

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2024 AND 2023

Notice to readers:

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

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Independent Auditors' Report Translated from Chinese

To TURVO INTERNATIONAL CO., LTD.

Opinion

We have reviewed the accompanying consolidated balance sheets of TURVO INTERNATIONAL CO., LTD. (the “Company”) and its subsidiaries as of 31 March 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended 31 March 2024 and 2023, 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.

Qualified 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 31 March 2024 and 2023, and their consolidated financial performance and cash flows for the three-month periods ended 31 March 2024 and 2023, 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.

Chen, Ming Hung
Lo, Wen Chen
Ernst & Young, Taiwan
Taiwan 6 May 2024

Notes to Readers

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

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 March 2024, 31 December 2023 and 31 March 2023
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at		
		31 March 2024	31 December 2023	31 March 2023
Current Assets				
Cash and cash equivalents	4, 6(1)	\$1,316,151	\$1,286,726	\$1,253,676
Financial assets measured at amortized cost, current	4, 6(2), 8	100,158	1,224	1,023
Notes receivable	4, 6(12)	10,297	127	-
Accounts receivable, net	4, 5, 6(3),6(12)	788,509	779,001	685,229
Other receivables		13,260	15,671	5,919
Current income tax assets	4,6(17)	-	-	2,307
Inventories, net	4,5, 6(4)	725,386	738,615	806,585
Prepayment		89,182	81,365	67,863
Other current assets		50,480	40,211	30,175
Total current assets		<u>3,093,423</u>	<u>2,942,940</u>	<u>2,852,777</u>
Non-current assets				
Property, plant and equipment	4, 6(5), 7,8	1,910,017	1,937,581	1,522,819
Right of use assets	4, 6(13)	169,005	40,574	78,749
Intangible assets	4	9,919	10,311	7,711
Deferred tax assets	4, 6(17)	13,652	14,522	16,660
Other non-current assets	6(6)	309,489	221,155	455,637
Total non-current assets		<u>2,412,082</u>	<u>2,224,143</u>	<u>2,081,576</u>
Total assets		<u>\$5,505,505</u>	<u>\$5,167,083</u>	<u>\$4,934,353</u>

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 March 2024, 31 December 2023 and 31 March 2023
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at		
		31 March 2024	31 December 2023	31 March 2023
Current liabilities				
Contract liabilities, current	4、6(11)	\$9	\$300	\$ -
Notes payable	4	193,979	132,047	34,785
Accounts payable	4	268,528	321,105	248,693
Other payables	6(7),7	242,084	254,591	246,852
Current tax liabilities	4, 6(17)	92,645	85,890	171,253
Current lease liabilities	4, 6(13)	47,125	19,122	48,034
Other current liabilities		49,859	62,285	32,370
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(8)	96,025	108,525	129,593
Total current liabilities		<u>990,254</u>	<u>983,865</u>	<u>911,580</u>
Non-current liabilities				
Long-term loans	4, 6(8)	510,821	531,702	374,123
Deferred tax liabilities	4, 6(17)	48,262	48,358	59,616
Non-current lease liabilities	4, 6(13)	123,401	19,320	36,505
Other non-current liabilities		270	260	1,311
Total non-current liabilities		<u>682,754</u>	<u>599,640</u>	<u>471,555</u>
Total liabilities		<u>1,673,008</u>	<u>1,583,505</u>	<u>1,383,135</u>
Equity attributable to the parent company	6(10)			
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	444,771	382,536
Special reserve		137,354	137,354	157,901
Retained earnings		1,889,824	1,740,072	1,706,937
Total Retained earnings		<u>2,471,949</u>	<u>2,322,197</u>	<u>2,247,374</u>
Other components of equity				
Exchange differences on translation of foreign operations - the parent company		(70,863)	(170,106)	(128,496)
Equity attributable to owners of the parent		<u>3,822,184</u>	<u>3,573,189</u>	<u>3,539,976</u>
Non-controlling interests	6(10)	10,313	10,389	11,242
Total equity		<u>3,832,497</u>	<u>3,583,578</u>	<u>3,551,218</u>
Total liabilities and equity		<u>\$5,505,505</u>	<u>\$5,167,083</u>	<u>\$4,934,353</u>

(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 periods ended 31 March 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the three-month periods ended 31 March	
		2024	2023
Net Sales	4, 6(11),7	\$865,410	\$780,351
Cost of Sales	6(4), 6(9), 6(14)	(560,486)	(562,598)
Gross Profit		304,924	217,753
Operating Expenses	6(9), 6(14)		
Selling and marketing		(14,591)	(12,304)
Management and administrative		(69,616)	(66,666)
Research and development		(59,603)	(42,796)
Expected credit (losses) gains	6(12)	1,071	2,990
Total Operating Expenses		(142,739)	(118,776)
Operating Income		162,185	98,977
Non-operating income and expenses			
Other income	6(15)	7,510	6,593
Other gain and loss	6(15)	7,429	(5,919)
Financial costs	4,6(15)	(1,331)	(945)
Total non-operating income and expenses		13,608	(271)
Income from continuing operations before income tax		175,793	98,706
Income tax expense	4, 6(17)	(25,873)	(4,418)
Net income		149,920	94,288
Other comprehensive income	6(16)		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		98,999	11,135
Income tax related to items that may be reclassified subsequently		-	(2,214)
Total other comprehensive income (loss), net of tax		98,999	8,921
Total comprehensive income		\$248,919	\$103,209
Net income attributable to:			
Stockholders of the parent		\$149,752	\$97,406
Non-controlling interests		168	(3,118)
		\$149,920	\$94,288
Comprehensive income attributable to:			
Stockholder of the parent		\$248,995	\$106,264
Non-controlling interests		(76)	(3,055)
		\$248,919	\$103,209
Earnings per share	6(18)		
Earnings per share-basic (NTD)		\$2.48	\$1.62
Earnings per share-diluted (NTD)		\$2.48	\$1.61

