

APEX DYNAMICS, INC.

Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of APEX Company:

Opinion

We have audited the financial statements of APEX Company (“the Company”), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company only financial statements of the current period. These matters were addressed in the context of our audit of the Parent Company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note.4 (13) “Revenue” and Note.6 (21) “Revenue from contracts with customers” to the Parent Company only financial statements.

Description of key audit matter:

APEX DYNAMICS, INC sells precision gearbox, precision mechanical parts, etc. Operating revenue is recognized according to the individual sales contract at the time of the transfer of control of the commodity, and the control transfer of the commodity is identified according to the trading conditions of the individual sales contract, and the revenue from sales is recognized accordingly. In addition, APEX DYNAMICS, INC is a listed company, in order to meet the expectations of investors, the Company has pressured to maintain revenue and stable profits. Therefore, whether the timing of revenue recognition is correct has a significant impact on the financial statements, so the test of revenue recognition is one of the important evaluation items for the accountant to perform the financial statements review of APEX DYNAMICS, INC.

- Check external vouchers and account records to confirm whether the payment is consistent with the transaction partner.
- Compare the difference between the sales revenue of the top 10 sales customers and the same period last year to assess whether there are any material anomalies.
- Perform a cut-off test for a period of the time before and after the balance sheet date.
- Realize the main type of revenue, contract terms, and transaction conditions to evaluate whether the accounting policies for revenue recognition timing are appropriate.
- Sample and review sales contracts or order on a sample basis, evaluate the impact of contract terms and transaction conditions on revenue recognition, and confirm if the accounting treatments are appropriate.

2. Assessment of Inventory

The accounting principle of inventory, refer to the Parent Company only financial statements Note.4 (7)“inventory”, the assessment of accounting estimate and assumption uncertainty, refer to the Parent Company only statements Note.5; the explanation of inventory assessment refers to the Parent Company only financial statements Note.6 (5).

Description of key audit matter:

The inventory of APEX DYNAMICS, INC. is measured at the lower of cost and net realizable value. Due to the uncertainty caused by market demand fluctuations, there is a risk that the cost of inventory may exceed its net realizable value. The assessment of the net realizable value of inventory involves significant judgments and estimates by management, making the valuation of inventory one of the important assessment matters for this auditor in conducting the audit of the consolidated financial statements.

The accountant's main audit procedures for the above key audit matters include:

- Analyze the amount of inventory depreciation between years and understand the reasons for the differences.
- Check the form to verify the correctness of inventory age classification.
- Verify the rationality of the basic assumptions used in calculating the net realisable value to verify the rationality of the provision of depreciation losses.
- Conduct inventory draws at the end of the year to confirm and evaluate whether the inventory is obsolete or damaged.

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

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

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

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, if we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tsu-Hsin, Chang and Cheng Hsueh, Chen.

KPMG

Taipei, Taiwan (Republic of China)

February 21 2025

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

APEX DYNAMICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023			December 31, 2024		December 31, 2023			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets					Liabilities and Equity						
Current assets:					Current liabilities:						
1100	Cash and cash equivalents (Note.6(1))	\$ 3,319,809	31	4,069,927	39	2130	Current contract liabilities (Note.6 (21))	\$ 3,955	-	1,028	-
1110	Current financial assets at fair value through profit or loss (Note.6(2))	183	-	187	-	2170	Accounts payable	63,288	1	53,481	1
1150	Notes receivable, net (Note.6(3))	4,153	-	2,294	-	2200	Other payables	120,301	1	84,838	1
1170	Accounts receivable, net (Note.6(3))	161,450	2	198,320	2	2220	Other payables-Related person (Note.7)	111	-	123	-
1180	Accounts receivable due from related parties, net (Notes.6(3) and 7)	29,065	-	23,140	-	2230	Current tax liabilities	157,476	1	208,431	2
1200	Other receivables, net (Note.6(4))	6,408	-	33,563	-	2280	Current lease liabilities (Note.6(14))	8,582	-	17,177	-
1210	Other receivables due from related parties, net (Notes.6(4) and 7)	429,514	4	499,598	5	2300	Other Current Liabilities (Note.6 (13)(15))	<u>2,774</u>	-	<u>2,751</u>	-
1220	Current tax assets	1,260	-	1,213	-	Total Current Liabilities					
130X	Inventory(Note.6(5))	1,754,165	16	1,655,482	16	<u>356,487</u> <u>3</u> <u>367,829</u> <u>4</u>					
1410	Prepayments (Note.6(6))	3,150	-	4,886	-	Non-Current Liabilities:					
1476	Other current financial assets (Note.6(11) and 8)	1,671,586	16	479,577	5	2580	Non-current lease liabilities (Note.6(14))	88,421	1	94,463	1
1479	Other current assets, others (Note.6(11))	<u>314</u>	-	<u>-</u>	-	2630	Long-term deferred revenue (Note.6(15))	5,056	-	5,377	-
Total current assets					Total Non-Current Liabilities						
<u>7,381,057</u> <u>69</u> <u>6,968,187</u> <u>67</u>					<u>95,376</u> <u>1</u> <u>101,739</u> <u>1</u>						
Non-current assets:					Total Liabilities						
1550	Investments accounted for using equity method (Note.6(7))	905,903	9	844,916	8	<u>451,863</u> <u>4</u> <u>469,568</u> <u>5</u>					
1600	Property, plant and equipment (Note.6(8). 8 and 9)	2,212,175	21	2,361,216	23	Equity (Note.6(19))					
1755	Right-of-use asset (Note.6(9))	94,038	1	108,724	1	3100	Capital stock	801,714	8	801,714	8
1780	Intangible assets (Note.6(10))	1,579	-	2,095	-	3200	Capital surplus	1,203,942	11	1,364,285	13
1840	Deferred tax assets (Note.6(18))	14,294	-	15,388	-	3300	Retained earnings	<u>8,183,558</u>	<u>77</u>	<u>7,690,910</u>	<u>74</u>
1920	Guarantee deposits paid (Note.6(11))	183	-	183	-	Total equity					
1990	Other non-current assets, others (Note.6 (11))	<u>31,848</u>	-	<u>25,768</u>	<u>1</u>	<u>10,189,214</u> <u>96</u> <u>9,856,909</u> <u>95</u>					
Total Non-current assets					Total Liabilities and Equity						
<u>3,260,020</u> <u>31</u> <u>3,358,290</u> <u>33</u>					<u>\$ 10,641,077</u> <u>100</u> <u>10,326,477</u> <u>100</u>						
Total assets					Total Liabilities and Equity						
<u>\$ 10,641,077</u> <u>100</u> <u>10,326,477</u> <u>100</u>					<u>\$ 10,641,077</u> <u>100</u> <u>10,326,477</u> <u>100</u>						

The accompanying notes are an integral part of the Parent Company only financial statements.

APEX DYNAMICS, INC.

