

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE-MONTH PERIODS ENDED
30 September 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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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in 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 at 30 September 2024 and 2023, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2024 and 2023, and consolidated statements of changes in equity and cash flows for the nine-month periods ended 30 September 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 30 September 2024 and 2023, and their consolidated financial performance for the three-month and nine-month periods ended 30 September 2024 and 2023, and cash flows for the nine-month periods ended 30 September 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 7 November, 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
30 September 2024, 31 December 2023 and 30 September 2023
(Expressed in Thousand New Taiwan Dollars)

Assets	Notes	As at		
		30 September 2024	31 December 2023	30 September 2023
Current Assets				
Cash and cash equivalents	4, 6(1)	\$589,878	\$1,286,726	\$1,099,812
Financial assets measured at amortized cost, current	4, 6(2), 8	438,058	1,224	1,023
Notes receivable	4, 6(13),7	18,357	127	701
Accounts receivable, net	4, 5, 6(3),6(13),7	862,949	779,001	799,019
Other receivables		52,509	15,671	9,094
Inventories, net	4,5, 6(4)	795,747	738,615	708,064
Prepayment		61,259	81,365	75,067
Other current assets		42,198	40,211	43,349
Total current assets		<u>2,860,955</u>	<u>2,942,940</u>	<u>2,736,129</u>
Non-current assets				
Financial assets measured at amortized cost, non-current	4, 6(2)	582,667	-	-
Property, plant and equipment	4, 6(5),7,8	2,233,922	1,937,581	1,426,148
Right of use assets	4, 6(14)	147,238	40,574	53,463
Intangible assets	4	10,498	10,311	10,372
Deferred tax assets	4, 6(18)	13,368	14,522	14,373
Other non-current assets	6(6)	83,026	221,155	603,144
Total non-current assets		<u>3,070,719</u>	<u>2,224,143</u>	<u>2,107,500</u>
Total assets		<u>\$5,931,674</u>	<u>\$5,167,083</u>	<u>\$4,843,629</u>

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
30 September 2024, 31 December 2023 and 30 September 2023
(Expressed in Thousand New Taiwan Dollars)

Liabilities and Equity	Notes	As at		
		30 September 2024	31 December 2023	30 September
Current liabilities				
Short-term loans	4,6(7)	\$485,000	\$ -	\$37,000
Contract liabilities, current	4、6(12)	-	300	-
Notes payable	4	91,459	132,047	35,125
Accounts payable	4	302,355	321,105	274,265
Other payables	6(8)	292,609	254,591	235,970
Current tax liabilities	4, 6(18)	78,942	85,890	71,385
Current lease liabilities	4, 6(14)	34,506	19,122	23,470
Other current liabilities		55,125	62,285	65,760
Long-term borrowings (including current portion with maturity less than 1 year)	4, 6(9)	83,525	108,525	121,024
Total current liabilities		<u>1,423,521</u>	<u>983,865</u>	<u>863,999</u>
Non-current liabilities				
Long-term loans	4, 6(9)	469,059	531,702	381,853
Deferred tax liabilities	4, 6(18)	49,683	48,358	65,630
Non-current lease liabilities	4, 6(14)	104,705	19,320	24,152
Other non-current liabilities		271	260	-
Total non-current liabilities		<u>623,718</u>	<u>599,640</u>	<u>471,635</u>
Total liabilities		<u>2,047,239</u>	<u>1,583,505</u>	<u>1,335,634</u>
Equity attributable to the parent company				
Capital	6(11)			
Common stock		602,881	602,881	602,881
Additional paid-in capital		818,217	818,217	818,217
Retained earnings				
Legal reserve		498,167	444,771	444,771
Special reserve		170,106	137,354	137,354
Retained earnings		1,852,861	1,740,072	1,594,171
Total Retained earnings		<u>2,521,134</u>	<u>2,322,197</u>	<u>2,176,296</u>
Other components of equity				
Exchange differences on translation of foreign operations - the parent company		(67,237)	(170,106)	(99,767)
Equity attributable to owners of the parent		<u>3,874,995</u>	<u>3,573,189</u>	<u>3,497,627</u>
Non-controlling interests	6(11)	9,440	10,389	10,368
Total equity		<u>3,884,435</u>	<u>3,583,578</u>	<u>3,507,995</u>
Total liabilities and equity		<u>\$5,931,674</u>	<u>\$5,167,083</u>	<u>\$4,843,629</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 and nine-month periods ended 30 September 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the three-month periods ended 30 September		or the nine-month periods ended 30 September	
	Notes	2024	2023	2024	2023
Net Sales	4, 6(12),7	\$963,997	\$897,517	\$2,769,158	\$2,472,630
Cost of Sales	6(4), 6(10),6(14),	(599,055)	(571,475)	(1,742,160)	(1,693,242)
Gross Profit		364,942	326,042	1,026,998	779,388
Operating Expenses	6(10),6(14), 6(15)				
Selling and marketing		(14,210)	(14,059)	(48,377)	(42,991)
Management and administrative		(91,377)	(70,971)	(242,943)	(205,947)
Research and development		(68,765)	(55,014)	(194,832)	(149,499)
Expected credit (losses) gains	6(13)	(1,529)	931	(1,786)	1,176
Total Operating Expenses		(175,881)	(139,113)	(487,938)	(288,754)
Operating Income		189,061	186,929	539,060	490,634
Non-operating income and expenses					
Other income	6(16)	26,210	6,336	52,487	23,489
Other gains and loss		2,073	(9,516)	18,346	(2,087)
Financial costs	4	(2,546)	(718)	(5,756)	(2,305)
Total non-operating income and expenses		25,737	(3,898)	65,077	19,097
Income from continuing operations before income tax		214,798	183,031	604,137	401,224
Income tax income (expense)	4, 6(18)	(28,357)	(28,803)	(87,584)	(16,962)
Net income		186,441	154,228	516,553	384,262
Other comprehensive income	6(17)				
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(21,790)	99,748	103,831	46,850
Income tax related to items that may be reclassified subsequently	6(18)	-	(19,943)	-	(9,397)
Total other comprehensive (loss) income, net of tax		(21,790)	79,805	103,831	37,453
Total comprehensive income		\$164,651	\$234,033	\$620,384	\$421,715
Net income attributable to:					
Stockholders of the parent		\$187,364	\$155,371	\$518,464	\$388,057
Non-controlling interests		(923)	(1,143)	(1,911)	(3,795)
		\$186,441	\$154,228	\$516,553	\$384,262
Comprehensive income attributable to:					
Stockholder of the parent		\$164,411	\$235,141	\$621,333	\$425,644
Non-controlling interests		240	(1,108)	(949)	(3,929)
		\$164,651	\$234,033	\$620,384	\$421,715
Earnings per share	6(19)				
Earnings per share-basic (NTD)		\$3.11	\$2.58	\$8.60	\$6.44
Earnings per share-diluted (NTD)		\$3.09	\$2.57	\$8.56	\$6.41