(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 three-month periods ended 31 March 2024 and 2023
(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 2023	6(10)	\$602,881	\$818,217	\$382,536	\$157,901	\$1,609,531	\$(137,354)	\$3,433,712	\$14,297	\$3,448,009
Net income for the three-month period ended 31 March 2023						97,406		97,406	(3,118)	94,288
Other comprehensive income (loss), net of tax for the three-month period ended 31 March 2023							8,858	8,858	63	8,921
Total comprehensive income (loss)		-	-	-	-	97,406	8,858	106,264	(3,055)	103,209
Balance as of 31 March 2023		<u>\$602,881</u>	<u>\$818,217</u>	<u>\$382,536</u>	<u>\$157,901</u>	<u>\$1,706,937</u>	<u>\$(128,496)</u>	<u>\$3,539,976</u>	<u>\$11,242</u>	<u>\$3,551,218</u>
Balance as of 1 January 2024	6(10)	\$602,881	\$818,217	\$444,771	\$137,354	\$1,740,072	\$(170,106)	\$3,573,189	\$10,389	\$3,583,578
Net income for the three-month period ended 31 March 2024						149,752		149,752	168	149,920
Other comprehensive income (loss), net of tax for the three-month period ended 31 March 2024							99,243	99,243	(244)	98,999
Total comprehensive income (loss)		-	-	-	-	149,752	99,243	248,995	(76)	248,919
Balance as of 31 March 2024		<u>\$602,881</u>	<u>\$818,217</u>	<u>\$444,771</u>	<u>\$137,354</u>	<u>\$1,889,824</u>	<u>\$(70,863)</u>	<u>\$3,822,184</u>	<u>\$10,313</u>	<u>\$3,832,497</u>

(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 three-month periods ended 31 March 2024 and 2023
(Expressed in Thousand New Taiwan Dollars)

	For the three-month periods ended 31 March	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$175,793	\$98,706
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	77,169	80,169
Amortization	1,558	1,732
Expected credit (gains) losses	(1,071)	(2,990)
Interest cost	1,331	945
Interest income	(3,713)	(4,735)
Gain on disposal of property, plant and equipment	(2,080)	(1,439)
Inventory falling price gains	(2,430)	(7,837)
Changes in operating assets and liabilities:		
Decrease (increase) in Financial assets measured at amortized cost, current	(98,934)	-
Decrease (increase) in notes receivable	(10,005)	760
Decrease (increase) in accounts receivable	9,345	(5,078)
Decrease (increase) in other receivables	2,740	(2,425)
Decrease in inventories, net	35,400	100,152
Increase in prepayments	(7,906)	(17,799)
Increase in other current assets	(10,269)	(9,288)
Decrease (increase) in contract liabilities	(291)	(941)
Decrease in notes payable	(13,448)	(62,373)
(Decrease) increase in accounts payable	(52,577)	13,300
Decrease in other payables	(17,249)	(57,596)
Increase in other current liabilities	(12,426)	12,904
Increase in other non-current liabilities	10	
Cash generated from operations	70,947	136,167
Income tax paid	(18,791)	(31,007)
Net cash provided by operating activities	52,156	105,160

(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 three-month periods ended 31 March 2024 and 2023
(Expressed in Thousand New Taiwan Dollars)

(Continued)	For the three-month periods ended 31 March	
	2024	2023
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,671)	(12,344)
Proceeds from disposal of property, plant and equipment	3,629	14,359
Acquisition of intangible assets	(339)	(293)
Increase in other non-current assets	(15,162)	(37,079)
Interest receive	3,383	4,684
Net cash used in investing activities	(10,160)	(30,673)
Cash flows from financing activities:		
Increase in long-term loans (including current portion with maturity less than 1 year)	-	9,500
Decrease in long-term loans (including current portion with maturity less than 1 year)	(33,381)	(32,143)
Lease principal repayment	(10,326)	(10,766)
Interest paid	(1,241)	(891)
Net cash used in financing activities	(44,948)	(34,300)
Effect of exchange rate changes	32,377	713
Net increase in cash and cash equivalents	29,425	40,900
Cash and cash equivalents at beginning of period	1,286,726	1,212,776
Cash and cash equivalents at end of period	<u>\$1,316,151</u>	<u>\$1,253,676</u>

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the three-month periods ended 31 March 2024 and 2023

(Reviewed, Not Audited)

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

1. ORGANIZATION AND OPERATIONS

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

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

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

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended 31 March 2024 and 2023 were authorized for issue by the Company's board of directors on 6 May 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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 2024. 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 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 2024
c	Lack of Exchangeability – Amendments to IAS 21	1 January 2025
d	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027

- (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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

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

(b) IFRS 17 “Insurance Contracts”

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2024 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2024.

(c) Lack of Exchangeability – Amendments to IAS 21

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

(d) IFRS 18 “Presentation and Disclosure in Financial Statements

The main changes in the new guidelines are as follows:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance.

(3) Useful grouping of information in the financial statements

(4) IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1 2027.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the three-month periods ended 31 March 2024 and 2023 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 ("NT\$") 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:

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

- 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.

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

The consolidated entities are as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%)		
			31 March 2024	31 December 2023	31 March 2023
the Company	TIPO INTERNATIONAL CO., LTD.(SAMOA) [abbreviation: TIPO]	Investing and trading company	100.00%	100.00%	100%
the Company	T&M Joint (Cayman) Holding Co., Ltd. (note) [abbreviation: T&M]	Holding company of reinvesting MSAT	35.71%	35.71%	35.71%
the Company	TUF Technology CO., LTD. [abbreviation: TUF]	Trading	100%	100%	Note2
TIPO	Hong Kong Xin-Feng Enterprise Limited [abbreviation: Hong Kong Xin-Feng]	Holding company of reinvesting Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	100.00%	100.00%	100.00%
TIPO	TURVO International 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	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. [abbreviation: Dong-Guan Xin-Feng]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photoelectricity, and	100.00%	100.00%	100.00%

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

Investor	Subsidiary	Main Business	Percentage of ownership (%)		
			31 March 2024	31 December 2023	31 March 2023
		precision hardware			
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%	99.9991%

Note1: 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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(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:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(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.

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

(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 the right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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(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.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as 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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (A) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (B) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

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

- (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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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.

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Notes to Consolidated Financial Statements (Continued)

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

- (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

Classification between liabilities or equity

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

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Notes to Consolidated Financial Statements (Continued)

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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:

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Notes to Consolidated Financial Statements (Continued)

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

- (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.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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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.

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(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 – 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.

Merchandise – Purchase cost 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

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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 assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(12) Leases

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.

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For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- B. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as 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.

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- 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.

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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.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(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.

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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:

	<u>Software</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>
Useful lives	2~10 years	10 years	9~10 years	uncertainty
Method of amortization	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Sources	Outside	Outside	Outside	Outside

(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

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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:

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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. Pension benefits for employees of the overseas subsidiaries are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company 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

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subsidiaries make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur.

Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

The pension cost for interim periods is calculated based on the pension cost rate determined by actuarial valuation as of the end of the previous year, covering the period from the beginning of the year to the end of the interim period. This cost is adjusted and disclosed for significant market fluctuations, substantial reductions, settlements, or other significant one-time events occurring after the end of the previous year.