Parent Company Only Statements Of Comprehensive Income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note.6(21) and 7)	\$ 2,379,960	100	2,132,246	100
5000	Operating costs (Note.6(5) (8) (9) (10) (14) and (22))	<u>1,184,853</u>	<u>50</u>	<u>1,043,625</u>	<u>49</u>
	Gross profit (loss) from operations	<u>1,195,107</u>	<u>50</u>	<u>1,088,621</u>	<u>51</u>
	Operating Expenses (Note.6(8) (9) (10) (14)(22) and7):				
6100	Selling expenses	36,088	1	30,662	1
6200	Administrative expenses	195,917	8	191,259	9
6300	Research and development expenses	<u>39,120</u>	<u>2</u>	<u>31,967</u>	<u>2</u>
	Total operating expenses	<u>271,125</u>	<u>11</u>	<u>253,888</u>	<u>12</u>
	Net operating income	<u>923,982</u>	<u>39</u>	<u>834,733</u>	<u>39</u>
	Non-operating income and expenses (Note.6(23)):				
7100	Interest income (Note.7)	144,579	6	158,610	8
7010	Other income	12,189	1	5,571	-
7020	Other gains and losses, net (Note.6(24))	271,121	11	29,610	1
7050	Finance costs, net (Note.6(14))	(1,189)	-	(1,333)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	<u>60,987</u>	<u>2</u>	<u>65,354</u>	<u>3</u>
	Total non-operating income and expenses	<u>487,687</u>	<u>20</u>	<u>257,812</u>	<u>12</u>
7900	Profit (loss) from continuing operations before tax	1,411,669	59	1,092,545	51
7950	Total tax expense (Note.6(18))	<u>277,650</u>	<u>11</u>	<u>219,388</u>	<u>10</u>
	Profit (loss)	<u>1,134,019</u>	<u>48</u>	<u>873,157</u>	<u>41</u>
8300	Other comprehensive income, net	-	-	-	-
8500	Total comprehensive income	<u>\$ 1,134,019</u>	<u>48</u>	<u>873,157</u>	<u>41</u>
	Earnings per share (Note 6(20))				
9750	Basic earnings per share (NT\$)	\$ <u>14.15</u>		<u>10.89</u>	
9850	Diluted earnings per share (NT\$)	\$ <u>14.44</u>		<u>10.89</u>	

The accompanying notes are an integral part of the Parent Company only financial statements.

APEX DYNAMICS, INC.

Parent Company Only Statements Of Changes In Equity

(In Thousands of New Taiwan Dollars)

			Retained earnings			Total Equity
	Ordinary shares	Capital surplus	Legal reserve	Undistributed earnings	Total	
Balance at January 1, 2023	\$ 801,714	1,524,628	869,843	6,589,281	7,459,124	9,785,466
Profit				873,157	873,157	873,157
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	873,157	873,157	873,157
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	112,409	(112,409)	-	-
Cash dividends of ordinary share	-	-	-	(641,371)	(641,371)	(641,371)
Cash dividends from Capital surplus	-	(160,343)	-	-	-	(160,343)
Balance at December 31, 2023	<u>\$ 801,714</u>	<u>1,364,285</u>	<u>982,252</u>	<u>6,708,658</u>	<u>7,690,910</u>	<u>9,856,909</u>
Balance at January 1, 2024	\$ 801,714	1,364,285	982,252	6,708,658	7,690,910	9,856,909
Profit				1,134,019	1,134,019	1,134,019
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,134,019	1,134,019	1,134,019
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	87,316	(87,316)	-	-
Cash dividends of ordinary share	-	-	-	(641,371)	(641,371)	(641,371)
Cash dividends from Capital surplus	-	(160,343)	-	-	-	(160,343)
Balance at December 31, 2024	<u>\$ 801,714</u>	<u>1,203,942</u>	<u>1,069,568</u>	<u>7,113,990</u>	<u>8,183,558</u>	<u>10,189,214</u>

The accompanying notes are an integral part of the Parent Company only financial statements.

APEX DYNAMICS, INC.

Parent Company Only Statements Of Cash Flows

(In Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 1,411,669	1,092,545
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	218,087	233,321
Amortization expenses	551	839
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	4	(60)
Interest expenses	1,189	1,333
Interest incomes	(144,579)	(158,610)
Dividend incomes	(18)	(11)
Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	(60,987)	(65,354)
Loss (gain) on disposal of property, factory and equipment	-	(1,050)
Total adjustments to reconcile profit (loss)	<u>14,247</u>	<u>10,408</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Decrease (increase) in notes receivable	(1,859)	(309)
Decrease (increase) in notes receivable	36,870	108,646
Decrease (increase) in accounts receivable due from related parties	(5,925)	42,673
Decrease (increase) in other receivable	(559)	2,561
Adjustments for decrease (increase) in inventories	(98,683)	(197,375)
Decrease (increase) in prepayments	1,736	136
Adjustments for decrease (increase) in other current assets	(314)	-
Total change in operating assets	<u>(68,734)</u>	<u>(43,668)</u>
Changes in operating liabilities		
Increase (decrease) in contract liabilities	2,927	(2,750)
Increase (decrease) in accounts payable	9,807	(44,510)
Increase (decrease) in Other payables	19,400	(16,731)
Increase in other payables – related parties	(12)	58
Adjustments for increase (decrease) in other current liabilities	(298)	333
Total changes in operating liabilities	<u>31,824</u>	<u>(63,600)</u>
Total changes in operating assets and liabilities	<u>(36,910)</u>	<u>(107,268)</u>
Total adjustments	<u>(22,663)</u>	<u>(96,860)</u>
Cash inflow (outflow) generated from operations	1,389,006	995,685
Interest received	172,377	140,253
Dividends received	18	11
Interest paid	(1,189)	(1,333)
Income taxes refund (paid)	(327,558)	(262,108)
Net cash flows from (used in) operating activities	<u>1,232,654</u>	<u>872,508</u>
Cash Flows from (used in) Investing Activities		
Acquisition of property, plant and equipment	(19,500)	(45,518)
Proceeds from disposal of property, plant and equipment	-	1,300
Decrease (increase) in other receivable- related parties	70,000	97,000
Acquisition of intangible assets	(35)	-
Decrease in other financial assets	(1,192,009)	1,581,992
Increase in other non-current assets	(22,107)	(10,393)
Net cash flows from (used in) investing activities	<u>(1,163,651)</u>	<u>1,624,381</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in guarantee deposits received	-	1,899
Payments of lease liabilities	(17,407)	(16,992)
Cash dividends paid	(801,714)	(801,714)
Net cash flows from (used in) financing activities	<u>(819,121)</u>	<u>(816,807)</u>
Net increase in cash and cash equivalents	(750,118)	1,680,082
Cash and cash equivalents at beginning of period	4,069,927	2,389,845
Cash and cash equivalents at end of period	<u>\$ 3,319,809</u>	<u>4,069,927</u>

The accompanying notes are an integral part of the Parent Company only financial statements.