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

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended 30 September 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
Appropriations of earnings, 2022										
Legal reserve				62,235		(62,235)		-		-
Special reserve					(20,547)	20,547		-		-
Cash dividends						(361,729)		(361,729)		(361,729)
Net income for the nine-month period ended 30 September 2023						388,057		388,057	(3,795)	384,262
Other comprehensive income, net of tax for the nine-month period ended 30 September 2023							37,587	37,587	(134)	37,453
Total comprehensive income (loss)		-	-	-	-	388,057	37,587	425,644	(3,929)	421,715
Balance as of 30 September 2023		<u>\$602,881</u>	<u>\$818,217</u>	<u>\$444,771</u>	<u>\$137,354</u>	<u>\$1,594,171</u>	<u>\$(99,767)</u>	<u>\$3,497,627</u>	<u>\$10,368</u>	<u>\$3,507,995</u>
Balance as of 1 January 2024	6(10)	\$602,881	\$818,217	\$444,771	\$137,354	\$1,609,531	\$(170,106)	\$3,573,189	\$10,389	\$3,583,578
Appropriations of earnings, 2023										
Legal reserve				53,396		(53,396)		-		-
Special reserve					32,752	(32,752)		-		-
Cash dividends						(319,527)		(319,527)		(319,527)
Net income for the nine-month period ended 30 September 2024						518,464		518,464	(1,911)	516,553
Other comprehensive loss, net of tax for the nine-month period ended 30 September 2024							102,869	102,869	962	103,831
Total comprehensive income (loss)		-	-	-	-	518,464	102,869	190,503	(2,821)	620,384
Balance as of 30 September 2024		<u>\$602,881</u>	<u>\$818,217</u>	<u>\$498,167</u>	<u>\$170,106</u>	<u>\$1,722,320</u>	<u>\$(67,237)</u>	<u>\$3,874,995</u>	<u>\$9,440</u>	<u>\$3,884,435</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 nine-month periods ended 30 September 2024 and 2023
(Expressed in Thousand New Taiwan Dollars)

	For the nine-month periods ended 30 September	
	2024	2023
Cash flows from operating activities:		
Net income before tax	\$604,137	\$401,224
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	225,530	235,452
Amortization	4,828	5,042
Expected credit (gains) losses	1,786	(1,176)
Interest cost	5,756	2,305
Interest income	(13,348)	(11,457)
Gain on disposal of property, plant and equipment	(2,803)	(2,238)
Gains from price recovery of inventory	(4,479)	(18,595)
Changes in operating assets and liabilities:		
(Increase) Decrease in notes receivable	(18,188)	59
Increase in accounts receivable	(65,551)	(114,137)
Increase in other receivables	(34,383)	(5,600)
(Increase) Decrease in inventories, net	(32,090)	211,695
Decrease (Increase) in prepayments	18,427	(26,562)
Increase in other current assets	(1,987)	(22,462)
Decrease in contract liabilities	(300)	(941)
Decrease in notes payable	(40,588)	(58,464)
(Decrease) Increase in accounts payable	(18,565)	39,361
Increase (Decrease) in other payables	40,947	(58,546)
Decrease (increase) in other current liabilities	(7,160)	44,981
Increase in other non-current liabilities	10	-
Cash generated from operations	661,979	619,941
Income tax paid	(93,094)	(139,032)
Net cash provided operating activities	568,885	480,909

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

(continued)

TURVO INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended 30 September 2024 and 2023
(Expressed in Thousand New Taiwan Dollars)

	For the nine-month periods ended 30 September	
(Continued)	2024	2023
Cash flows from investing activities:		
Acquisition of Financial assets measured at amortized cost	(1,019,500)	-
Acquisition of property, plant and equipment	(255,182)	(22,219)
Proceeds from disposal of property, plant and equipment	10,160	16,146
Acquisition of intangible assets	(2,068)	(2,749)
Increase in other non-current assets	(63,486)	(207,169)
Interest receive	10,893	11,405
Net cash used in investing activities	(1,319,183)	(204,586)
Cash flows from financing activities:		
Increase in short-term loans	923,000	104,000
Decrease in short-term loans	(438,000)	(67,000)
Increase in long-term loans (including current portion with maturity less than 1 year)	-	74,924
Decrease in long-term loans (including current portion with maturity less than 1 year)	(87,643)	(98,406)
Lease principal repayment	(45,142)	(50,154)
Cash dividends	(319,527)	(361,729)
Interest paid	(5,520)	(2,240)
Net cash provided (used in) financing activities	27,168	(400,605)
Effect of exchange rate changes	26,282	11,318
Net increase in cash and cash equivalents	(696,848)	(112,964)
Cash and cash equivalents at beginning of period	1,286,726	1,212,776
Cash and cash equivalents at end of period	<u>\$589,878</u>	<u>\$1,099,812</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 nine-month periods ended 30 September 2024 and 2023

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

1. HISTORY 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 parent company of the Company, and the ultimate controlling party of the group.

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

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month periods ended 30 September 2024 and 2023 were authorized for issue by the Company's board of directors on 7 November 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

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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(a) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide.

The amendments will apply for annual reporting periods beginning on 1 January 2025. The new or amended standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, and not yet adopted by the 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”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
e	Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards -Volume 11	January 1, 2026

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

IFRS 10 was also amended so that the gain 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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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) IFRS 18 “Presentation and Disclosure in Financial Statements”

(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.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(d) IFRS 19 “Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures”

Simplify the disclosure requirements for subsidiaries without public accountability, and allow subsidiaries that meet the definition to opt for the application of this standard.

(e) Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” - Amendments to the Classification and Measurement of Financial Instruments

- (1) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

(f) Annual Improvements to IFRS Accounting Standards -Volume 11

- (1) Amendments to IFRS 1
- (2) Amendments to IFRS 7
- (3) Amendments to the implementation guidance of IFRS 7.
- (4) Amendments to IFRS 9
- (5) Amendments to IFRS 10
- (6) Amendments to IAS 7

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. Aside from the company currently assessing the potential impact of the newly issued

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

or amended standards or interpretations in (c) and (e), and being temporarily unable to reasonably estimate their effects on the Company, the other 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 nine-month periods ended 30 September 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 (“\$”) 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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

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

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

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

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The consolidated entities are as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%)		
			30 September 2024	31 December 2023	30 September 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	100.00%	100.00%	100%
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 & Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO International Co., Ltd. [abbreviation: Zhejiang Yu- Zuan]	Manufacturing and marketing the components of computer, medical equipment, optical, automobile, photo electricity, 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, photo electricity, and precision hardware	100.00%	100.00%	100.00%

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Investor	Subsidiary	Main Business	Percentage of ownership (%)		
			30 September 2024	31 December 2023	30 September 2023
T&M	Matec Southeast Asia (Thailand) Co., Ltd. [abbreviation: MSAT]	Manufacturing forging products	99.9991%	99.9991%	99.9991%

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

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in 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

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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.