(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

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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.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph

When issuing restricted stock to employees, the fair value of the equity instrument granted on the grant date is used as the basis to recognize compensation expenses and a corresponding increase in equity over the vesting period. On the grant date, the group recognizes unearned employee compensation. Unearned employee compensation is a temporary account that is presented as a deduction from equity in the consolidated balance sheet and is amortized to compensation expense over time.

The dilutive effect of outstanding options is reflected as additional share

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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.

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Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were generated.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- A. Related to the deductible temporary differences arising from the initial recognition of assets or liabilities not arising from business combinations, at the time of the transaction, neither affect accounting profit nor taxable income (loss), and no equal taxable and deductible temporary differences were generated at that time.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that

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the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the provisions of the "International Tax Reform - Pillar Two Model Rules (Amendments to International Accounting Standard 12)," temporary exceptions are granted. Therefore, deferred tax assets and liabilities related to Pillar Two income taxes shall not be recognized, and relevant information shall not be disclosed.

The income tax expense for interim periods is accrued and disclosed based on the tax rate applicable to the expected total annual earnings. This means that the estimated annual average effective tax rate is applied to the pre-tax profit for the interim period. The estimate of the annual average effective tax rate includes only the current period's income tax expense, while deferred income taxes are recognized and measured in accordance with IAS 12 "Income Taxes" and are consistent with the annual financial reporting. If there is a tax rate change during the interim period, the impact of the tax rate change on deferred

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income taxes is recognized immediately in profit or loss, other comprehensive income, or directly in equity.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

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

The Company does not have majority of the voting rights in certain invested companies. However, after taking into consideration factors such as absolute ratio of the Company's holding, relative ratio of the other shareholdings, dispersion degree of shareholdings, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these invested companies. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in

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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 countries 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

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from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories evaluation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	31 March 2024	31 December 2023	31 March 2023
Cash on hand	\$946	\$668	\$755
Bank deposits	1,315,205	1,286,058	1,252,921
Total	<u>\$1,316,151</u>	<u>\$1,286,726</u>	<u>\$1,253,676</u>

Cash and cash equivalents were not pledged.

(2) Financial assets measured at amortized cost- current

	As at		
	31 March 2024	31 December 2023	31 March 2023
Deposit	\$98,934	\$-	\$-
Restricted bank deposits	1,224	1,224	1,023
	<u>\$100,158</u>	<u>\$1,224</u>	<u>\$1,023</u>

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

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(3) Accounts receivable, net

	As at		
	31 March 2024	31 December 2023	31 March 2023
Accounts receivable	\$796,737	\$788,111	\$690,934
Less: loss allowance	(8,228)	(9,110))	(5,705)
Total	<u>\$788,509</u>	<u>\$779,001</u>	<u>\$685,229</u>

A. Trade receivables are generally on 60~90 days. The total carrying amount as at 31 March 2024, 31 December 2023 and 31 March 2023 were \$796,737, \$788,111 and \$690,934, respectively. Please refer to Note 6 (12) for more details on loss allowance of trade receivables for the three-month periods ended 31 March 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

B. No accounts receivables were pledged.

(4) Inventories

A. Details as follows:

	As at		
	31 March 2024	31 December 2023	31 March 2023
Merchandise inventories	\$667	\$760	\$1,036
Raw materials	228,425	205,604	305,341
Work in progress	236,633	225,248	167,724
Finished goods	259,661	307,003	332,484
Total	<u>\$725,386</u>	<u>\$738,615</u>	<u>\$806,585</u>

B. The Group cost of inventories recognized in cost of goods sold amounted to \$560,486 and \$562,598 for the three-month periods ended 31 March 2024 and 2023, including the gain from market value decline, obsolete and slow-moving of inventories \$2,430 and \$7,837.

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C. Gain from price recovery of inventories was due to the sale of obsolete products and the net realized value recovery for the three-month periods ended 31 March 2024 and 2023.

D. No inventories were pledged.

(5) Property, plant and equipment

	As at		
	31 March 2024	31 December 2023	31 March 2023
Owner occupied property, plant and equipment	<u>\$1,910,017</u>	<u>\$1,937,581</u>	<u>\$1,522,819</u>

							Construction in progress and equipment awaiting examination	
	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Lease improvements	Other equipment		Total
Cost:								
As at 1 January 2024	\$11,158	\$861,709	\$2,382,355	\$14,808	\$121,546	\$376,334	\$30,278	\$3,798,188
Additions	-	-	1,660	-	-	776	2,882	5,318
Disposals	-	(391)	(32,824)	(930)	(8,879)	(4,829)	-	(47,853)
Transfers	-	-	386	-	-	3,322	(1,005)	2,703
Exchange differences	(113)	(1,268)	67,892	314	4,207	11,562	220	82,814
As at 31 March 2024	<u>\$11,045</u>	<u>\$860,050</u>	<u>\$2,419,469</u>	<u>\$14,192</u>	<u>\$116,874</u>	<u>\$387,165</u>	<u>\$32,375</u>	<u>\$3,841,170</u>
As at 1 January 2024	\$-	\$109,651	\$1,386,608	\$11,525	\$79,933	\$272,890	\$-	\$1,860,607
Disposals	-	5,672	47,043	265	2,565	7,618	-	63,163
Transfers	-	(303)	(32,172)	(930)	(8,879)	(4,020)	-	(46,304)
Exchange differences	-	(447)	42,368	273	2,768	8,725	-	53,687
As at 31 March 2024	<u>\$-</u>	<u>\$114,573</u>	<u>\$1,443,847</u>	<u>\$11,133</u>	<u>\$76,387</u>	<u>\$285,213</u>	<u>\$-</u>	<u>\$1,931,153</u>