APEX DYNAMICS, INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Company history

The APEX DYNAMICS, INC. (Hereinafter referred to as the "Company", named Taiwan Guangyong Power Technology Co., Ltd.), established on October 26, 1999 with the approval of the Ministry of Economic Affairs, The Taiwan Guangyong Power Technology Co., Ltd. merged with APEX DYNAMICS, INC. on December 26, 2008, and took the Company as the surviving company after the merger, It was renamed as APEX DYNAMICS, INC. on February 26, 2009, registered at No. 10, Keyuan 3rd Rd., Situn District, Taichung City, Taiwan. The main business items of the Company are the manufacture of mechanical transmission components such as precision gearbox and Mechanical Drive System Accessories.

The Company's stock has been approved for listing and trading by the Taiwan Stock Exchange, it has been officially listed on the Taiwan Stock Exchange since May 9, 2022.

2. Approval date and procedures of the financial statements:

The Company only financial statements were authorized for issuance by the Board of Directors on February 21, 2025.

3. New standards, amendments and interpretations adopted:

(1) The impact of the newly released, revised standards, interpretations and recognized by the "Financial Supervisory Commission Taiwan".

The Company began to apply the following newly revised "International Financial Reporting Standards" and "International Accounting Standards" from January 1, 2024, and it did not have a significant impact on individual financial statements.

- Amendment to "International Accounting Standards", No.1 : "Classification of Liabilities as Current or Non-current"
- Amendments to "International Accounting Standards", No.1 : "Non-Current Liabilities with Covenants"
- Amendment to "International Accounting Standards", No.7 and "International Financial Reporting Standards", No.7 : "Supplier Finance Arrangements"
- Amendments to "International Financial Reporting Standards", No.16 : "Lease-Liabilities in Sale-leaseback"

(2) The impact of haven't passed the International Financial Reporting Standards recognized by the "Financial Supervisory Commission Taiwan".

The Company began to apply the following newly revised "International Financial Reporting Standards" and "International Accounting Standards" from January 1, 2025, and will not have a significant impact on the consolidated financial statements.

- Amendments to "International Accounting Standards", No.21 : "Lack of Exchangeability"

(3) Newly released and revised standards and interpretations not yet approved by the "Financial Supervisory Commission Taiwan":

The standards and interpretations that have been issued and revised by the International Accounting Standards Board but have not yet been approved by the Financial Supervisory Commission Taiwan be relevant to the Company as follows :

Newly released or revised standards	Main revisions	Issued by the Council Effective Date
"International Financial Reporting Standards", No.18 : "Presentation and disclosure of financial statements."	<p>The new standard introduces three categories of income and expense, two income statement subtotals and a single note on management's performance measurement. These three revisions and strengthened guidance on how to segment information in financial statements lay the foundation for providing users with better and more consistent information and will impact all companies.</p> <ul style="list-style-type: none">• More structured income statements: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare financial performance across companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and stipulates that all income and expenses and losses will be classified into three new different categories based on the Company's main operating activities.• Management Performance Measurement (MPM): The new standard introduces a definition of management performance measurement and requires companies to explain in a single note to the financial statements why each measure provides useful information, how it is calculated and how it reconciles the measure with the amount recognized in accordance with IFRS accounting standards.• More granular information : The new standard includes guidance on how companies can enhance the grouping of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in the notes.	January 1, 2027

The Company is continuing to evaluate the impact of the above standards and interpretations on the financial position and operating results of the Company. The relevant impact will be disclosed when the evaluation is completed.

The Company expects that the following other unrecognized newly issued and revised standards will not have a significant impact on financial statements.

- Amendments to "International Financial Reporting Standards" No.10 and "International Accounting Standards" No.28 "Asset sale or investment between investors and their affiliates or joint ventures" .
- "International Financial Reporting Standards" No.17 : "Contract of Insurance" ,and amendments to "International Financial Reporting Standards" No.17.
- "International Financial Reporting Standards" No.19 : "Updating the Subsidiaries without Public Accountability : Disclosures" .
- "International Financial Reporting Standards" No.9 and amendments to "International Financial Reporting Standards" No.7" Amendments to the Classification and Measurement of Financial Instruments" .
- Annual Improvements to "International Financial Reporting Standards" Accounting Standards.
- Amendments to "International Financial Reporting Standards" No. 9 and No. 7 "Nature - dependent electricity contract".

4. Summary of significant accounting policies:

A summary of the significant accounting policies adopted in this individual financial statement is as follows. The following accounting policies have been consistently applied to all periods presented in this individual financial statements.

(1) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of financial statements by Securities Issuers

(2) Basis of preparation

A. Basis of measurement

Except for financial assets measured at fair value through profit or loss, which are measured at fair value, this individual financial statements has been prepared on a historical cost basis.

B. Functional and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. This individual financial statement is expressed in New Taiwan dollars, the Company's functional currency. All financial information expressed in New Taiwan dollars is in thousands of New Taiwan dollars.

(3) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency exchange differences arising from translation are normally recognized in profit or loss.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current when :

- A. It is expected to be realized, or intended to be sold or consumed, during the normal operating cycle.
- B. It is held primarily for the purpose of trading.
- C. It is expected to be realized within twelve months after the reporting period.
- D. The asset is cash and cash equivalent (As defined in International Accounting Standard No.7), 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. It is expected to be settled within the Company's normal operating cycle.
- B. It is held primarily for the purpose of trading.
- C. The liability is due for settlement within twelve months after the reporting period; or
- D. At the end of the reporting period, there is no right to defer the settlement of the liability for at least twelve months after the reporting period .

(5) Cash and cash equivalents

Cash comprises cash on hand, check deposits and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in their fair value.

(6) Financial instruments

Account receivables initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – debt investment, FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

When a financial asset meets the following conditions at the same time and is not designated as measured at fair value through profit or loss, it is measured at cost after amortization:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The contractual terms of the financial asset generate cash flows on specified dates that are exclusively payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on termination of confirmation is recognized in profit or loss.

(b) Financial assets at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss, including derivative financial assets. (For example, holding financial assets for trading and managing purposes on a fair value basis for evaluating performance.) At the time of original recognition, in order to eliminate or significantly reduce the improper accounting ratio, the Company may irrevocably designate financial assets that meet the conditions of measuring at amortized cost or at fair value through other comprehensive profit and loss as at fair value through profit or loss. Financial assets measured by value.

These assets are subsequently measured at fair value and the net gain or loss, including any dividend and interest income, is recognized in profit or loss.

(c) Impairment of financial assets

The Company's financial assets (including cash and cash equivalents, notes receivable and accounts receivable, other receivables, deposits and other financial assets, etc.) measured at cost after amortization) an allowance for loss is recognized.

The following financial assets are measured against allowance losses based on twelve-month expected credit loss amounts, the rest are measured by the amount of expected credit losses during the duration:

- Debt securities are judged to have low credit risk at the reporting date, and;
- The credit risk of other debt securities and bank deposits (the risk of default during the expected life of the financial instrument) has not increased significantly since original recognition.