(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

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of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.
- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement

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by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (A) the Group's business model for managing the financial assets and
- (B) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following

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conditions are met and presented as accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (A) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
- (B) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

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on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (A) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (B) the time value of money;
- (C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (A) At an amount equal to 12-month expected credit losses: The credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (B) At an amount equal to the lifetime expected credit losses: The credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (C) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (D) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

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A financial asset is derecognized when:

- (A) The rights to receive cash flows from the asset have expired.
- (B) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- (C) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

- (A) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (B) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (C) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (A) it eliminates or significantly reduces a measurement or recognition inconsistency; or
- (B) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

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.

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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.

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

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Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

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

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of

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dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings and facilities	5~50 years
Machinery and equipment	2~15 years
Transportation equipment	2~10 years
Lease improvements	2~25 years
Other equipment	2~30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

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

(12) Leases

On the date that contracts are established, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in

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exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- B. the right to direct the use of the identified asset.

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

Group as a lessee

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

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

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

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- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

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

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loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

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

	<u>Software</u>	<u>Trademarks</u>	<u>Patents</u>	<u>Others</u>
Useful lives	2~10 years	10 years	9~10 years	uncertainty
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life	Non-amortization
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(14) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's

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("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

(15) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

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

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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 dilution

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in the computation of diluted earnings per share.

(19) Income Tax

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

Current income tax

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

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

Deferred tax

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

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

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. And at the time of the transaction, no equal taxable and deductible temporary differences were

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generated.

- B. 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. 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. B. In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(1) Judgement

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

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

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

(2) Estimates and assumptions

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

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective 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

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respective Group company's domicile.

Deferred tax assets are recognized for all carry-forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

D. Inventories evaluation

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	30 September 2024	31 December 2023	30 September 2023
Cash on hand	\$ 603	\$668	\$ 711
Bank deposits	589,275	1,286,058	1,099,101
Total	<u>\$ 589,878</u>	<u>\$1,286,726</u>	<u>\$ 1,099,812</u>

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Cash and cash equivalents were not pledged.

(2) Financial assets measured at amortized cost, current

	As at		
	30 September 2024	31 December 2023	30 September 2023
Deposit	\$ 1,020,524	\$-	\$-
Restricted bank deposits	201	1,224	1,023
	<u>\$ 1,020,725</u>	<u>\$1,224</u>	<u>\$1,023</u>
Current	\$ 438,058	\$1,224	\$1,023
Non-Current	582,667	-	-
	<u>\$ 1,020,725</u>	<u>\$1,224</u>	<u>\$1,023</u>

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

(3) Financial assets measured at amortized cost, current

	As at		
	30 September 2024	31 December 2023	30 September 2023
Accounts receivable	\$874,043	\$788,111	\$806,616
Less: loss allowance	(11,094)	(9,110)	(7,597)
Total	<u>\$862,949</u>	<u>\$779,001</u>	<u>\$799,019</u>

A. Account receivables are generally on 60~90 days. The total carrying amount as at 30 September 2024, 31 December 2023 and 30 September 2023 were \$874,043, 788,111 and \$806,616, respectively. Please refer to Note 6 (13) for more details on loss allowance of account receivables for the nine-month periods ended 30 September 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

B. No accounts receivables were pledged.

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(4) Inventories

A. Details as follows:

	As at		
	30 September 2024	31 December 2023	30 September 2023
Merchandise inventories	\$366	\$760	\$853
Raw materials	212,129	205,604	223,585
Work in progress	255,430	225,248	194,470
Finished goods	327,822	307,003	289,156
Total	<u>\$795,747</u>	<u>\$738,615</u>	<u>\$708,064</u>

B. The Group cost of inventories recognized in cost of goods sold amounted to \$599,055, \$571,475, \$1,742,160 and \$1,693,242 for the three-month and nine-month periods ended 30 September 2024 and 2023, respectively. Within the above-mentioned inventory costs, the recognition of inventory write-down and obsolescence (reversal) losses amounted to \$2,135, \$(8,216), \$(4,479) and \$(18,595) for the three-month and nine-month periods ended 30 September 2024 and 2023, respectively, which was due to the reduction of inventory to its net realizable value.

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 30 September 2024 and 2023.

D. No inventories were pledged.

(5) Property, plant and equipment

	As at		
	30 September 2024	31 December 2023	30 September 2023
Owner occupied property, plant and equipment	<u>\$2,233,922</u>	<u>\$1,937,581</u>	<u>\$1,426,148</u>

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Owner occupied property, plant and equipment

	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment
Cost:						
As at 1 January 2024	\$11,158	\$861,709	\$2,382,355	\$14,808	\$121,546	\$376,334
Additions	-	49,903	77,947	244	-	75,904
Disposals	-	(390)	(51,661)	(1,297)	(9,206)	(11,209)
Transfers	-	101,340	17,252	-	-	58,896
Exchange differences	497	5,555	70,701	364	4,405	12,295
As at 30 September 2024	<u>\$11,655</u>	<u>\$1,018,117</u>	<u>\$2,496,594</u>	<u>\$14,119</u>	<u>\$116,745</u>	<u>\$512,220</u>
Depreciation and impairment:						
As at 1 January 2024	\$-	\$109,651	\$1,386,608	\$11,525	\$79,933	\$272,89
Depreciation	-	17,061	137,124	684	7,480	23,73
Disposals	-	(303)	(46,036)	(1,286)	(9,206)	(9,57
Exchange differences	-	2,155	42,468	318	2,871	8,97
As at 30 September 2024	<u>\$-</u>	<u>\$128,564</u>	<u>\$1,520,164</u>	<u>\$11,241</u>	<u>\$81,078</u>	<u>\$296,02</u>

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	Land	Buildings and Facilities	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As at 1 January 2023	\$11,107	\$274,561	\$2,387,582	\$14,862	\$118,797	\$381,543	\$21,841	\$3,210,293
Additions	-	-	44,674	-	-	2,825	7,344	54,843
Disposals	-	(771)	(40,839)	-	-	(6,207)	-	(47,817)
Transfers	-	-	25,151	85	4,065	3,936	1,481	34,718
Exchange differences	(70)	(786)	33,492	156	2,110	5,723	83	40,708
As at 30 September 2023	<u>\$11,037</u>	<u>\$273,004</u>	<u>\$2,450,060</u>	<u>\$15,103</u>	<u>\$124,972</u>	<u>\$387,820</u>	<u>\$30,749</u>	<u>\$3,292,745</u>
Depreciation and impairment:								
As at 1 January 2023	\$-	\$98,520	\$1,254,222	\$10,589	\$69,281	\$252,417	\$-	\$1,685,029
Depreciation	-	8,327	150,211	793	9,241	25,043	-	193,615
Disposals	-	(141)	(27,658)	-	-	(6,110)	-	(33,909)
Exchange differences	-	(283)	17,294	130	1,316	3,405	-	21,862
As at 30 September 2023	<u>\$-</u>	<u>\$106,423</u>	<u>\$1,394,069</u>	<u>\$11,512</u>	<u>\$79,838</u>	<u>\$274,755</u>	<u>\$-</u>	<u>\$1,866,597</u>
Net carrying amount as at:								
30 September 2024	<u>\$11,655</u>	<u>\$889,553</u>	<u>\$976,430</u>	<u>\$2,878</u>	<u>\$35,667</u>	<u>\$216,200</u>	<u>\$101,539</u>	<u>\$2,233,922</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>
30 September 2023	<u>\$11,037</u>	<u>\$176,506</u>	<u>\$1,163,423</u>	<u>\$4,559</u>	<u>\$54,235</u>	<u>\$130,946</u>	<u>\$32,120</u>	<u>\$1,572,607</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 nine-month periods ended 30 September 2024 and 2023, and its interest rates are as follows:

