned related parties based on the factors including market segmentation, business competition, product characteristics, bulk purchasing, and payment terms. These prices were determined in a manner that has no significant differences from the general sales processing procedures.

B. Accounts receivable

	As at		
	30 September 2023	31 December 2022	30 September 2022
GOODWAY	$1,242	$18	$36
ALLRICH	36	-	-
Total	$1,278	$18	$36

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

C. Acquisition of property, plant, and equipment

	As at		
	30 September 2023	31 December 2022	30 September 2022
GOODWAY	$2,400	$3,592	$3,592
ALLRICH	124	-	-
Total	$2,524	$3,592	$3,592

D. Key management personnel compensation

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2023	2022	2023	2022
Short-term employee benefits	$10,829	$13,658	$34,306	$40,281
Post-employment Benefits	270	270	872	853
Total	$11,099	$13,928	$35,178	$41,134

The key management of the Group comprises the chairman, directors, independent directors, general manager, senior manager and the rank above.

8. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Group pledged as security:

	As at			
Item	30 September 2023	31 December 2022	30 September 2022	Secured liabilities
Financial assets measured at amortized cost, current	$1,024	$1,024	$1,024	Performance guarantee mechanism
Property, Plant and Equipment- buildings	114,458	118,587	119,962	Bank loan
Property, Plant and Equipment- equipment	209,340	229,682	236,462	Bank loan
Property, Plant and Equipment- others	9,117	10,158	10,504	Bank loan

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

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group issued guaranty notes as security for borrowings in the sum of $2,570,787, $2,313,099 and $ 1,911,447 as at 30 September 2023, 31 December 2022 and 30 September 2022.

(2) The important contracts of construction in progress

A. As at 30 September 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as at 30 September 2023
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$448,586
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	71,394
LOYU INTERIOR DESIGN CO., LTD.	Design construction	Plant	76,190	24,914
Total			$834,171	$544,894

The above construction payment is made based on construction progress.

B. As at 31 December 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as at 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 made based on construction progress.

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

C. As at 30 September 2022

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as at 31 September 2022
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	$586,552	$258,083
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	2,799
Total			$757,981	$260,882

The above construction payment is made based on construction progress.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at		
	30 September 2023	31 December 2022	30 September 2022
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	$1,009,729	$1,051,510	$1,150,436
Financial assets measured at amortized cost	90,395	160,748	240,322
Notes receivable	701	3,186	5,141
Accounts receivable	799,019	677,816	823,506
Other receivables	9,094	3,494	7,047

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

Financial liabilities

	As at		
	30 September 2023	31 December 2022	30 September 2022
Financial liabilities at amortized cost:			
Short-term loans	$37,000	$-	$161,886
Notes and accounts payables	309,390	338,568	410,484
Other payables	235,970	303,447	302,310
Lease liability	47,622	92,520	89,602
Long-term loans (including the current portion)	502,877	526,359	490,351

(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.

A. 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 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, RMB and EUR. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the nine-month periods ended 30 September 2023 and 2022 is decreased/increased by $ 3,187 and $ 9,045, respectively; and no impact on the equity.

When NTD strengthens/weakens against RMB by 1%, the profit for the nine-month periods ended 30 September 2023 and 2022 is decreased/increased by $ 8,547 and $ 4,059, respectively; and no impact on the equity.

When NTD strengthens/weakens against EUR by 1%, the profit for the nine-month periods ended 30 September 2023 and 2022 is decreased/increased by $ 630 and $ 879, 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 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 at the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended 30 September 2023 and 2022 to decrease/increase by $405 and $489, 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 accounts and notes receivable, and lease payments receivable) 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 at 30 September 2023, 31 December 2022 and 30 September 2022, trade receivables from top ten customers represented 76%, 76% and 65% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable 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 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 counterparties.

(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, convertible bonds and finance lease. 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 at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 30 September 2023					
Short-term borrowings	$37,043	$-	$-	$-	$37,043
Notes and accounts payable	309,390	-	-	-	309,390
Leases liabilities (Note)	38,366	22,439	2,126	-	62,931
Long-term loans (within 1 year maturity)	124,016	174,955	150,781	63,388	513,140
As at 31 December 2022					
Short-term borrowings	$-	$-	$-	$-	$-
Notes and accounts payable	338,568	-	-	-	338,568
Leases liabilities (Note)	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 30 September 2022					
Short-term borrowings	$162,142	$-	$-	$-	$162,142
Notes and accounts payable	410,484	-	-	-	410,484
Leases liabilities (Note)	57,547	48,738	457	-	106,742
Long-term loans (within 1 year maturity)	118,798	174,778	136,988	61,093	491,657

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

Note: (I)Including the cash flow of short-term leasing and leases of low-value underlying assets.