The allowance for losses on accounts receivable is measured based on the expected credit losses during the duration.

When determining whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and verifiable information (obtainable without excessive cost or investment), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluation and forward-looking information.

If the contract payment is overdue for more than 90 days, the Company assumes that the credit risk of the financial asset has increased significantly.

If the contract payment is overdue for more than 120 days, or the borrower is unlikely to fulfill its credit obligations to pay the full amount to the Company, the Company considers the financial asset to be in default.

The expected credit loss during the duration refers to the expected credit loss arising from all possible default events during the expected duration of the financial instrument.

Twelve-month expected credit loss refers to the expected credit loss arising from possible default events of financial instruments within twelve months after the reporting date, or a shorter period if the expected life of the financial instrument is less than twelve months.

The longest period for measuring expected credit losses is the longest contractual period over which the Company is exposed to credit risk.

Expected credit loss is a probability-weighted estimate of credit loss during the expected life of a financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Company can receive under the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the financial asset's effective interest rate.

The Company assesses whether financial assets measured at amortized cost are credit-impaired at each reporting date. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred.

An allowance for a financial asset carried at amortized cost is deducted from the asset's carrying amount and the amount of the allowance or reversal is recognized in profit or loss.

When the Company cannot reasonably expect to recover all or part of the financial assets, it directly reduces the total book value of its financial assets. The Company analyzes the timing and amount of write-offs individually on the basis of whether it is reasonably expected to be recoverable. The Company does not anticipate a material reversal of the amount written off. However, written-off financial assets are still enforceable to comply with the Company's procedures for recovering overdue amount.

(d) Delisting of Financial Assets

The Company only terminates its contractual rights to the cash flows from the asset, or has transferred the financial asset and substantially all the risks and rewards of ownership of the asset have been transferred to another enterprise, financial assets are declassified when they have neither transferred nor retained substantially all the risks and rewards of ownership nor retained control over the financial asset.

If the Company enters into a transaction to transfer financial assets, if it retains all or substantially all the risks and rewards of ownership of the transferred assets, it will continue to recognize in the balance sheet.

B. Financial Liabilities and Equity Instruments

(a) Classification of liabilities or equity

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity instruments.

(b) Equity transaction

An equity instrument is any contract that recognizes the Company's remaining interest in an asset less all of its liabilities. The equity instruments issued by the Company are recognized at the amount obtained after deducting the direct issuance costs.

(c) Treasury Stock

When repurchasing the recognized equity instruments of the Company, the consideration paid (including directly attributable costs) shall be recognized as a decrease in equity. Shares repurchased are classified as treasury stocks. Subsequent sales or reissue of treasury stocks, the amount received is recognized as an increase in equity, and the surplus or loss resulting from the transaction is recognized as capital surplus or retained earnings (if the capital surplus is insufficient to offset).

(d) Financial Liabilities

Financial liabilities are classified as either amortized cost or fair value through profit or loss. Financial liabilities are classified as fair value through profit or loss if they are held for trading, derivatives or designated at original recognition. Financial liabilities

at fair value through profit or loss are measured at fair value, and the related net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at cost after amortization using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) **Delisting of Financial Liabilities**

The Company delists financial liabilities when the contractual obligations have been fulfilled, canceled or expired. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the modified liabilities, the original financial liabilities shall be excluded, and based on the revised terms, new financial liabilities are recognized at fair value.

When a financial liability is delisted, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities can only be offset and expressed on the balance sheet with a net amount when the Company currently has a legally enforceable right to offset each other and intends to deliver with a net amount or realize assets and liquidate liabilities at the same time.

(7) Inventory

Inventories are measured at the lower of cost and net realizable value. Costs include acquisition, production or processing costs and other costs incurred to bring them to the usable location and state, and are calculated using the weighted average method. The cost of finished goods and work-in-progress inventories includes manufacturing overhead apportioned in appropriate proportions based on normal production capacity.

Net realizable value refers to the estimated selling price under normal business conditions less the estimated cost to complete the project and the estimated cost to complete the sale.

(8) Investment Subsidiary

When preparing the individual financial statements, the Company adopts the equity method to evaluate the controlling invested company. Under the equity method, the current profit and loss and other comprehensive profit and loss in the individual financial statements are the same as the share of the current profit and loss and other comprehensive profit and loss attributable to the owner of the Parent Company in the financial statements prepared on the basis of consolidation, and the owner's equity in the individual financial statements is the same as the equity attributable to the owner of the Parent Company in the financial statements prepared on the basis of consolidation.

If the Company's change in the ownership interest of a subsidiary does not result in a loss of control, it shall be treated as an equity transaction with the owner.

(9) Property, Plant and Equipment

A. **Recognition and Measurement**

Property, plant and equipment are recognized and measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment losses.

When the useful life of major components of real estate, plant and equipment is different, they are treated as separate items (main components) of real estate, plant and equipment.

Gains or losses on the disposal of property, plant and equipment are recognized in profit or loss.

B. Subsequent Costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

C. Depreciation

Depreciation is calculated as the asset's cost less its salvage value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- (a) Housing and buildings: 3~50 years
- (b) Machinery and equipment: 2~15 years
- (c) Other equipment: 2~10 years

The Company reviews the depreciation method, useful life and salvage value on each reporting date, and makes appropriate adjustments when necessary.

(10) Lease

The Company assesses whether a contract is or contains a lease at the date the contract is formed. A contract is or contains a lease if the contract transfers control over the use of an identified asset for a period of time in exchange for consideration.

A. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease commencement date, and the right-of-use assets are originally measured at cost, this cost includes the original measure of the lease liability, adjust any lease payments made on or before the lease commencement date, plus the original direct costs incurred and the estimated costs of dismantling, removing and restoring the location or the subject asset, less any rental incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the expiry of the useful life of the right-of-use asset or the expiry of the lease term, whichever is earlier, in addition, the Company regularly assesses whether the right-of-use assets have been impaired and deals with any impairment losses that have occurred, and adjust the right-of-use asset in conjunction with the re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the lease inception date. If the interest rate implied by the lease is easy to determine, the discount rate is that rate, if it is not easy to determine, use the Company's incremental borrowing rate. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include:

- (a) Fixed payments, including in-substance fixed payments.
- (b) Variable lease payments that depend on an index or rate, using the index or rate at lease commencement as the original measure
- (c) The residual value guarantee amount expected to be paid, and
- (d) The exercise price or penalty payable when it is reasonably certain that the purchase option or lease termination option will be exercised.

Subsequent accrual of interest on lease liabilities using the effective interest method, and measure its amount again when:

- (a) Changes in the index or rate used to determine lease payments lead to changes in future lease payments.
- (b) There is a change in the residual value guarantee amount expected to be paid.
- (c) There is a change in the valuation of the underlying asset purchase option.

(d) There have been changes in the estimation of whether to exercise the option or terminate, and evaluated changes the assessment of the lease period.

(e) Modify of the subject matters or scope other terms of the lease.