Items	For the nine-month periods ended 30 September 2024	For the nine-month periods ended 30 September 2023
Construction in progress	\$4,189	\$1,983
Borrowing cost capitalization interest rate interval	1.720%	1.595%

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(6) Other non-current assets

	As at		
	30 September 2024	31 December 2023	30 September 2023
Prepayments for business facilities	\$65,270	\$204,860	\$588,791
Guarantee deposits paid	14,654	15,214	13,314
Other non-current assets, others	3,102	1,081	1,039
Total	<u>\$83,026</u>	<u>\$221,155</u>	<u>\$603,144</u>

(7) Short-term loans

		As at		
		30 September 2024	31 December 2023	30 September 2023
	Interest Rates (%)			
Unsecured bank loans	1.650%~1.695%	<u>\$485,000</u>	<u>\$-</u>	<u>\$37,000</u>

The Group's unused short-term lines of credits amounted to \$1,395,309, \$1,641,828 and \$1,660,782 as at 30 September 2024, 31 December 2023 and 30 September 2023, respectively.

(8) Other payables

	As at		
	30 September 2024	31 December 2023	30 September 2023
Wages and salaries payable	\$107,236	113,598	\$80,845
Accrued manufacturing overhead	49,796	42,734	25,182
Accrued employee bonus	43,290	21,805	30,678
Income tax payable	12,815	12,192	13,912
Employee, director, and supervisor compensation payables	10,513	10,011	7,450
Payable on machinery and equipment	8,451	6,142	7,159
Others	60,508	48,109	70,744
Total	<u>\$292,609</u>	<u>\$254,591</u>	<u>\$235,970</u>

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(9) Long-term loans

Details of long-term loans as at 30 September 2024, 31 December 2023 and 30 September 2023 are as follows:

A. As at 30 September 2024

		30 September		
Creditor	Content	2024	Repayment period and methods	Security
Bank of Taiwan	Secured loan	\$220,968	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	117,183	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
Subtotal		552,584		
Less: current portion (with maturity less than 1 year)		(83,525)		

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Creditor	Content	30 September	Repayment period and methods	Security
		2024		
Total		<u>\$469,059</u>		
Interest rates		1.720%		

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

B. As at 31 December 2023

Creditor	Content	31 December	Repayment period and methods	Security
		2023		
Bank of Taiwan	Secured loan	\$255,857	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month.	Buildings and facilities
Bank of Taiwan	Secured loan	214,433	Period is 10 years, and the loan is allocated in installments and cannot be recycled; the first three years after the allocation are grace periods with monthly interest payments, and the principal in the fourth year is divided into 84 installments, with each full month being one installment, and the principal is repaid in equal installments on the 15th of each month..	Buildings and facilities
Bank of Taiwan	Secured loan	144,937	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84 installments in 1 month from the date of initial allocation, and interest is charged monthly, and the principal is repaid on	Machinery and equipment, and other equipment

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

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

C. As at 30 September 2023

		30 September		
Creditor	Content	2023	Repayment period and methods	Security
Bank of Taiwan	Secured loan	\$267,487	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	154,187	Period is 7 years, and the loan is allocated in installments and cannot be recycled; the principal is divided into 84	Machinery and equipment

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

Creditor	Content	30 September 2023	Repayment period and methods	Security
			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.	, and other equipment
Bank of Taiwan	Secured loan	43,703	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	Unsecured loan	37,500	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
Subtotal		502,877		
Less: current portion (with maturity less than 1 year)		(121,024)		
Total		\$381,853		
Interest rates		1.595%		

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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(10) Post-employment Benefits-Defined contribution plan

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

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

Expenses under the defined benefits plan for the three-month periods and nine-month periods ended 30 September 2024 and 2023 were \$3,055, \$2,787, \$8,628 and \$8,507 respectively.

(11) Equities

A. Common stock

The Company's authorized and issued capital was NT\$800,000 as at 1 January 2023, divided into 60,288,089 shares with par value of NT\$10 each. The paid-in capital amounted to NT\$602,881 with 60,288,089 shares issued.

As at 30 September 2024, there was no change in the authorized and issued share capital of the Company.

B. Capital surplus

	As at		
	30 September 2024	31 December 2023	30 September 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>

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Notes to Consolidated Financial Statements (Continued)

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

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 subordinate employees.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

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

The company's dividend policy will based on the forecasted investment expense in the future and fund demand, to allocate 20% of balance from distributable surplus in the current year as dividend distribution, in the form of stock dividend and cash dividend to allocate to shareholders;

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

of which the ratio of cash dividend not lower than 30% of the total dividends of shareholders. However, category and ratio of the distribution surplus should adjust through the shareholders meeting based on the actual gain and fund condition at that year, after the distribution decision made by the shareholders meeting.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

- (C) Details of the 2023 and 2021 earnings distribution and dividends per share as approved and resolved by the shareholders’ meeting on 13 June 2024 and 27 June 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2023	2023	2023
Legal Reserve	\$53,396	\$62,235		
Special reserve	32,752	(20,547)		
Common stock - cash dividends	319,527	361,729	\$5.3	\$6.0

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

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

D. Non-controlling interests

	For the nine-month periods ended 30 September	
	2024	2023
Balance as at 1 January	\$10,389	\$14,297
Net loss for the period attributable to non-controlling interests	(1,911)	(3,795)
Other comprehensive income or loss attributable to non-controlling interests		
Exchange differences on translation of financial statements of foreign operating companies	962	(134)
Balance as at 30 September	<u>\$9,440</u>	<u>\$10,368</u>

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(12) Net sales

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Revenue from contracts with customers				
Sale of goods	<u>\$963,997</u>	<u>\$897,517</u>	<u>\$2,769,158</u>	<u>\$2,472,630</u>

Analysis of revenue from contracts with customers during the nine-month periods ended 30 September 2024 and 2023 is as follows:

A. Disaggregation of revenue

For the three-month periods ended 30 September 2024

	Taiwan	China	Other	Total
Sale of goods	<u>\$492,117</u>	<u>\$471,880</u>	<u>\$-</u>	<u>\$963,997</u>

For the three-month periods ended 30 September 2023

	Taiwan	China	Other	Total
Sale of goods	<u>\$432,609</u>	<u>\$464,908</u>	<u>\$-</u>	<u>\$897,517</u>

For the nine-month periods ended 30 September 2024

	Taiwan	China	Other	Total
Sale of goods	<u>\$1,433,301</u>	<u>\$1,334,965</u>	<u>\$892</u>	<u>\$2,769,158</u>

For the nine-month periods ended 30 September 2023

	Taiwan	China	Other	Total
Sale of goods	<u>\$1,199,984</u>	<u>\$1,272,020</u>	<u>\$626</u>	<u>\$2,472,630</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.