(II)The following table provides further information about the lease liability maturity:

	Maturity			
	< 1 year	1 ~ 5 years	6 ~ 10 years	Total
Lease liability	$38,366	$24,565	$-	$62,931

(6)Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended 30 September 2023:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 January 2023	$-	$526,359	$92,520	$618,879
Cash flows	37,000	(23,482)	(50,154)	(36,636)
Non-cash flows	-	-	4,703	4,703
Foreign exchange differences	-	-	553	553
As at 30 September 2023	$37,000	$502,877	$47,622	$587,499

Reconciliation of liabilities for the nine-month period ended 30 September 2022:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 January 2022	$433,692	$377,399	$128,783	$939,874
Cash flows	(271,806)	112,953	(44,840)	(203,693)
Non-cash flows	-	-	2,751	2,751
Foreign exchange differences	-	(1)	2,908	2,907
As at 30 September 2022	$161,886	$490,351	$89,602	$741,839

(7)Fair values 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 Carlon Simulation).

B. Fair value of financial instruments measured at amortized cost :

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12 for fair value measurement hierarchy for financial instruments of the Group.

(8)Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring or recurring basis.

(9)Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

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

	As at 30 September 2023			As at 31 December 2022			As at 30 September 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets									
Monetary items:									
USD	$9,878	32.2680	$318,743	$13,807	30.7080	$423,985	$28,496	31.7430	$904,549
CNY	235,043	4.4943	1,056,354	138,057	4.4092	608,721	143,240	4.4710	640,426
EUR	3,400	33.9104	115,295	4,151	32.7086	135,773	4,262	31.2113	113,023
Financial liabilities									
Monetary items:									
CNY	$44,868	4.4943	$201,650	$42,266	4.4092	$186,359	$52,452	4.4710	$234,513
EUR	1,541	33.9104	52,256	1,797	32.7086	58,777	804	31.2113	25,094

Due to the large number of functional currencies used in the Group, it is impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized $17,093 and $189,817 for foreign exchange gains for the nine-month periods ended 30 September 2023 and 2022, respectively.

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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

13. OTHER DISCLOSURE

A. Information on significant transactions

(A) Financing provided to others for the nine-month period ended 30 September 2023: All transactions below were between consolidated entities and have been eliminated in consolidation.

No.	Lender	Borrower	Financial statement account	Related Parties	Maximum balance for the period	Ending Balance (By resolution of the Board of Directors)	Amount Actually Drawn	Interest Rate (%)	Nature of loan (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for doubtful account	Collateral		Financing limits for a single borrowing company (Note 1)	Limits on total loans granted (Note 2)
													Item	Value		
0	Turvo International Co., Ltd.	TIPO INTERNATIONAL CO.,LTD	Other receivables - related parties	Yes	$129,072	$64,536	$-	NA	2	$-	Operating purposes	$-	-	$-	$349,762	$1,399,050
0	Turvo International Co., Ltd.	T&M JOINT (CAYMAN) HOLDING CO., LTD.	Other receivables - related parties	Yes	$4,130	$2,259	$1,920	NA	2	$-	Operating purposes	$-	-	$-	$349,762	$1,399,050
0	Turvo International Co., Ltd.	MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	Other receivables - related parties	Yes	$105,264	$52,632	$39,474	3%	2	$-	Operating purposes	$-	-	$-	$349,762	$1,399,050

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

No.	Lender	Borrower	Financial statement account	Related Parties	Maximum balance for the period	Ending Balance (By resolution of the Board of Directors)	Amount Actually Drawn	Interest Rate (%)	Nature of loan (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for doubtful account	Collateral		Financing limits for a single borrowing company (Note 1)	Limits on total loans granted (Note 2)
													Item	Value		
0	Turvo International Co., Ltd.	MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	Other receivables - related parties	Yes	$8,542	$-	$-	-%	2	$-	Purchase of equipment and materials	$-	-	$-	$349,762	$1,399,050
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Zhejiang Yu-Zuan Precision Component Co., Ltd.	Other receivables - related parties	Yes	$44,943	$-	$-	-%	2	$-	Operating purposes	$-	-	$-	$1,409,240 (Note 4)	$1,409,240 (Note 4)

Note 1: Financing to a single borrowing company was limited to 10% of net equity of the lender’s latest financial statement.