Lease liabilities due to changes in the aforementioned index or rate used to determine lease payments, when there is a change in the residual value guarantee amount and a change in the evaluation of the purchase, extension or termination option and is re-measured, the book value of the right-of-use asset should be adjusted accordingly, when the carrying amount of the right-of-use asset is reduced to zero, the remaining re-measured amount is recognized in profit or loss.

For a lease modification that reduces the scope of the lease, it reduces the carrying amount of the right-of-use asset to reflect partial or full termination of the lease, the difference between this and the re-measured amount of the lease liability is recognized on profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

If the agreement contains lease and non-lease components, the Company allocates the consideration in the contract to the individual lease components on a relative stand-alone price basis. Unless, when leasing land and buildings, the Company chooses not to distinguish "non-lease components", but treats "lease components" and "non-lease components" as "single lease components" for processing. For short-term leases of office equipment and leases of low-value underlying assets, The Company elects not to recognize a right-of-use asset and a lease liability, relevant lease payments are recognized as expenses during the lease period on a straight-line basis.

Beginning January 1, 2022, when the basis for determining future lease payments is changed due to changes in interest rate indicators, the Company uses a revised discount rate that reflects changes in another index interest rate, the lease liability is measured by discounting the revised lease payments. The Company is for all rental concessions that meet all of the following conditions, choose to apply the practical expedient and not assess whether it is a lease modification:

(a) Rent Concessions as a Direct Result of the COVID-19 Pandemic

(b) Changes in lease payments that result in the modified lease consideration being almost the same or less than the lease consideration before the change

(c) Any reduction in lease payments will only affect payments originally due before June 30, 2022, and

(d) There are no material changes to the other terms and conditions of the lease

Under the practical expedient method, when rental concessions lead to changes in lease payments, the changes are recognized in profit or loss when the event or situation that initiates rental concessions occurs.

B. Lessor

The transaction in which the Company is the lessor is to classify the lease contract according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying asset on the date of establishment of the lease, if so, it is classified as a finance lease, otherwise it is classified as an operating lease. When evaluating, the Company considers relevant specific indicators including whether the lease period covers the main part of the economic life of the underlying asset.

If the agreement includes lease and non-lease components, the Company's International Financial Reporting Standards No. 15 allocates the consideration in the contract.

(11) Intangible assets

A. Recognition and Measurement

Expenses related to research activities are recognized in profit or loss when incurred.

Development expenditures are made only when they can be reliably measured, the technical or commercial feasibility of the product or process has been achieved, and future economic benefits are likely to flow into the Company, and capitalization begins when the Company intends and has sufficient resources to complete the development and use or sell the asset. Other development expenditures are recognized in profit or loss as incurred. After original recognition, capitalized development expenditures are measured at their cost less accumulated amortization and accumulated impairment.

The Company acquires other intangible assets with limited useful life, including patent rights and trademark rights, etc., it is measured by the amount after deducting accumulated amortization and accumulated impairment losses from cost.

B. Subsequent Expenditure

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset concerned. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

C. Amortization

Amortization, other than goodwill, is calculated as the cost of the asset less the estimated residual value and is recognized in profit or loss using the straight-line method from the time the intangible asset is ready for use over its estimated useful life.

The estimated useful lives for the current and comparative periods are as follows:

(a) Computer software: 2~5 years

(b) Patent right: 4~25 years

(c) Trademark rights: 10 years

The Company reviews the amortization method, useful life and residual value of intangible assets on each reporting date and makes appropriate adjustments when necessary.

(12) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of the non-financial asset may have been impaired (except for inventories and deferred tax assets). If any indication exists, estimate the asset's recoverable amount. Goodwill is regularly tested for impairment every year.

For the purposes of impairment testing, a group of assets whose cash inflows are largely independent of those of other individual assets or groups of assets is the smallest identifiable group of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit less disposal costs and its value in use. When assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate, the discount rate should reflect current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. Impairment losses are recognized if the recoverable amount of an individual asset or cash-generating unit is lower than its carrying amount. Impairment losses are recognized immediately in profit or loss for the current period, and first reduce the book amount of the apportioned goodwill of the cash-generating unit, and then reduce the book amount of each asset in proportion to the book amount of other assets in the unit.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are only reversed within the range not exceeding the carrying amount determined when the asset has not recognized the impairment loss in the previous year (depreciation or amortization) .

(13) Recognition of Income

Revenue from customer contracts

Revenue is measured by the consideration to which goods or services are transferred and to which they are expected to be entitled. Revenue is recognized when the Company's control of the goods or services is transferred to the customer and the performance obligations are met. The Company's main income items are explained as follows:

A. Sales of Goods

The Company mainly manufactures precision reducer and Mechanical Drive System Components Accessories. The Company recognizes revenue when control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, customers can completely determine the sales channels and prices of products, and has no unfulfilled obligations that would affect the customer's acceptance of the product. Delivery occurs, when the product is shipped and the risk of obsolescence and loss has passed to the customer, and when the customer has accepted the product according to the sales contract, the acceptance clause has become invalid, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable when the control of the goods is transferred, because the Company has the unconditional right to receive the consideration at that point in time.

B. Financial Composition

The Company expects that the time interval between the time when all customer contracts transfer goods or services to the customer and the time when the customer pays for the goods or services will not exceed one year. Therefore, the Company does not adjust the time value of money of the transaction price.

(14) Government Subsidy

When the Company can receive government subsidies, the unconditional subsidies are recognized as other income. For other subsidies related to assets, when the Company can reasonably believe that the conditions attached to the government subsidy will be followed and the subsidy will be received, it will be recognized in deferred income at fair value, and recognize the deferred income as other income on a systematic basis within the useful life of the asset. Government grants to compensate for the expenses or losses incurred by the Company shall be recognized in profit or loss on a systematic basis and related expenses at the same time

(15) Employee Benefits

A. Confirm allocation plan

The contribution obligation of the defined contribution pension plan is recognized as an expense during the service period of the employee.

B. Short-term Employee Benefits

Short-term employee benefit obligations are recognized as an expense when services are rendered. If the Company has a current legal or constructive payment obligation due to the past service provided by the employee, and the obligation can be reliably estimated, the amount is recognized as a liability.

(16) Income Tax

Income tax includes current and deferred income tax. Current income tax and deferred income tax shall be recognized in profit or loss, except for those related to business combination, directly recognized in equity or other items related to the comprehensive income.

Current income tax includes the estimated income tax payable or tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to prior year tax payable or tax refund receivable. The amount is the best estimate of the amount expected to be paid or received based on the statutory tax rate or substantive legislative tax rate on the reporting date.

Deferred income tax is recognized by measuring temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Temporary differences arising from the following situations are not recognized as deferred income tax:

- A. Assets or liabilities originally recognized in a transaction that is not a business combination and does not affect accounting profits and taxable income (losses) and there has not yet been generated an equal tax liability and deductible temporary differences.
- B. Temporary differences arising from investment in subsidiaries, affiliated enterprises and joint venture interests, the Company can control the timing of the reversal of the temporary difference and it is very likely that the reversal will not occur in the foreseeable future, and:
- C. Taxable and temporary differences arise from the original recognition of goodwill.