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

Contract liabilities – current

	As at			
	30 September 2024	31 December 2023	30 September 2023	31 December 2021
Sales of goods	\$-	\$300	\$-	\$941

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended 30 September 2024 and 2023 are as follows:

	For the nine-month periods ended 30 September	
	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)	-	-
Changes during the period	\$(300)	\$(941)

C. Transaction price allocated to unsatisfied performance obligations

None.

D. Assets recognized from costs to fulfil a contract

None.

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

(13) Expected credit losses (gains)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Operating expenses –				
Expected credit losses (gains)				
Accounts receivable	<u>\$1,529</u>	<u>\$(931)</u>	<u>\$1,786</u>	<u>\$(1,176)</u>

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 30 September 2024, 31 December 2023 and 30 September 2023 is as follows:

30 September 2024

		Overdue					
	Not yet due	<=90	91-180	181-360	361-720	>=721	Total
	(Note)	days	days	days	days	days	
Gross carrying amount	\$840,245	\$49,985	\$800	\$1,365	\$5	\$-	\$892,400
Loss ratio	0-1%	4-5%	30%	29-30%	60%	-%	
Lifetime expected credit losses	(8,172)	(2,270)	(240)	(409)	(3)	-	(11,094)
Carrying amount	<u>\$832,073</u>	<u>\$47,715</u>	<u>\$560</u>	<u>\$956</u>	<u>\$2</u>	<u>\$-</u>	<u>\$881,306</u>

31 December 2023

		Overdue					
	Not yet due	<=90	91-180	181-360	361-720	>=721	Total
	(Note)	days	days	days	days	days	
Gross carrying amount	\$741,055	\$ 43,724	\$3,276	\$183	\$-	\$-	\$788,238
Loss ratio	0-1%.	4%	30%	30%	-%	-%	
Lifetime expected credit losses	(6,321)	(1,751)	(983)	(55)	-	-	(9,110)
Carrying amount	<u>\$734,734</u>	<u>\$ 41,973</u>	<u>\$2,293</u>	<u>\$128</u>	<u>\$ -</u>	<u>\$-</u>	<u>\$779,128</u>

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Notes to Consolidated Financial Statements (Continued)
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30 September 2023

	Not yet due (Note)	Overdue					Total
		<=90 days	91-180 days	181-360 days	361-720 days	>=721 days	
Gross carrying amount	\$767,394	\$39,583	\$183	\$157	\$-	\$-	\$807,317
Loss ratio	0-1%	4-5%	29-30%	50-51%	-%	-%	
Lifetime expected credit losses	(5,802)	(1,662)	(54)	(79)	-	-	(7,597)
Carrying amount	<u>\$761,592</u>	<u>\$37,921</u>	<u>\$129</u>	<u>\$78</u>	<u>\$-</u>	<u>\$-</u>	<u>\$799,720</u>

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

The movement in the provision for impairment of accounts receivable during the nine-month periods ended 30 September 2024 and 2023 is as follows:

	Accounts receivable
Beginning balance at 1 January 2024	\$9,110
Addition for the current period	1,786
Exchange differences	198
Ending balance at 30 September 2024	<u>\$11,094</u>
	Accounts receivable
Beginning balance at 1 January 2023	\$8,654
Reversal for the current period	(1,176)
Exchange differences	119
Ending balance at 30 September 2023	<u>\$7,597</u>

(14) Leases

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 2 to 10 years.

The Group's leases effect on the financial position, financial performance

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

and cash flows are as follows:

(A) Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of
right-of-use assets

	As at		
	30 September 2024	31 December 2023	30 September 2023
Land	\$4,065	\$6,090	\$5,009
Land Improvements	124	274	295
Buildings	137,013	27,920	40,794
Transportation equipment	5,949	6,181	7,248
Office equipment	87	109	117
Total	<u>\$147,238</u>	<u>\$40,574</u>	<u>\$53,463</u>

During the nine-month periods ended 30 September 2024 and 2023, the Group the Group added right-of-use assets totaling \$145,049 and \$4,703, respectively.

b. Lease liabilities

	As at		
	30 September 2024	31 December 2023	30 September 2023
Lease liabilities			
Current	\$34,506	\$19,122	\$23,470
Non-current	104,705	19,320	24,152
Total	<u>\$139,211</u>	<u>\$38,442</u>	<u>\$47,622</u>

Please refer to Note 6(16)(c) for the interest on lease liabilities recognized during the nine-month periods ended 30 September 2024 and 2023, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 30 September 2024 and 2023.

(B) Amounts recognized in the statement of 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)

Depreciation charge for right-of-use assets

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2024	2023	2024	2023
Land	\$675	\$726	\$2,025	\$2,177
Land Improvements	15	21	58	64
Buildings	10,822	11,939	33,725	35,497
Transportation equipment	1,143	1,326	3,611	4,069
Office equipment	11	10	30	30
Total	<u>\$12,666</u>	<u>\$14,022</u>	<u>\$39,449</u>	<u>\$41,837</u>

(C) Income and costs relating to leasing activities

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2024	2023	2024	2023
The expenses relating to short-term leases	<u>\$253</u>	<u>\$148</u>	<u>\$640</u>	<u>\$462</u>

(D) Cash outflow relating to lessee and leasing activities

During the nine-month periods ended 30 September 2024 and 2023, the Group's total cash outflows for leases amounted to \$50,422 and \$52,677, respectively.

(15) Summary statement of employee benefits, depreciation and amortization expenses by function for the nine-month periods ended 30 September 2024 and 2023:

Function Nature	For the three-month periods ended 30 September					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$106,033	\$84,909	\$190,942	\$93,247	\$69,101	\$162,348
Labor and health insurance	13,031	6,985	20,016	11,913	5,988	17,901
Pension	1,492	1,563	3,055	1,106	1,681	2,787
Other employee benefits expense	4,760	5,501	10,261	4,044	4,428	8,472
Depreciation	58,135	16,001	74,136	62,726	13,766	76,492
Amortization	236	1,720	1,956	70	1,500	1,570

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Notes to Consolidated Financial Statements (Continued)

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

Function Nature	For the nine-month periods ended 30 September					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$304,982	\$233,727	\$538,709	\$272,653	\$194,951	\$467,604
Labor and health insurance	37,601	20,588	58,189	35,402	16,738	52,140
Pension	3,997	4,631	8,628	3,619	4,888	8,507
Other employee benefits expense	13,137	14,058	27,195	11,442	12,861	24,303
Depreciation	177,887	47,643	225,530	194,176	41,276	235,452
Amortization	687	4,141	4,828	358	4,684	5,042

The number of employees in the Group were 1,306 and 1,333 as at 30 September 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, there to a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the nine-month periods ended 30 September 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 higher than 1.7% recognized as employee and director benefits expenses. The estimate basis is distributing based on the current year's profit; the previous mentioned amount is accounted under salary expense. If the resolution of 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 nine-month periods ended 30 September 2024 and 2023 are as follows:

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Notes to Consolidated Financial Statements (Continued)

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

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Employees' compensation	\$15,372	\$13,073	\$43,290	\$30,678
Remuneration to directors and supervisors	3,733	3,174	10,513	7,450

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 2023.