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		Buildings and	Machinery and	Transportation	Leasehold	Miscellaneous	Construction in progress and equipment awaiting examination	Total
	Land	Facilities	equipment	equipment	improvements	equipment		
As at 1 January 2023	\$11,107	\$274,561	\$2,387,582	\$14,862	\$118,797	\$381,543	\$21,841	\$3,210,293
Depreciation	-	-	43,557	-	-	183	1,433	45,173
Disposals	-	-	(22,899)	-	-	(3,266)	-	(26,165)
Transfers	-	-	23,011	85	-	910	1,034	25,040
Exchange differences	21	231	9,422	43	559	1,601	9	11,886
As at 31 March 2023	<u>\$11,128</u>	<u>\$274,792</u>	<u>\$2,440,673</u>	<u>\$14,990</u>	<u>\$119,356</u>	<u>\$380,971</u>	<u>\$24,317</u>	<u>\$3,266,227</u>
As at 1 January 2023	\$-	\$98,520	\$1,254,222	\$10,589	\$69,281	\$252,417	\$-	\$1,685,029
Depreciation	-	2,776	51,192	265	3,350	8,619	-	66,202
Disposals	-	-	(10,042)	-	-	(3,203)	-	(13,245)
Exchange differences	-	67	4,135	34	310	876	-	5,422
As at 31 March 2023	<u>\$-</u>	<u>\$101,363</u>	<u>\$1,299,507</u>	<u>\$10,888</u>	<u>\$72,941</u>	<u>\$258,709</u>	<u>\$-</u>	<u>\$1,743,408</u>
Net carrying amount as of:								
31 March 2024	<u>\$11,045</u>	<u>\$745,477</u>	<u>\$975,622</u>	<u>\$3,059</u>	<u>\$40,487</u>	<u>\$101,952</u>	<u>\$32,375</u>	<u>\$1,910,017</u>
31 December 2023	<u>\$11,158</u>	<u>\$752,058</u>	<u>\$995,747</u>	<u>\$3,283</u>	<u>\$41,612</u>	<u>\$103,445</u>	<u>\$30,278</u>	<u>\$1,937,581</u>
31 March 2023	<u>\$11,128</u>	<u>\$173,429</u>	<u>\$1,141,166</u>	<u>\$4,102</u>	<u>\$46,415</u>	<u>\$122,262</u>	<u>\$24,317</u>	<u>\$1,522,819</u>

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

No properties, plants, and equipment were leased.

B. Components of building that have different useful lives are mainly company accommodation, main buildings, fire engineering of water and electricity, air conditioning engineering, etc., which are depreciated over 50 years, 35~50 years, 10 years, and 8 years, respectively.

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

D. The capitalization amount of the borrowing costs of the Group for the 3-month periods ended 31 March 2024 and 2023., and its interest rates are as follows:

Items	For the three-month periods ended 31 March 2024	For the three-month periods ended 31 March 2023
Construction in progress	\$1,322	520
Borrowing cost capitalization interest rate interval	1.720%	1.595%

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(6) Other non-current assets

	As at		
	31 December		
	31 March 2024	2023	31 March 2023
Prepayments for business facilities	\$293,496	\$204,860	\$437,630
Guarantee deposits paid	15,006	15,214	15,462
Other non-current assets, others	987	1,081	2,545
Total	<u>\$309,489</u>	<u>\$221,155</u>	<u>\$455,637</u>

(7) Other payables

	As at		
	31 December		
	31 March 2024	2023	31 March 2023
Wages and salaries payable	\$86,368	\$113,598	\$77,957
Accrued manufacturing overhead	36,231	42,734	34,746
Accrued employee bonus	34,108	21,805	25,360
Income tax payable	13,684	12,192	20,104
Employee, director, and supervisor compensation payables	12,999	10,011	15,412
Payable on machinery and equipment	8,212	6,142	14,464
Accrued utilities	2,752	-	5,613
Others	47,730	48,109	53,196
Total	<u>\$242,084</u>	<u>\$254,591</u>	<u>\$246,852</u>

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(8) Long-term loans

A. As at 31 March 2024

Creditor	Content	31 March 2024	Repayment period and methods	security
Bank of Taiwan	Secured loan	\$244,228	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	135,685	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	12,500	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is	None

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Creditor	Content	31 March 2024	Repayment period and methods	security
			divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Subtotal		606,846		
Less: current portion (with maturity less than 1 year)		(96,025)		
Total		<u>\$510,821</u>		
Interest rates		1.72%		

Please refer to Note 8 for more details on unsecured bank loans.

B. As at 31 December 2023

Creditor	Content	31 December 2023	Repayment period and methods	security
Bank of Taiwan	Secured loan	\$255,857	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	144,937	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal	Machinery and equipment, and other equipment

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Creditor	Content	31 December 2023	Repayment period and methods	security
			is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	
Bank of Taiwan	Unsecured loan	25,000	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Subtotal		640,227		
Less: current portion (with maturity less than 1 year)		(108,525)		
Total		<u>\$531,702</u>		
Interest rates		1.595%		

Please refer to Note 8 for more details on unsecured bank loans.

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C. As at 31 March 2023

Creditor	Content	31 March 2023	Repayment period and methods	security
Bank of Taiwan	Secured loan	266,175	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	172,690	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on the 15th of each month.	Machinery and equipment, and other equipment
Bank of Taiwan	Unsecured loan	\$62,500	Period is 5 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the fourth year the principal is divided into 24 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	None
Bank of Taiwan	Secured loan	2,351	Period is 10 years, and the loan	Buildings and facilities

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Creditor	Content	31 March 2023	Repayment period and methods	security
			is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	
Subtotal		503,716		
Less: current portion (with maturity less than 1 year)		(129,593)		
Total		<u>\$374,123</u>		
Interest rates		1.595%		

Please refer to Note 8 for more details on unsecured bank loans.

(9) Post-employment benefits-Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. According to the Act, the rate of contributions of the Company and its domestic subsidiaries shall be no lower than 6% of each individual employees' monthly salaries. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute to the social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Expenses under the defined benefits plan for the three-month periods ended 31 March 2024 and 2023 were \$2,819 and \$2,952, respectively.

(10) Equities

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

A. Common stock

The Company's authorized and issued capital was NT\$800,000 for the years beginning January 1, 2023 respectively, the paid-in capital of NT \$602,881, and divided into 60,288,089 shares with par value of \$10 (in dollar) each. Each share has one right to vote and receive dividends.

As at March 31, 2024, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As at		
	31 March 2024	31 December 2023	31 March 2023
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	<u>\$818,217</u>	<u>\$818,217</u>	<u>\$818,217</u>

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 deducted accumulated losses based on profits and losses of the current year (i.e., deducted distributed employees of before tax benefit and the benefit before director's compensation), allocate 3.5%~7% as employee compensation if still have balance, with no more than 1.7% as director's compensation. The distribution of employee's and director's compensation must be approved by more than two-third of the board of directors attended and agreed by more than half of them, and report to the shareholders meeting. The party who received the distribution of stocks and cash should meet a certain condition of control or being

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve 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) If there is a surplus in the current year, if any, shall be distributed in the following order: payment of all taxes and dues; offset prior years' operation losses; set aside 10% of the remaining amount. However, When the accumulated legal reserve reaches the capital stock, there is no longer a requirement to set aside or reverse special reserve in accordance with relevant rules and regulations. Additionally, special reserve allocation should be made according to laws and regulations. If there is any surplus remaining, it is considered as undistributed earnings for the year. The remaining balance, combined with the accumulated undistributed earnings from previous years, is considered as distributable earnings for the shareholders. If distribution is done through the issuance of new shares, it requires approval at a shareholders' meeting after a proposal is made.