For unused tax losses and unused income tax credits in the post-transition period, and deductible temporary differences, to the extent that future taxable income is likely to be available for use, they are recognized as deferred income tax assets. And it will be reassessed on each reporting date, and the relevant income tax benefits will be adjusted to the extent that it is not likely to be realized, or reverse the original reduced amount within the scope that it is likely to have sufficient taxable income. Deferred income tax is measured at the tax rate when the temporary difference is expected to reverse, and is based on the statutory tax rate or substantive legislative tax rate at the reporting date.

The Company will offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met at the same time:

- A. Has the legally enforceable right to offset current income tax assets against current income tax liabilities, and
- B. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers whose income tax is levied by the same tax authority:
 - (a) The same taxpayer, or
 - (b) Different taxpayers, but each subject intends to settle current income tax liabilities and assets on a net basis, or realize assets and settlement simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled debt.

(17) Earnings per Share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's common stock. The Company's basic earnings per share is calculated by dividing the profit or loss attributable to the Company's common stock holders by the weighted average number of common shares outstanding in the current period. Earnings per share is calculated by adjusting the profit and loss attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding, respectively, after adjusting the impact of all potential dilutive ordinary shares. The Company's potentially dilutive common stock includes employee compensation estimates.

(18) Department Information

The Company has disclosed departmental information in the consolidated financial statements, so the individual financial statement does not disclose departmental information.

5. Major sources of uncertainty in major accounting judgments, estimates and assumptions

When preparing this individual financial statements, management must make judgments and estimates about the future (including climate-related risks and opportunities) that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Management continuously reviews estimates and underlying assumptions. In alignment with the risk management and climate-related commitments of its consolidated companies, changes in estimated values are recognized in the period of change and deferred to the affected future periods.

The uncertainty of the following assumptions and estimates presents a significant risk of substantial adjustments to the carrying amounts of assets and liabilities in the next financial year. The relevant information is as follows:

Inventory Evaluation

Since inventories are measured at the lower of cost and net realizable value, The Company evaluates the amount of inventory on the reporting date due to normal wear and tear, obsolescence or no market value, and reduce the cost of inventories to net realizable value. This inventory evaluation is mainly based on the estimated demand for products in a specific period in the future. Therefore, there may be major changes due to rapid changes in the industry. Please refer to Note.6 (5) for the details of inventory evaluation and valuation.

6. Explanation of Important Accounting Items

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 635	430
Demand deposit	158,112	98,709
Time deposit	401,965	3,970,788
Cash equivalents - Commercial paper	<u>2,759,097</u>	<u>-</u>
Cash and cash equivalents listed in the cash flow statement	<u>\$ 3,319,809</u>	<u>4,069,927</u>

Please refer to Note.6 (24) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

Please refer to Note.6 (11) for details of the Company's time deposits of more than three months.

(2) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss:	December 31, 2024	December 31, 2023
Non - effective hedging instrument		
Beneficiary certificate - Fund	<u>\$ 183</u>	<u>187</u>

Please refer to Note.6 (23) for the amount recognized in profit or loss at fair value.

For market risk information, please refer to Note.6 (25).

(3) Notes receivable and Accounts receivable (including related parties)

	December 31, 2024	December 31, 2023
Notes receivable - Due to business	\$ 4,355	2,496
Less: Allowance for losses	<u>(202)</u>	<u>(202)</u>
	<u>\$ 4,153</u>	<u>2,294</u>
Accounts receivable - Measured at amortized cost	\$ 161,465	198,335
Accounts receivable - Related parties - Amortized cost measure	29,065	23,140
Less: Allowance for losses	<u>(15)</u>	<u>(15)</u>
	<u>\$ 190,515</u>	<u>221,460</u>

The Company uses a simplified approach to estimate expected credit losses for all notes receivable and accounts receivable (including related parties), that is, it is measured by the expected credit loss during the duration, for this measurement purpose, Notes receivable and accounts receivable (including related parties) are grouped according to the common credit risk characteristics representing the customer's ability to pay all due amounts in accordance with the terms of the contract, And has incorporated forward-looking information, including general economic and related industry information.

The expected credit loss analysis of the Company's Notes receivable and Accounts receivable (including related parties) is as follows:

		December 31, 2024		
	Notes receivable and Accounts receivable Amount	Weighted average expected credit loss rate	Duration of allowance expected credit losses.	
Not overdue	<u>\$ 194,885</u>	0.111%	<u>217</u>	
		December 31, 2023		
	Notes receivable and Accounts receivable Amount	Weighted average expected credit loss rate	Duration of allowance expected credit losses	
Not overdue	<u>\$ 223,971</u>	0.097%	<u>217</u>	

The Company's Notes receivable and Accounts receivable (including related parties) allowance loss changes table is as follows:

	Years Ended December 31	
	2024	2023
Closing balance (i.e. opening balance)	<u><u>\$ 217</u></u>	<u><u>217</u></u>

As of December 31, 2024 and 2023, the Company's Notes receivable and Accounts receivable (including related parties) are not discounted or provided as collateral.

Please refer to Note 6 (24) for the credit and exchange rate risks of the Company's Notes receivable and Accounts receivable (including related parties).

(4) Other receivables

	December 31, 2024	December 31, 2023
Other receivables-Capital loans and subsidiaries	\$ 429,000	499,000
Other receivables- Other (including related parties)	6,922	34,161
Less: Allowance for losses	-	-
	<u><u>\$ 435,922</u></u>	<u><u>533,161</u></u>

For the remaining credit risk information, please refer to Note 6 (24).

(5) Inventory

	December 31, 2024	December 31, 2023
Raw material	\$ 198,373	194,691
Semi - finished product	1,062,886	986,132
Work in Process	390,673	386,665
Manufactures	<u>102,233</u>	<u>87,994</u>
	<u><u>\$ 1,754,165</u></u>	<u><u>1,655,482</u></u>

The cost of goods sold is detailed as follows:

	Years Ended December 31	
	2024	2023
Inventory sale transfer	\$ 1,184,558	1,064,259
Inventory price recovery benefit	12,290	(4,406)
Scrap income	(13,567)	(17,024)
Other	<u>1,572</u>	<u>796</u>
	<u><u>\$ 1,184,853</u></u>	<u><u>1,043,625</u></u>

As of December 31, 2024 and 2023, the Company's inventory has not been pledged as a guarantee.

(6) Prepayments

The details of the Company's prepayment are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Advance payment	\$ 1,124	3,410
Prepaid expenses	<u>2,026</u>	<u>1,476</u>
	<u>\$ 3,150</u>	<u>4,886</u>

(7) Investments using the equity method

The Company's investments using the equity method on the reporting date are listed as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
MILLENNIUM VEE HOTEL TAICHUNG	<u>\$ 905,903</u>	<u>844,916</u>

A. Subsidiaries

Please refer to the 2024 consolidated financial statements.