(16) Non-operating income and expenses

A. Other income

	For the three-month periods ended 30 September		For the nine -month periods ended 30 September	
	2024	2023	2024	2023
Interest income				
Amortized cost of a financial asset	\$4,954	\$3,160	\$13,348	\$11,457
Grant revenue	17,620	1,147	26,872	2,184
Rent revenue	124	126	256	257
Others	3,512	1,903	12,011	9,591
Total	<u>\$26,210</u>	<u>\$6,336</u>	<u>\$52,487</u>	<u>\$23,489</u>

B. Other gains and losses

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Foreign exchange gains, net	\$2,638	\$11,025	\$16,958	\$17,093
Gains on disposal of property, plant and equipment	78	799	2,803	2,238
Compensation losses	-	(21,335)	-	(21,335)
Others	(643)	(5)	(1,415)	(83)
Total	<u>\$2,073</u>	<u>\$(9,516)</u>	<u>\$18,346</u>	<u>\$(2,087)</u>

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Notes to Consolidated Financial Statements (Continued)
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C. Finance costs

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Interest on loans from bank	\$(952)	\$(149)	\$(1,116)	\$(244)
Interest on lease liabilities	(1,594)	(569)	(4,640)	(2,061)
Total	<u>\$(2,546)</u>	<u>\$(718)</u>	<u>\$(5,756)</u>	<u>\$(2,305)</u>

(1) Components of other comprehensive income

For the three-month period ended 30 September 2024:

	Arising during the period	Reclassification n 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>\$(21,790)</u>	<u>\$-</u>	<u>\$(21,790)</u>	<u>\$-</u>	<u>\$(21,790)</u>

For the three-month period ended 30 September 2023:

	Arising during the period	Reclassification n 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	<u>\$99,748</u>	<u>\$-</u>	<u>\$99,748</u>	<u>\$(19,943)</u>	<u>\$79,805</u>

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Notes to Consolidated Financial Statements (Continued)
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financial statements of a
foreign operation

For the nine-month period ended 30 September 2024:

	Arising during the period	Reclassificatio n 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	\$103,831	\$-	\$103,831	\$-	\$103,831

For the nine-month period ended 30 September 2023:

	Arising during the period	Reclassificatio n 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	\$46,850	\$-	\$46,850	\$(9,397)	\$37,453

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(2) Income tax

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

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

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Current income tax (income) expense:				
Current income tax payable	\$28,143	\$36,626	\$90,888	\$69,275
Adjustments in respect of current income tax of prior periods	(285)	(8,870)	(5,897)	(51,765)
Deferred income tax (income) expense:				
Deferred income tax (income) expense related to origination and reversal of temporary differences	499	1,047	2,593	(548)
The income tax (income) expense	<u>\$28,357</u>	<u>\$28,803</u>	<u>\$87,584</u>	<u>\$16,962</u>

B. Income tax relating to components of other comprehensive income

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Deferred income tax (income) expense:				
Exchange differences on translation of foreign operations	\$-	\$19,943	\$-	\$9,397
Income tax relating to components of other comprehensive income	<u>\$-</u>	<u>\$19,943</u>	<u>\$-</u>	<u>\$9,397</u>

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C. The assessment of income tax returns

As of 30 September 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 30 September 2024, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2023.

(3) 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>For the three-month</u> <u>periods ended 30 September</u>		<u>For the nine-month</u> <u>periods ended 30 September</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	<u>\$187,364</u>	<u>\$155,371</u>	<u>\$518,464</u>	<u>\$388,057</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>60,288</u>	<u>60,288</u>	<u>60,288</u>	<u>60,288</u>
Basic earnings per share (NTD)	<u>\$3.11</u>	<u>\$2.58</u>	<u>\$8.60</u>	<u>\$6.44</u>

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

B. Diluted earnings per share

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Profit attributable to ordinary equity holders of the Company (in thousand NTD)	\$187,364	\$155,371	\$518,464	\$388,057
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	60,288	60,288	60,288	60,288
Effect of dilution:				
Employees' compensation – stock (in thousands)	260	113	296	326
Weighted average number of ordinary shares outstanding after dilution (in thousands)	60,548	60,401	60,584	60,614
Diluted earnings per share (NTD)	\$3.09	\$2.57	\$8.56	\$6.41

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

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

(2) Significant transactions with related parties

A. Sales

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
GOODWAY	\$303	\$1,000	\$1,120	\$1,183
AWEA	-	-	-	35
Total	\$303	\$1,000	\$1,120	\$1,218

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

B. Accounts receivable

	As at		
	30 September 2024	31 December 2023	30 September 2023
GOODWAY	\$407	\$264	\$1,242
AWEA	-	36	36
Total	<u>\$407</u>	<u>\$300</u>	<u>\$1,278</u>

C. Acquisition of property, plant, and equipment

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
GOODWAY	\$-	\$-	\$3,910	\$2,400
ALLRICH	-	124	-	124
	<u>\$-</u>	<u>124</u>	<u>\$3,910</u>	<u>\$2,524</u>

D. Key management personnel compensation

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2024	2023	2024	2023
Short-term employee benefits	\$10,931	\$10,829	\$28,239	\$34,306
Post-employment Benefits	271	270	849	872
Total	<u>\$11,202</u>	<u>\$11,099</u>	<u>\$29,088</u>	<u>\$35,178</u>

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
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8. ASSETS PLEDGED AS SECURITY

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

Item	As at			Secured liabilities
	30 September 2024	31 December 2023	30 September 2023	
Financial assets measured at amortized cost, current	\$201	\$1,224	\$1,023	Performance guarantee mechanism
Property, Plant and Equipment- building	108,953	113,082	114,458	Bank loan
Property, Plant and Equipment- equipment	182,516	202,889	209,340	Bank loan
Property, Plant and Equipment- other	7,730	8,770	9,117	Bank loan

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group issued guaranty notes as security for borrowings in the sum of \$2,803,083, \$2,580,058 and \$2,570,787 as at 30 September 2024, 31 December 2023 and 30 September 2023.

(2) The important contracts of construction in progress

A. As at 30 September 2024

Contracting parties	Subject matter	Project	Total contract amount	Contract amount paid as at 30 September 2024
LOYU INTERIOR DESIGN CO., LTD.	Design construction	Plant	\$76,190	\$68,571

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 at 31 December 2023
LOYU INTERIOR DESIGN CO., LTD.	Design construction	Plant	\$76,190	\$61,577

The above construction payment is based on construction progress.