The company's dividend policy will be based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders; of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the distribution decision made by the shareholders meeting.

When the Company distributes 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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

- (C) Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on 3 March 2024 and 27 June 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NTD)	
	2023	2022	2023	2022
Legal Reserve	\$53,396	\$62,235		
Special reserve	32,752	(20,547)		
Common stock - cash dividends	319,527	361,729	\$6.0	\$6.0

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

- (F) Please refer to Note 6(14) for information on the basis of estimating and recognizing employee compensation and directors' compensation.

D. Non-controlling interests

	For the three-month periods ended 31 March	
	2024	2023
Balance as of 1 January	\$10,389	\$14,297
Net loss for the period attributable to non-controlling interests	168	(3,118)
Other comprehensive income or loss attributable to non-controlling interests		
Exchange differences on translation of financial statements of foreign operating companies	(244)	63
Balance as of 31 March	<u>\$10,313</u>	<u>\$11,242</u>

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

(11) Operating revenue

	3-month periods ended 31 March	
	2024	2023
Revenue from contracts with customers		
Sale of goods	<u>\$865,410</u>	<u>\$780,351</u>

Analysis of revenue from contracts with customers during the three-month periods ended 31 March 2024 and 2023 is as follows:

A. Disaggregation of revenue

For the three-month periods ended 31 March 2024

	Taiwan	China	Other	Total
Sale of goods	<u>\$440,952</u>	<u>\$424,000</u>	<u>\$458</u>	<u>\$865,410</u>

For the three-month periods ended 31 March 2023

	Taiwan	China	Other	Total
Sale of goods	<u>\$404,636</u>	<u>\$375,129</u>	<u>\$586</u>	<u>\$780,351</u>

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

B. Contract balances

Contract liabilities – current

	As at		
	31 March 2024	31 December 2023	31 March 2023
Sales of goods	<u>\$9</u>	<u>\$300</u>	<u>\$-</u>

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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The significant changes in the Group's balances of contract liabilities for the three-month periods ended 31 March 2024 and 2023 are as follows:

	three-month periods ended 31 March	
	2024	2023
The opening balance		
transferred to revenue	\$(300)	\$(941)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	9	
Changes during the period	\$(291)	\$(941)

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

(12) Expected credit losses

	three-month periods ended 31 March	
	2024	2023
Operating expenses – Expected credit losses		
Accounts receivable	\$1,071	\$2,990

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

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 31 March 2024, 31 December 2023 and 31 March 2023 is as follows:

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31 March 2024

	Not yet due	Overdue					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$769,639	\$29,028	\$-	\$72	\$64	\$8,231	\$807,034
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(8,228)	(8,228)
Carrying amount	<u>\$769,639</u>	<u>\$29,028</u>	<u>\$-</u>	<u>\$72</u>	<u>\$64</u>	<u>\$3</u>	<u>\$798,806</u>

31 December 2023

	Not yet due	Overdue					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$744,378	\$31,530	\$-	\$-	\$3,216	\$9,114	\$ 788,238
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(9,110)	(9,110)
Carrying amount	<u>\$744,378</u>	<u>\$31,530</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,216</u>	<u>\$4</u>	<u>\$ 779,128</u>

31 March 2023

	Not yet due	Overdue					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$627,160	\$54,934	\$2,469	\$-	\$666	\$5,705	\$690,934
Loss ratio	-%	-%	-%	-%	-%	50-100%	
Lifetime expected credit losses	-	-	-	-	-	(5,705)	(5,705)
Carrying amount	<u>\$627,160</u>	<u>\$54,934</u>	<u>\$2,469</u>	<u>\$-</u>	<u>\$666</u>	<u>\$-</u>	<u>\$685,229</u>

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

The movement in the provision for impairment of accounts receivable during the three-month periods ended 31 March 2024 and 2023 is as follows:

	Accounts receivable
Beginning balance at 1 January 2024	\$9,110
Reversal in current period	(1,071)
Exchange differences	189
Ending balance at 31 March 2024	<u>\$8,228</u>

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Notes to Consolidated Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Account receivables
Beginning balance at 1 January 2023	\$8,654
Reversal in current period	(2,990)
Exchange differences	41
Ending balance at 31 March 2023	<u>\$5,705</u>

(13) 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		
	31 March 2024	31 December 2023	31 March 2023
Land	\$5,415	\$6,090	\$6,460
Land Improvements	252	274	338
Buildings	158,284	27,920	61,866
Transportation equipment	4,957	6,181	9,946
Office equipment	97	109	139
Total	<u>\$169,005</u>	<u>\$40,574</u>	<u>\$78,749</u>

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Notes to Consolidated Financial Statements (Continued)
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b. Lease liabilities

	As at		
	31 March 2024	31 December 2023	31 March 2023
Lease liabilities			
Current	\$47,125	\$19,122	\$48,034
Non-current	123,401	19,320	36,505
Total	<u>\$170,526</u>	<u>\$38,442</u>	<u>\$84,539</u>

Please refer to Note 6(15)(c) for the interest on lease liabilities recognized during the three-month periods ended 31 March 2024 and 2023, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 31 March 2024.

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

Depreciation charge for right-of-use assets

	3-month periods ended 31 March	
	2024	2023
Land	\$675	\$726
Land Improvements	22	21
Buildings	12,051	11,849
Transportation equipment	1,248	1,361
Office equipment	10	10
Total	<u>\$14,006</u>	<u>\$13,967</u>

(C) Income and costs relating to leasing activities

	3-month periods ended 31 March	
	2024	2023
The expenses relating to short-term leases	<u>\$200</u>	<u>\$228</u>

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

(D) Cash outflow relating to lessee and leasing activities

During the three-month periods ended 31 March 2024 and 2023, the Group's total cash outflows for leases amounted to \$10,526 and \$10,994, respectively.

(14) Summary statement of employee benefits, depreciation and amortization expenses by function for the three-month periods ended 31 March 2024 and 2023:

Function Nature	3-month periods ended 31 March					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$90,693	\$67,602	\$158,295	\$84,631	\$59,907	\$144,538
Labor and health insurance	12,270	7,229	19,499	11,960	5,799	17,759
Pension	1,237	1,582	2,819	1,350	1,602	2,952
Other employee benefits expense	4,000	4,309	8,309	3,780	4,269	8,049
Depreciation	61,241	15,928	77,169	66,334	13,835	80,169
Amortization	214	1,344	1,558	144	1,588	1,732

The number of employees in the Group were 1,325 and 1,331 as at 31 March 2024 and 2023, respectively.