B. Guarantee

For the year ended December 31, 2024 and 2023, the Company's investment using the equity method did not provide pledge guarantees.

(8) Property, plant and equipment

The details of the cost and depreciation of the Company's real estate, plant and equipment for the year ended December 31, 2024 and 2023 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Mechanical equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1, 2024	\$ 201,218	2,751,766	3,071,635	456,101	6,480,720
Additions	-	5,962	16,626	12,975	35,563
Disposals	-	-	(238)	(60)	(298)
Reclassifications	-	-	2,804	13,223	16,027
Balance at December 31, 2024	<u>\$ 201,218</u>	<u>2,757,728</u>	<u>3,090,827</u>	<u>482,239</u>	<u>6,532,012</u>
Balance at January 1, 2023	\$ 201,218	2,747,667	3,060,553	446,575	6,456,013
Additions	-	7,153	20,513	8,357	36,023
Disposals	-	(3,201)	(20,744)	(854)	(24,799)
Reclassifications	-	147	11,313	2,023	13,483
Balance at December 31, 2023	<u>\$ 201,218</u>	<u>2,751,766</u>	<u>3,071,635</u>	<u>456,101</u>	<u>6,480,720</u>
Depreciation					
Balance at January 1, 2024	\$ -	969,416	2,830,098	319,990	4,119,504
Depreciation	-	85,539	84,276	30,816	200,631
Disposals	-	-	(238)	(60)	(298)
Balance at December 31, 2024	<u>\$ -</u>	<u>1,054,955</u>	<u>2,914,136</u>	<u>350,746</u>	<u>4,319,837</u>
Balance at January 1, 2023	\$ -	882,275	2,750,913	294,763	3,927,951
Depreciation	-	90,342	99,679	26,081	216,102
Disposals	-	(3,201)	(20,494)	(854)	(24,549)
Balance at December 31, 2023	<u>\$ -</u>	<u>969,416</u>	<u>2,830,098</u>	<u>319,990</u>	<u>4,119,504</u>
Carrying amounts:					
Balance at December 31, 2024	<u>\$ 201,218</u>	<u>1,702,773</u>	<u>176,691</u>	<u>131,493</u>	<u>2,212,175</u>
Balance at January 1, 2023	<u>\$ 201,218</u>	<u>1,865,392</u>	<u>309,640</u>	<u>151,812</u>	<u>2,528,062</u>
Balance at December 31, 2023	<u>\$ 201,218</u>	<u>1,782,350</u>	<u>241,537</u>	<u>136,111</u>	<u>2,361,216</u>

Please refer to Note.8 for the details of bank loans and financing line guarantees as of December 31, 2024 and 2023.

(9) Right of use asset

The cost and depreciation of the Company's leased land, buildings and other equipment, etc., the details of the changes for the year ended December 31, 2024 and 2023 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost			
Balance at January 1, 2024	\$ 192,619	958	193,577
Addition	2,770	-	2,770
Disposals	<u>(51,566)</u>	<u>-</u>	<u>(51,566)</u>
Balance at December 31, 2024	<u>\$ 143,823</u>	<u>958</u>	<u>144,781</u>
Balance at January 1, 2023	\$ 192,615	958	193,573
Addition	<u>4</u>	<u>-</u>	<u>4</u>
Balance at December 31, 2023	<u>\$ 192,619</u>	<u>958</u>	<u>193,577</u>
Depreciation			
Balance at January 1, 2024	\$ 84,559	294	84,853
Depreciation	17,235	221	17,456
Disposals	<u>(51,566)</u>	<u>-</u>	<u>(51,566)</u>
Balance at December 31, 2024	<u>\$ 50,228</u>	<u>515</u>	<u>50,743</u>
Balance at January 1, 2023	\$ 67,561	73	67,634
Depreciation	<u>16,998</u>	<u>221</u>	<u>17,219</u>
Balance at December 31, 2023	<u>\$ 84,559</u>	<u>294</u>	<u>84,853</u>
Book Value			
December 31, 2024	<u>\$ 93,595</u>	<u>443</u>	<u>94,038</u>
January 1, 2023	<u>\$ 125,054</u>	<u>885</u>	<u>125,939</u>
December 31, 2023	<u>\$ 108,060</u>	<u>664</u>	<u>108,724</u>

(10) Intangible Assets

The details of the cost and amortization of the Company's intangible assets for the year ended December 31, 2024 and 2023 are as follows:

	<u>Patent Right</u>	<u>Computer Software</u>	<u>Trademark Rights</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 2,894	26,110	195	29,199
Reclassification	<u>-</u>	<u>-</u>	<u>35</u>	<u>35</u>
Balance at December 31, 2024	<u>\$ 2,894</u>	<u>26,110</u>	<u>230</u>	<u>29,234</u>
Balance at January 1, 2023	\$ 2,829	26,110	162	29,101
Obtained separately	<u>65</u>	<u>-</u>	<u>33</u>	<u>98</u>
Balance at December 31, 2023	<u>\$ 2,894</u>	<u>26,110</u>	<u>195</u>	<u>29,199</u>
Amortization:				
Balance at January 1, 2024	\$ 1,454	25,492	158	27,104
Amortization	<u>140</u>	<u>402</u>	<u>9</u>	<u>551</u>
Balance at December 31, 2024	<u>\$ 1,594</u>	<u>25,894</u>	<u>167</u>	<u>27,655</u>
Balance at January 1, 2023	\$ 1,306	24,813	146	26,265
Amortization	<u>148</u>	<u>679</u>	<u>12</u>	<u>839</u>
Balance at December 31, 2023	<u>\$ 1,454</u>	<u>25,492</u>	<u>158</u>	<u>27,104</u>
Book Value:				
Balance at December 31, 2024	<u>\$ 1,300</u>	<u>216</u>	<u>63</u>	<u>1,579</u>
Balance at January 1, 2023	<u>\$ 1,523</u>	<u>1,297</u>	<u>16</u>	<u>2,836</u>
Balance at December 31, 2023	<u>\$ 1,440</u>	<u>618</u>	<u>37</u>	<u>2,095</u>

A. Amortizations

The amortization expenses of intangible assets for the year ended December 31, 2024 and 2023 are presented in the following items in the consolidated income statement:

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Operating expenses	<u>\$ 551</u>	<u>839</u>

B. Guarantee

As of December 31, 2024 and 2023, the Company's intangible assets have not been provided as collateral.

(11) Other current assets and other non-current assets

The details other current assets and other non-current assets of the Company are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other current asset:		
Pending payment	\$ 314	-
Other financial assets:		
Deposit account: More than three months, less than one year	1,655,000	473,000
Guarantee deposits	<u>16,586</u>	<u>6,577</u>
	<u>\$ 1,671,586</u>	<u>479,577</u>
Other non-current assets:		
Prepayments for equipment	\$ 31,848	25,768
Guarantee deposits paid	<u>183</u>	<u>183</u>
	<u>\$ 32,031</u>	<u>25,951</u>

Please refer to Note 8 for the details of pledge guarantee.