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

C. As at 30 September 2023

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

The above construction payment is based on construction progress.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at		
	30 September 2024	31 December 2023	30 September 2023
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	\$589,275	\$1,286,058	\$1,099,101
Financial assets measured at amortized cost	1,020,725	1,224	1,023
Notes receivable	18,357	127	701
Accounts receivable	862,949	779,001	799,019
Other receivables	52,509	15,671	9,094

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

Financial liabilities

	As at		
	30 September 2024	31 December 2023	30 September 2023
Financial liabilities at amortized cost:			
Short-term loans	\$485,000	\$-	\$37,000
Notes and accounts payables	393,814	453,152	309,390
Other payables	292,609	254,591	235,970
Lease liability	139,211	38,442	47,622
Long-term loans (Long-term loans due within one year)	552,584	640,227	502,877

(2) Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk, and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures, and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

The market risk of the Group is the risk that the financial instruments will be subject to fluctuations in fair value or cash flows due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk, and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

A. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

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

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

When NTD strengthens/weakens against USD by 1%, the profit for the nine-month periods ended 30 September 2024 and 2023 is decreased/increased by \$4,085 and \$3,187, respectively; and no impact on the equity.

When NTD strengthens/weakens against RMB by 1%, the profit for the nine-month periods ended 30 September 2024 and 2023 is decreased/increased by \$15,483 and \$ 8,547, respectively; and no impact on the equity.

When NTD strengthens/weakens against EUR by 1%, the profit for the nine-month periods ended 30 September 2024 and 2023 is decreased/increased by \$705 and \$630, respectively; and no impact on the equity.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to Group's bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on the borrowings with variable interest rates as at the end of the reporting period. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended 30 September 2024 and 2023 to increase/decrease by \$778 and \$405, 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 contract assets, trade and note receivables and lease receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures, and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition, and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be decreased by taking credit enhancement procedures, such as requesting for prepayment.

As at 30 September 2024, 31 December 2023 and 30 September 2023, trade receivables from top ten customers represented 77% , 78% and 76% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies, and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these 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, convertible bonds and finance lease. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 30 September 2024					
Short-term borrowings	\$487,099	\$-	\$-	\$-	\$487,099
Notes and accounts payable	393,814	-	-	-	393,814
Leases liabilities	52,941	69,046	42,140	798	164,925
Long-term loans	88,861	223,870	153,424	107,365	573,520
As at 31 December 2023					
Notes and accounts payable	\$453,152	\$-	\$-	\$-	\$453,152
Leases liabilities	28,346	16,753	1,968	942	48,009
Long-term loans	113,564	201,083	193,503	154,600	662,750
As at 30 September 2023					
Short-term borrowings	\$37,043	\$-	\$-	\$-	\$37,043
Notes and accounts payable	309,390	-	-	-	309,390
Leases liabilities	38,366	22,439	2,126	-	62,931
Long-term loans	124,016	174,955	150,781	63,388	513,140

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended 30 September 2024:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 January 2024	\$-	\$640,227	\$38,442	\$678,669
Cash flows	485,000	(87,643)	(45,142)	352,215
Non-cash flows	-	-	144,957	144,957
Foreign exchange differences	-	-	954	954
As at 30 September 2024	\$485,000	\$552,584	\$139,211	\$1,176,795

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

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

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

(A) The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(B) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

market quotation price (including listed equity securities, beneficiary certificates, bonds, and futures, etc.) at the reporting date.

(C) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(D) Fair value of debt instruments without market quotations, bank loans, bonds payable, and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(E) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying 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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

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

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

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

(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 30 September 2024			As at 31 December 2023			As at 30 September 2023		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets									
Monetary items:									
USD	\$12,905	31.6510	\$408,456	\$8,450	30.7350	\$259,711	\$9,878	32.2680	\$318,743
CNY	393,679	4.5168	1,778,169	321,070	4.3394	1,393,251	235,043	4.4943	1,056,354
EUR	3,328	35.3621	117,685	3,486	34.0114	118,564	3,400	33.9104	115,295

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	As at 30 September 2024			As at 31 December 2023			As at 30 September 2023		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial liabilities</u>									
Monetary items:									
CNY	\$50,889	4.5168	\$229,855	\$53,097	4.3394	\$230,409	\$9,878	32.2680	\$318,743
EUR	1,334	35.3621	47,173	2,006	34.0114	68,227	235,043	4.4943	1,056,354

Due to the large number of functional currencies used in the Group, it's unable to disclose foreign exchange gains and losses on the basis of each monetary item which has significant impact. The Group recognized \$16,958 and \$17,093 for foreign exchange gains for the nine-month periods ended 30 September 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 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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13. OTHER DISCLOSURE

A. Information on significant transactions

(A) Financing provided to others for the nine-month period ended 30 September 2024: All transactions below were between consolidated entities and have been eliminated in consolidation.

No.	Lender	Borrower	Financial statement account	Related Parties	Maximum balance for the period	Ending Balance (By resolution of the Board of Directors)	Amount Actually Drawn	Interest Rate (%)	Nature of loan (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for doubtful account	Collateral		Financing limits for a single borrowing company (Note 1)	Limits on total loans granted (Note 2)
													Item	Value		
0	Turvo International Co.,Ltd.	TIPO INTERNATIONAL CO.,LTD	Other receivables - related parties	Yes	\$126,604	\$63,302	\$126,604	NA	2	\$-	Operating purposes	\$-	-	\$-	\$387,499	\$1,549,9982
0	Turvo International Co.,Ltd.	T&M JOINT (CAYMAN) HOLDING CO., LTD.	Other receivables - related parties	Yes	\$2,690	\$2,690	\$2,228	NA	2	\$-	Operating purposes	\$-	-	\$-	\$387,499	\$1,549,9982
0	Turvo International Co.,Ltd.	MATEC SOUTHEAST ASIA (THAILAND) CO., LTD.	Other receivables - related parties	Yes	\$103,100	\$44,186	\$29,457	3.0%~3.5%	2	\$-	Operating purposes	\$-	-	\$-	\$387,499	\$1,549,9982

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Notes to Consolidated Financial Statements (Continued)
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No.	Lender	Borrower	Financial statement account	Related Parties	Maximum balance for the period	Ending Balance (By resolution of the Board of Directors)	Amount Actually Drawn	Interest Rate (%)	Nature of loan (Note 3)	Transaction amount	Reasons for short-term financing	Allowance for doubtful account	Collateral		Financing limits for a single borrowing company (Note 1)	Limits on total loans granted (Note 2)
													Item	Value		
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	Turvo International Co.,Ltd.	Other receivables - related parties	Yes	\$316,176	\$316,176	\$-	NA	2	\$-	Operating purposes	\$-	-	\$-	\$3,874,995 (Note4)	\$3,874,995 (Note4)
2	TURVO International Co., Ltd.(Zhejiang Yu-Zuan)	Turvo International Co.,Ltd.	Other receivables - related parties	Yes	\$316,176	\$316,176	\$-	NA	2	\$-	Operating purposes	\$-	-	\$-	\$3,874,995 (Note4)	\$3,874,995 (Note4)

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

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

Note 3: The filling way of the nature of loan is as follows:

(1) For 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 limited to 40% of the net equity of the lender but limit to 100% of the net equity of the borrower.