Note 2: Financing to a single borrowing company was limited to 40% of net equity of the lender’s latest financial statement.

Note 3: The nature of the financing is noted as follows:

(1) For business transactions: 1.

(2) Required for short-term financing: 2.

Note 4: Where the Company direct or indirect holds 100% voting shares of a foreign company and engages in financing with such company, or where the foreign company in which the Company direct or indirect holds 100% voting shares engages in financing with the Company, the financing amount is not limited to 40% of the net equity of the lender but is limited to 100% of the net equity of the borrower.

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

(B) Endorsement/guarantee provided to others: None.

(C) Securities held as at 30 September 2023 (excluding subsidiaries, associates and joint venture): None.

(D) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(E) Acquisition of individual real estate with amount exceeding the lower of NT300 million or 20% of the capital stock: None.

(F) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(G) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20% of the capital stock: refer to Note 13 (1) (J).

(H) Receivables from related parties with amount exceeding the lower of NT$100 million or 20% of the capital stock: None

(I) Financial instruments and derivative transaction: None.

(J) Inter-company relationships and significant intercompany transactions:

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Financial Statement Items	Amount	Transaction terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Purchase	$436,272 (USD 14,290,733 EUR 2)	Regular trade	17.64%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	$186,687 (USD 6,437,066 EUR 2)	Regular trade	3.85%

TURVO INTERNATIONL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Financial Statement Items	Amount	Transaction terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Zhejiang Yu-Zuan Precision Component Co., Ltd.	(1)	Purchase	$98,718 (USD 3,140 EUR 2,200 RMB 22,408,307)	Regular trade	3.99%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$436,272 (USD 14,290,733 EUR 2)	Regular trade	17.64%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	$186,687 (USD 6,437,066 EUR 2)	Regular trade	3.85%
2	Zhejiang Yu-Zuan Precision Component Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	$98,718 (USD 3,140 EUR 2,200 RMB 22,408,307)	Regular trade	3.99%

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 between subsidiaries

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability items, the ratio is accounted as the ending balance to total consolidated assets; for profit or loss items, the ratio is based on mid-term accumulated amount to total consolidated income.

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

B. Information on investees:

(A) Names, locations, main businesses and products, original investment amount, investment as at 30 September 2023, net income (loss) of investee company and investment income (loss) recognized as at 30 September 2023: (excluding investees in Mainland China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 30 September 2023			Net Income (Losses) of the Investee (Note 1)	Equity in Earnings (Losses) (Note2)	Notes
				30 September 2023	31 December 2022	Shares	Percentage of Ownership	Carrying Value			
TURVO INTERNATIONAL Co., LTD	TIPO INTERNATIONAL CO., LTD.	Samoa	Purchase and sale	$946,313 (USD31,133,211)	$946,313 (USD31,133,211)	31,133,211	100%	$2,512,527	$295,861	$295,214	Subsidiary
TURVO INTERNATIONAL Co., LTD	T&M Joint (Cayman) Holding Co., LTD.	Cayman Island	Financial investment	$61,760 (USD2,045,753)	$61,760 (USD2,045,753)	4,912,749	35.71%	$5,759	$(5,903)	$(2,108)	Subsidiary
TURVO INTERNATIONAL Co., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	$900	$-	90,000	100%	$864	$(36)	$(36)	Subsidiary
TIPO INTERNATIONAL CO., LTD.	Hong Kong Xin-Feng Co., Ltd	Hong Kong	Financial investment	$216,811 (USD7,133,211 HKD220,000)	$216,811 (USD7,133,211 HKD220,000)	-	100%	$1,315,801	$232,598	Cope with subsidiary	Second-tier subsidiary
T&M Joint (Cayman) Holding Co., LTD	Matec Southeast Asia (Thailand) Co., Ltd.	Thailand	Manufacturing	$204,635 (USD6,606,203)	$204,635 (USD6,606,203)	216,276	99.99%	$18,112	$(5,742)	Cope with subsidiary	Second-tier subsidiary

Note1: The investment gains and losses recognized this period incurred by investees included the gains and losses on reinvestment.

Note2: The investment gains and losses recognized this period included the investment gains and losses from upstream transactions.