According to the Articles of Incorporation, 3.5%~7% of profit of the current year is distributable as employees' compensation and no higher than 1.7% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the three-month periods ended 31 March 2024 and 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors in 2023 to be 3.5% to 7% and no more than 1.7% recognized as employee and director benefits expenses. The estimate

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basis is distribute based on the current year's profit, the previous mentioned amount is accounted under salary expense. If the resolution of shareholders meeting distribute employee compensation by stocks, then use the closing price on previous day as the calculation basis of distributing the number of shares, the profit and loss is recognized in the next year if a difference exist between the estimation number and the actual distribution amount by the resolution of shareholders meeting.

The details of employees' compensation and remuneration to directors and supervisors for the three-month periods ended 31 March 2024 and 2023 are as follows:

	3-month periods ended 31 March	
	2024	2023
Employees' compensation	\$12,303	\$7,154
Remuneration to directors and supervisors	2,988	1,737

A resolution was passed at a board of directors meeting held on 7 March 2024 to distribute \$21,805 and \$10,011 in cash as the employees' compensation and remuneration to directors and supervisors of 2023, respectively. No material differences existed between the estimated amount and the amount determined at the board meeting for the employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2021.

(15) Non-operating income and expenses

A. Other income

	3-month periods ended 31 March	
	2024	2023
Interest income		
Amortized cost of a financial asset	\$3,713	\$4,735
Grant revenue	49	143
Other revenue-rent discount	83	78
Other revenue-other	3,665	1,637
Total	<u>\$7,510</u>	<u>\$6,593</u>

B. Other gains and losses

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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	3-month periods ended 31 March	
	2024	2023
Foreign exchange gain (losses), net	\$5,378	\$(7,289)
Gains on disposal of property, plant and equipment	2,080	1,439
Other expense	(29)	(69)
Total	<u>\$7,429</u>	<u>\$(5,919)</u>

C. Finance costs

	3-month periods ended 31 March	
	2024	2023
Interest on loans from bank	\$(28)	\$(137)
Interest on lease liabilities	(1,303)	(808)
Total	<u>\$(1,331)</u>	<u>\$(945)</u>

(16) Components of other comprehensive income

For the three-month period ended 31 March 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	<u>\$98,999</u>	<u>\$-</u>	<u>\$98,999</u>	<u>\$-</u>	<u>\$98,999</u>

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Notes to Consolidated Financial Statements (Continued)

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

For the three-month period ended 31 March 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	\$11,135	\$-	\$11,135	\$(2,214)	\$8,921

(17) Income tax

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

A. Income tax expense recognized in profit or loss

	three-month periods ended 31 March	
	2024	2023
Current income tax expense:		
Current income tax payable	\$24,993	\$6,135
Deferred income tax (benefit) expense:		
Deferred income tax expense related to origination and reversal of temporary differences	880	(1,717)
Income tax expense recognized in profit or loss	\$25,873	\$4,418

B. Income tax relating to components of other comprehensive income

	three-month periods ended 31 March	
	2024	2023
Deferred income tax (benefit) expense:		
Exchange differences on translation of foreign operations	\$-	\$2,214
Income tax relating to components of other comprehensive income	\$-	\$2,214

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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C. The assessment of income tax returns

As of 31 March 2024, the assessment of income tax returns filed by the Company under Taiwan tax jurisdiction is as follows

TURVO INTERNATIONAL CO., LTD	<u>The assessment of income tax returns</u> Assessed and approved up to 2021
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As of 31 March 2024, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022

(18) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	<u>3-month periods ended 31 March</u>	
	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	<u>\$149,752</u>	<u>\$97,406</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>60,288</u>	<u>60,288</u>
Basic earnings per share (NTD)	<u>\$2.48</u>	<u>\$1.62</u>

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Notes to Consolidated Financial Statements (Continued)

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B. Diluted earnings per share

	3-month periods ended 31 March	
	2024	2023
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$149,752	\$97,406
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288
Effect of dilution:		
Employees' compensation – stock (in thousands)	204	62
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,492	60,350
Diluted earnings per share (NTD)	\$2.48	\$1.61

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. RELATED PARTY TRANSACTIONS

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
GOODWAY Machine CORP. (GOODWAY)	The Chairman of the Group is the board of director of the Company
AWEA Electromechanical Co., Ltd. (AWEA)	Related party of the Group

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(2) Significant transactions with related parties

A. Sales

	3-month periods ended 31 March	
	2024	2023
GOODWAY	\$732	\$-

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		
	31 March 2024	31 December 2023	31 March 2023
GOODWAY	\$869	\$264	\$-
AWEA		-	-
Total	\$869	\$300	\$-

C. Payables on equipment

	As at		
	31 March 2024	31 December 2023	31 March 2023
GOODWAY	\$1,743	\$-	\$-

D. Acquisition of property, plant, and equipment

	3-month periods ended 31 March	
	2024	2023
GOODWAY	\$1,600	\$2,400

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E. Key management personnel compensation

	3-month periods ended 31 March	
	2024	2023
Short-term employee benefits	\$8,888	\$12,483
Post-employment Benefits	279	308
Total	<u>\$9,176</u>	<u>\$12,791</u>

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

8. ASSETS PLEDGED AS SECURITY

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

Item	As at			Secured liabilities
	31 March 2024	31 December 2023	31 March 2023	
Financial assets measured at amortized cost, current	\$1,224	\$1,224	\$1,024	Performance guarantee mechanism
Property, Plant and Equipment- building	111,706	113,082	117,210	Bank loan
Property, Plant and Equipment- equipment	196,098	202,889	222,901	Bank loan
Property, Plant and Equipment- other	8,423	8,770	9,811	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The promissory note amount of unrecovered cancelled license due to the borrowing cost of contract approval as at 31 March 2024, 31 December 2023 and 31 March 2023 are \$ 2,580,058, \$2,580,058 and \$2,353,599.

(2) Issued but unused letter of credit

As of March 31, 2024, the Group has issued but unused letters of credit amounting to NT\$13,083 thousand.