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

(C) Securities held as at 30 September 2024 (excluding subsidiaries, associates and joint venture): None.

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

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

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

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

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

(I) Financial instruments and derivative transaction: None.

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

No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Financial Statement Items	Amount	Transaction terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin- Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Purchase	\$474,563 (USD 15,180,306)	Regular trade	17.14%
0	TURVO INTERNATIONAL Co., LTD	Dong-Guan Xin- Feng Hardware Machinery Plastic Industry Co., Ltd.	(1)	Other payables	\$124,847 (USD3,944,484)	Regular trade	2.10%

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No (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Transactions			
				Financial Statement Items	Amount	Transaction terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
0	TURVO INTERNATIONAL Co., LTD	TURVO International Co., Ltd.(Zhejiang Yu- Zuan)	(1)	Purchase	\$148,853 (USD 1,705 EUR 43,186 RMB 33,830,479)	Regular trade	5.38%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Sales	\$474,563 (USD 15,180,306)	Regular trade	17.14%
1	Dong-Guan Xin-Feng Hardware Machinery Plastic Industry Co., Ltd.	TURVO INTERNATIONAL Co., LTD	(2)	Other receivables	\$124,847 (USD 3,944,484)	Regular trade	2.10%
2	TURVO International Co., Ltd.(Zhejiang Yu-Zuan)	TURVO INTERNATIONAL Co., LTD	(2)	Sales	\$148,853 (USD 1,705 EUR 43,186 RMB 33,830,479)	Regular trade	5.38%

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

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

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

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

(3) Represents the transactions between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, 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)

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B. Information on investees:

(A) Names, locations, main businesses and products, original investment amount, investment as at 30 September 2024, net income (loss) of investee company and investment income (loss) recognized as at 30 September 2024: (excluding investees in Mainland China):

Investor Company	Investee Company	Location	Main businesses and products	Original investment amount		Balance as at 30 September 2024			Net Income (Losses) of the Investee (Note 1)	Equity in Earnings (Losses) (Note2)	Notes
				30 September 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%	\$3,035,074	\$389,808	\$393,240	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%	\$5,243	\$(2,972)	\$(1,061)	Subsidiary
TURVO INTERNATIONAL CO., LTD.	TUF Technology CO., LTD.	Taiwan	Purchase and sale	\$900	\$900	90,000	100%	\$867	-	-	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%	\$1,680,767	\$276,018	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%	\$17,016	\$(2,807)	Cope with subsidiary	Second-tier subsidiary

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

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

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(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 30 September 2024	Percentage of Ownership	Equity in Earnings (Losses) (Note 3)	Carrying Value as at 30 September 2024	Accumulated Inward Remittance of Earnings as at 30 September 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 TIPO International Co., Ltd.	\$230,289 (USD7,120,536)	\$-	\$-	\$230,289 (USD 7,120,536)	100%	\$275,833	\$1,676,946	\$717,836
TURVO International Co., Ltd. (Zhejiang Yu-Zuan)	Manufacturing and trading	USD 28,000,000	Indirect investments through TIPO International Co., Ltd.	\$686,956 (USD23,000,000)	\$-	\$-	\$686,956 (USD 23,000,000)	100% (Note 4)	\$82,635	\$1,279,270	\$-

Accumulated Investment in Mainland China as at 30 September 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$917,245 (USD30,120,536)	\$917,245 (USD30,120,536)	(Note 2) \$2,324,997

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

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

Note 3: The recognized profit and loss base on the financial statement reviewed by independent 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%

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

ownership via TIPO INTERNATIONAL CO., LTD.(SAMOA).

(B) As at 30 September 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 \$657.

D. Information on major shareholders:

30 September 2024

Name \ Shares	Number of shares hold	Shareholding ratio
Zeng Hsing Industrial CO., Ltd.	15,179,000	25.17%
GOODWAY Machine CORP.	6,066,216	10.06%

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: In charge of producing, manufacturing, and trading precision metal processing including automobile, industrial application, and household application, etc.
- (B) China segment: In charge of producing, manufacturing, and trading precision metal processing, including computer, medical equipment, optical, precision metal hardware, etc.
- (C) Other segment: In charge of transposing 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 prices between operating segment are based on the executed function and affordable risks as the basis of consideration.

TURVO INTERNATIONAL CO., LTD., AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

(A) For the three-month period ended 30 September 2024:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
External customer	\$492,117	\$492,117	\$-	\$-	\$963,997
Inter-segment	463	463	61	(202,099)	-
Total revenue	<u>\$492,580</u>	<u>\$492,580</u>	<u>\$61</u>	<u>\$(202,099)</u>	<u>\$963,997</u>
Segment profit (loss)	<u>\$200,499</u>	<u>\$200,499</u>	<u>\$144,945</u>	<u>\$(286,795)</u>	<u>\$214,798</u>

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

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

(C) For the nine-month period ended 30 September 2024:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
External customer	\$1,433,301	\$1,334,965	\$892	\$-	\$2,769,158
Inter-segment	1,135	642,430	61	(643,626)	-
Total revenue	<u>\$1,434,436</u>	<u>\$1,977,395</u>	<u>\$953</u>	<u>\$(643,626)</u>	<u>\$2,769,158</u>
Segment profit (loss)	<u>\$564,624</u>	<u>\$398,749</u>	<u>\$386,835</u>	<u>\$(746,071)</u>	<u>\$604,137</u>

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

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

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

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

(A) Segment assets:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
30 September 2024	<u>\$5,565,817</u>	<u>\$3,689,012</u>	<u>\$4,834,521</u>	<u>\$(8,157,676)</u>	<u>\$5,931,674</u>
31 December 2023	<u>\$4,904,464</u>	<u>\$3,101,244</u>	<u>\$4,028,398</u>	<u>\$(6,867,023)</u>	<u>\$5,167,083</u>
30 September 2023	<u>\$4,694,039</u>	<u>\$3,088,081</u>	<u>\$3,963,550</u>	<u>\$(6,902,041)</u>	<u>\$4,843,629</u>

(B) Segment liabilities:

	Taiwan	China	Other	Adjustments and eliminations	Consolidated
30 September 2024	<u>\$1,689,955</u>	<u>\$570,358</u>	<u>\$71,469</u>	<u>\$(284,543)</u>	<u>\$2,047,239</u>
31 December 2023	<u>\$1,330,409</u>	<u>\$449,773</u>	<u>\$86,000</u>	<u>\$(282,677)</u>	<u>\$1,583,505</u>
30 September 2023	<u>\$1,195,548</u>	<u>\$456,912</u>	<u>\$81,933</u>	<u>\$(398,759)</u>	<u>\$1,335,634</u>