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

C. Information on investments in mainland China

(A) Information on investments in mainland China from the Company through TIPO INTERNATIONAL CO., LTD :

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 30 September 2023	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as at 30 September 2023	Accumulated Inward Remittance of Earnings as at 30 September 2023
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through TIPO International Co., Ltd.	$230,289 (USD7,120,536)	$-	$-	$230,289 (USD 7,120,536)	100%	$232,444	$1,311,950	$717,836
Zhejiang Yu-Zuan Precision Component Co., Ltd.	Manufacturing and trading	USD 28,000,000 (Note 4)	Indirect investments through TIPO International Co., Ltd.	$686,956 (USD23,000,000)	$-	$-	$686,956 (USD 23,000,000)	100% (Note 4)	$35,965	$1,157,591	$-

Accumulated Investment in Mainland China as at 30 September 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 2)
$917,245 (USD30,120,536)	$917,245 (USD30,120,536)	$2,098,576

Note 1: Part of the equity was acquired through the equity transfer.

Note 2: Investment amounts in mainland China authorized by the Investment Commission, MOEA are capped at 60% of the net value.

Note 3: The investment profit and loss are recognized based on the financial statement audited by independent accountants.

Note 4: Funds of US$5,000,000 were injected into Zhejiang Yu-Zuan Precision Component Co., Ltd. by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. acquired 17.86% ownership in Zhejiang Yu-Zuan Precision Component Co., Ltd. The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

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

(B) As at 30 September 2023, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (J). The unrealized profit generated due to the above-mentioned significant transaction accounted for $318.

D. Information on major shareholders:

30 September 2023

Name \ Shares	Number of shares hold	Shareholding ratio
Zeng Hsing Industrial CO., Ltd.	14,352,000	23.80%
GOODWAY Machine CORP. (NOTE)	6,066,216	10.06%

Note: Including the proportion that is held by the related parties of GOODWAY Machine CORP.

14. <u>SEGMENT INFORMATION</u>

A. For management purposes, the Group is organized into business units based on operating strategies and has two reportable segments as follows:

(A) Taiwan segment: In charge of processing, manufacturing, and trading precision metal parts including automobile, industrial and household applications.
(B) China segment: In charge of processing, manufacturing, and trading precision metal parts, including computer, medical equipment, optical, auto, opto-electrical and precision metal hardware, etc.
(C) Other segment: In charge of coordination between 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 consistent with those in the consolidated financial statements.

Transfer pricing between operating segments are considered based on the functions performed and risks assumed.

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

B. The information on profit or loss of the reportable segment:

(A) For the three-month period ended 30 September 2023:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
External customer	$432,609	$464,908	$-	$-	$897,517
Inter-segment	635	203,535	7,077	(211,247)	-
Total revenue	$433,244	$668,443	$7,077	$(211,247)	$897,517
Segment profit (loss)	$171,797	$102,959	$101,568	$(193,293)	$183,031

(B) For the three-month period ended 30 September 2022:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
External customer	$497,311	$362,482	$-	$-	$859,793
Inter-segment	1,780	181,390	4,092	(187,262)	-
Total revenue	$499,091	$543,872	$4,092	$(187,262)	$859,793
Segment profit (loss)	$183,522	$99,891	$166,287	$(244,577)	$205,123

(C) For the nine-month period ended 30 September 2023:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
External customer	$1,199,984	$1,272,020	$626	$-	$2,472,630
Inter-segment	1,697	542,069	20,843	(564,609)	-
Total revenue	$1,201,681	$1,814,089	$21,469	$(564,609)	$2,472,630
Segment profit (loss)	$401,423	$271,323	$289,958	$(561,480)	$401,224

(D) For the nine-month period ended 30 September 2022:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
External customer	$1,433,390	$1,175,971	$672	$-	$2,610,033
Inter-segment	6,257	531,994	8,489	(546,740)	-
Total revenue	$1,439,647	$1,707,965	$9,161	$(546,740)	$2,610,033
Segment profit (loss)	$593,803	$290,927	$439,630	$(674,254)	$650,106

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

C. The information on assets and liabilities of the reportable segment:

(A) Segment assets:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
30 September 2023	$4,694,039	$3,088,081	$3,963,550	$(6,902,041)	$4,843,629
31 December 2022	$4,668,201	$2,579,908	$3,322,063	$(5,587,291)	$4,982,881
30 September 2022	$4,833,610	$3,082,900	$4,103,653	$(6,865,842)	$5,154,321

(B) Segment liabilities:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
30 September 2023	$1,195,548	$456,912	$81,933	$(398,759)	$1,335,634
31 December 2022	$1,234,489	$425,835	$111,885	$(237,337)	$1,534,872
30 September 2022	$1,470,580	$522,213	$98,376	$(315,755)	$1,775,414