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Notes to Consolidated Financial Statements (Continued)
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(3) The important contracts of construction in progress

A. As at 31 March 2024

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 March 2024
LOYU INTERIOR DESIGN CO., LTD	Design construction	Plant	\$76,190	\$61,577

The above construction payment is based on construction progress. °

B. As at 31 December 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 December 2023
LOYU INTERIOR DESIGN CO., LTD	Design construction	Plant	\$76,190	\$61,577

The above construction payment is based on construction progress. °

C. As at 31 March 2023

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as of 31 March 2023
LIMING CONSTRUCTION CO., LTD.	Operating construction	Plant	\$586,552	\$392,863
DAH YEA ELECTRICAL ENGINEERING CO., LTD.	Electrical construction	Plant	171,429	23,300
Total			\$757,981	\$416,163

The above construction payment is based on construction progress. °

10. SIGNIFICANT DISASTER LOSS

None.

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11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at		
	31 March 2024	31 December 2023	31 March 2023
Financial assets measured at amortized cost			
Cash and cash equivalents (excluding cash on hand)	\$1,315,205	\$1,286,058	\$1,252,921
Financial assets measured at amortized cost	100,158	1,224	1,023
Notes receivable	10,297	127	-
Accounts receivable	788,509	779,001	685,229
Other receivables	13,260	15,671	5,919

Financial liabilities

	As at		
	31 March 2024	31 December 2023	31 March 2023
Notes and accounts payables	\$462,507	\$453,152	\$283,478
Other payables	242,084	254,591	246,852
Lease liability	170,526	38,442	84,539
Lease liability (including long-term loans due within one year)	606,846	640,227	503,716

(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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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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 of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, RMB and EUR. The information of the sensitivity analysis is as follows:

When NTD appreciates/depreciates against USD by 1%, the profit for the three-month periods ended 31 March 2024 and 2023 is decreased/increased by \$ 3,107 and \$ 2,700, respectively; and no impact

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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on the equity.

When NTD appreciates/depreciates against RMB by 1%, the profit for the three-month periods ended 31 March 2024 and 2023 is decreased/increased by \$ 13,215 and \$ 6,521 , respectively; and no impact on the equity.

When NTD appreciates/depreciates against EUR by 1%, the profit for the three-month periods ended 31 March 2024 and 2023 is decreased/increased by \$ 546 and \$538 , 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 of the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period will result in an decrease/increase of \$152 and \$126 for the three-month periods ended 31 March 2024 and 2023, respectively.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures, and control relating to credit risk management. Credit

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Notes to Consolidated Financial Statements (Continued)

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limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be decreased by taking credit enhancement procedures, such as requesting for prepayment.

As of 31 March 2024, 31 December 2023 and 31 March 2023, amounts receivables from top ten customers represented 74% , 78% and 77% of the total contract assets and trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5)Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
As at 31 March 2024					
Notes and accounts payable	\$462,507	\$-	\$-	\$-	\$462,507
Leases liabilities	57,453	73,438	58,593	894	190,378
Long-term loans	100,983	208,401	183,864	134,867	628,115

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	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2023					
Notes and accounts payable	\$453,152	\$-	\$-	\$-	\$453,152
Lease liability(Note)	28,346	16,753	1,968	942	48,009
Long-term loans	113,564	201,083	193,503	154,600	662,750
As at 31 March 2023					
Notes and accounts payable	\$283,478	\$-	\$-	\$-	\$283,478
Leases liabilities (Note)	54,416	34,107	3,296	-	91,819
Long-term loans	130,048	172,306	147,793	54,942	505,089

(6)Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended 31 March 2024:

	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 January 2024	\$640,227	\$38,442	\$678,669
Cash flows	(33,381)	(10,326)	(43,707)
Non-cash flows	-	139,242	139,242
Foreign exchange differences	-	3,168	3,168
As at 31 March 2024	\$606,846	\$170,526	\$777,372

Reconciliation of liabilities for the three-month period ended 31 March 2023:

	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 January 2023	\$526,359	\$92,520	\$618,879
Cash flows	(22,643)	(10,766)	(33,409)
Non-cash flows	-	2,428	2,428
Foreign exchange differences	-	357	357
As at 31 March 2023	\$503,716	\$84,539	\$588,255

(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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying 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.

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

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

(10) Significant assets and liabilities denominated in foreign currencies

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

	As at 31 March 2024			As at 31 December 2023			As at 31 March 2023		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>									
Monetary items:									
USD	\$9,712	31.9900	\$310,687	\$8,450	30.735	\$259,711	\$8,866	30.4540	\$270,005
CNY	332,058	4.5088	1,497,183	321,070	4.3394	1,393,251	177,813	4.4318	788,032
EUR	3,726	34.4500	128,361	3,486	34.0114	118,564	4,433	33.1492	146,950
<u>Financial liabilities</u>									
Monetary items:									
CNY	\$38,959	4.5088	\$175,658	\$53,097	4.3394	\$230,409	\$30,668	4.4318	\$135,914
EUR	2,140	34.4500	73,723	2,006	34.0114	68,227	2,811	33.1492	93,182

Due to the large number of functional currencies used in the Group, it's impossible to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized \$5,378 and \$ (7,289) for foreign exchange loss for the three-month periods ended 31 March 2024 and 2023, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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.

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Notes to Consolidated Financial Statements (Continued)
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13. OTHER DISCLOSURE

A. Information on significant transactions

(A) Financing provided to others for the three-month period ended 31 March 2024: All transactions below were between consolidated entities and have been eliminated in consolidation.

No.	Lending company	Borrower	Transaction subject	Related Parties	Highest amount of the period	Ending Balance (approved by the shareholders meeting)	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 due from related parties	Yes	\$127,960	\$63,980	\$-	NA	2	\$-	Operating purposes	\$-	-	\$-	\$382,218	\$1,528,873
0	Turvo International Co.,Ltd.	T&M JOINT (CAYMAN) HOLDING CO., LTD.	Other receivables due from related parties	Yes	\$2,719	\$2,719	\$2,252	NA	2	\$-	Operating purposes	\$-	-	\$-	\$382,218	\$1,528,873
0	Turvo International Co.,Ltd.	MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	Other receivables due from related parties	Yes	\$92,253	\$39,537	\$28,994	3.0%~3.5%	2	\$-	Operating purposes	\$-	-	\$-	\$382,218	\$1,528,873

Note 1: 10% of net amount of the company's latest financial statement for the borrowed fund

Note 2: 40% of net amount of the company's latest financial statement for the borrowed fund

Note 3: The filling way of borrowed fund and nature is as follows:

(1) Have business transactions: 1 (2) Required for short-term financing: 2

Note 4: The company direct or indirect hold 100% of voting shares and engage in loan financing between foreign companies, or the company direct or indirect hold 100% of voting shares and engage in loan financing with the company, the financing amount is not limit to 40% net of the enterprise who borrowed loan but limit to 100% of the net amount of loanee and enterprise.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(B) Endorsement/guarantee provided: None.

(C) Securities held as at 31 March 2024 (excluding subsidiaries, associates and joint venture): None.

(D) Marketable securities acquired or disposed of that cost or amounted to at least \$300 million or above 20% of the paid-in capital: None.

(E) Acquisition of individual real estate that cost at least \$300 million or above 20% of the paid-in capital: None.

(F) Disposal of individual real estate at prices of at least \$300 million or above 20% of the paid-in capital: None.

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

(H) Receivables from related parties amounting to over \$100 million or 20% of the paid-in capital: None.

(I) Information about derivatives of investees over which the Group has a controlling interest: None.

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

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	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 of goods	\$163,575 (USD 5,267,805)	Regular trade	18.90%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	\$163,799 (USD 5,120,306)	Regular trade	2.98%
0	TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(Zhejiang Yu-Zuan)	(1)	Purchase of goods	\$42,346 (USD 57 EUR 7,727 RMB 9,689,115)	Regular trade	4.89%

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Subjects	Amount	Transaction terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	\$163,575 (USD 5,267,805)	Regular trade	18.90%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	\$163,799 (USD 5,120,306)	Regular trade	2.98%
2	TURVO International Co., Ltd. (Zhejiang Yu-Zuan)	TURVO INTERNATIONAL Co., LTD	(2)	Sales	\$42,346 (USD 57 EUR 7,727 RMB 9,689,115)	Regular trade	4.89%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transactions from a subsidiary to a subsidiary

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

B. Information on investees:

(A) Names, locations, and related information of investees on which the company exercises significant influence (excluding the investee in China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 31 March 2024			Net Income (Losses) of the Investee	Equity in Earnings (Losses)	Notes
				31 March 2024	31 December 2023	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%	\$2,750,496	\$109,428	\$111,619	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%	\$5,728	\$261	\$93	Subsidiary
TURVO INTERNATIONAL CO., LTD	TUF Technology CO., LTD.	Taiwan	Purchase and sale	\$900	\$900	90,000	100%	\$866	-	-	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%	\$1,479,414	\$75,926	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%	\$18,330	\$383	Cope with subsidiary	Second-tier subsidiary

Note1: The recognized investment gains and losses of investee companies in the current period include the investment gains and losses recognized by these companies for their reinvestment companies.

Note2: The investment gains and losses of investee companies recognized in the current period include the investment gains and losses of these companies arising from downstream transactions

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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(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 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 March 2024	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as at 31 March 2024	Accumulated Inward Remittance of Earnings as at 31 March 2024
					Outflow	Inflow					
Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Manufacturing and trading	HKD 58,385,000 (Note 1)	Indirect investments through Turvo International Co., Ltd.	\$230,289 (USD7,120,536)	\$-	\$-	\$230,289 (USD 7,120,536)	100%	\$75,754	\$1,475,606	\$717,836
TURVO International Co., Ltd. (Zhejiang Yu-Zuan)	Manufacturing and trading	USD 23,000,000 (Note 4)	Indirect investments through Turvo International Co., Ltd.	\$686,956 (USD23,000,000)	\$-	\$-	\$686,956 (USD 23,000,000)	100% (Note 4)	\$22,884	\$1,217,823	\$-

Accumulated Investment in Mainland China as at 31 March 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$917,245 (USD30,120,536)	\$917,245 (USD30,120,536)	(Note 2) \$2,293,310

Note 1: Part of the voting right acquired through the equity transfer

Note 2: Based on the regulations from Ministry of Economic Affairs Investment Review Committee, the proportion limit of investment in Mainland China is 60% of the net amount.

Note 3: The recognized profit and loss under investment should base on the financial statement that audited by accountants.

Note4 : Funds of US\$5,000,000 were injected into TURVO International Co., Ltd. (Zhejiang Yu-Zuan) by Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. on 10 July 2023; therefore, Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd. Acquired 17.86% ownership in TURVO International Co., Ltd.(YZ). The Company holds a 100% ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

D. As at 31 March 2024, for information on significant transactions and prices, payments, etc. between the parent company and subsidiaries, please refer to Note 13(1) (J). The unrealized profit amount generated due to the previous significant transaction items accounted for \$ 116 thousand.

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D. Information on major shareholders:

31 March 2024

<div> <div>Shares</div> <div>Name</div> </div>	Number of holding shares	Proportion of holding shares
Zeng Hsing Industrial CO., Ltd.	14,444,000	23.95%
GOODWAY Machine CORP.	6,066,216	10.06%

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

14. SEGMENT INFORMATION

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 produces, manufacture, and trading precision metal processing including automobile, industrial application, and household application, etc.
- (B) China segment produces, manufacture, and trading precision metal processing, including computer, medical equipment, optical, precision metal hardware, etc.
- (C) Other segment is responsible for transpose during departments.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

Transfer listed price between operating department is based on the executed function and affordable risks as the basis of consideration.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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B. The reportable segments' profit and loss, information are listed as follows:

(A) For the three-month period ended 31 March 2024:

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
External customer	\$440,952	\$424,000	\$458	\$-	\$865,410
Inter-segment	514	209,724	-	(210,238)	-
Total revenue	\$441,466	\$633,724	\$458	\$(210,238)	\$865,410
Segment profit (loss)	\$160,460	\$113,072	\$109,689	\$(207,428)	\$175,793

(B) For the three-month period ended 31 March 2023:

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
External customer	\$404,636	\$375,129	\$586	\$-	\$780,351
Inter-segment	626	159,060	5,090	(164,776)	-
Total revenue	\$405,262	\$534,189	\$5,676	\$(164,776)	\$780,351
Segment profit (loss)	\$93,311	\$73,230	\$(4,846)	\$(62,989)	\$98,706

C. Information on assets and liabilities of the reportable segment:

(A) Segment assets:

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
31 March 2024	\$5,170,094	\$3,351,890	\$4,376,376	\$(7,392,855)	\$5,505,505
31 December 2023	\$4,904,464	\$3,101,244	\$4,028,398	\$(6,867,023)	\$5,167,083
31 March 2023	\$4,707,309	\$2,605,117	\$3,475,114	\$(5,853,187)	\$4,934,353

(B) Segment liabilities:

	Taiwan	China	Other	Adjustments and eliminations	Total of the Group
31 March 2024	\$1,347,043	\$496,311	\$96,715	\$(267,061)	\$1,673,008
31 December 2023	\$1,330,409	\$449,773	\$86,000	\$(282,677)	\$1,583,505
31 March 2023	\$1,167,333	\$375,563	\$121,712	\$(281,473)	\$1,383,135