(12) Short-term loan

The details of the Company's short-term loans are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unused quota	<u>\$ 4,000,000</u>	<u>4,000,000</u>

Please refer to Note 8 for the details of the Company's guarantee for bank loans with assets.

(13) Other current liabilities and other non-current liabilities

The details of other current liabilities and other non-current liabilities of the Company are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other current liabilities:		
Deferred revenue: current	\$ 323	386
Receipts under custody	1,858	1,772
Other	<u>593</u>	<u>593</u>
	<u>\$ 2,774</u>	<u>2,751</u>
Other noncurrent liabilities:		
Guarantee deposits received	<u>\$ 1,899</u>	<u>1,899</u>

Please refer to Note.6 (15) for the details of the deferred revenue - current.

(14) Lease liability

The carrying amounts of the Company's lease liabilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current liabilities	<u>\$ 8,582</u>	<u>17,177</u>
Non - current liabilities	<u>\$ 88,421</u>	<u>94,463</u>

For maturity analysis, please refer to Note 6 (24) Financial Instruments.

The amounts recognized in profit or loss for leases, are as follows:

	<u>Years Ended December 31 2024</u>	<u>2023</u>
Interest expense on the lease liability	<u>\$ 1,159</u>	<u>1,324</u>
Expenses for short-term leases or low-value leases	<u>\$ 305</u>	<u>310</u>

Leases are recognized in the cash flow statement in the following amounts:

	<u>Years Ended December 31 2024</u>	<u>2023</u>
Total cash outflows from leases	<u>\$ 18,871</u>	<u>18,626</u>

A. Leasing of lands and buildings

The Company leases land, buildings, and structures for use as offices and factories, with lease terms ranging from four to twenty years, some leases contain an option to extend the lease term for the same period as the original contract upon expiry of the lease term.

B. Other lease

The lease period the Company for leasing office equipment is three years, and other leases are short-term or low-value leases, the Company chooses to apply the exemption recognition requirements and not recognize its related right-of-use assets and lease liabilities.

(15) Deferred revenue

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current (Included in other current liabilities)	\$ 323	386
Non - current	<u>5,056</u>	<u>5,377</u>
Deferred revenue - Government subsidy	<u>\$ 5,379</u>	<u>5,763</u>

In 2022, the Company obtained low-interest loans from E.SUN Bank project of NT\$1,064,100 thousand, based on the market interest rate at the time of the loan, the fair value of the loan was estimated at NT\$1,056,300 thousand. The difference between the acquired amount and the fair value of the loan is NT\$7,800 thousand, which is regarded as government low-interest loan subsidies, and recognize deferred revenue.

According to the contract, the loan is used to build factories and purchase equipment, Recognition of subsidy income according to the period of use of the asset.

For the year ended December 31, 2024 and 2023, the Company recognizes subsidy income of NT\$384 thousand and NT\$390 thousand respectively, which are listed under other income.

(16) Operating lease

The Company leases some offices. Since substantially all the risks and rewards attached to the ownership of the underlying assets are not transferred, these lease contracts are classified as operating leases.

The maturity analysis of lease payments as of December 31, 2024, using the reported total undiscounted lease payments to be received in the future, is presented in as follows:

	<u>December 31, 2024</u>
less than one year	\$ 10,986
one to two years	11,176
two to three years	11,316
three to four years	11,512
four to five years	11,656
More than five years	<u>6,917</u>
Total undiscounted lease payments	<u>\$ 63,563</u>

The amount of rental revenue generated from operating leases for the year ended December 31, 2024 was NT\$10,851 thousand.

(17) Employee benefits

The Company's definite allocation plan is in accordance with the provisions of the Labor Pension Act, and is allocated to the Labor Insurance Bureau's individual labor pension account at a contribution rate of 6% of the monthly salary of the employee. After the Company allocates a fixed amount to the Labor Insurance Bureau under this plan, there is no legal or constructive obligation to pay additional amounts.

The Company's 2024 and 2023 pension expenses under the definite appropriation pension method are NT\$15,231 thousand and NT\$15,784 thousand respectively, which have been allocated to the Bureau of Labor Insurance.

(18) Income tax

A. The income tax for the year ended December 31, 2024 and 2023 expense were as follows:

	Years Ended December 31	
	2024	2023
Current income tax expense		
Current period incurred	\$ 271,825	205,281
Undistributed retained earnings	7,224	18,515
Investment tax credit	(1,234)	(1,377)
Prior years income tax adjustment	<u>(1,259)</u>	<u>(2,343)</u>
	<u>276,556</u>	<u>220,076</u>
Deferred tax expense		
Origin and reversal of temporary difference	(1,364)	193
Changes in unrecognized temporary differences	<u>2,458</u>	<u>(881)</u>
	<u>1,094</u>	<u>(688)</u>
Income tax expense	<u>\$ 277,650</u>	<u>219,388</u>

The Company has no income tax directly recognized under equity for the year ended December 31, 2024 and 2023.

The relationship between the Company's 2024 and 2023 income tax expenses and net profit before tax is adjusted as follows:

	Years Ended December 31	
	2024	2023
Profit excluding income tax	<u>\$ 1,411,669</u>	<u>1,092,545</u>
Income tax using the Company's domestic tax rate	\$ 282,334	218,509
The impact of the tax burden adjusted in accordance with the tax law	1	(12)
Non-deductible expenses	610	603
Tax-free income	(4)	(2)
Changes in unrecognized temporary differences	2,458	(881)
Prior years income tax adjustment (overestimated)	(1,259)	(2,343)
Levy-Undistributed retained earnings	7,224	18,515
Investment tax credits	(1,517)	(1,930)
Impact of investment gains or losses tax recognized in accordance with equity law	<u>(12,197)</u>	<u>(13,071)</u>
Income tax expenses	<u>\$ 277,650</u>	<u>219,388</u>

B. Deferred tax assets

(a) Unrecognized deferred tax assets

	December 31, 2024	December 31, 2023
Deductible temporary differences	<u>\$ 115,210</u>	<u>102,920</u>

(b) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the year ended December 31, 2024 and 2023 were as follows:

	Unrealized Allowance for Inventory valuation and obsolescence loss	Unrealized Foreign Exchange Losses	Total
Deferred tax assets:			
Balance at January 1, 2024	\$ 14,032	1,356	15,388
Credit - Recognize as profit or loss	<u>-</u>	<u>(1,094)</u>	<u>(1,094)</u>
Balance at December 31, 2024	<u>\$ 14,032</u>	<u>262</u>	<u>14,294</u>
Balance at January 1, 2023	\$ 14,032	1,032	15,064
Debit -Recognized as profit or loss	<u>-</u>	<u>324</u>	<u>324</u>
Balance at December 31, 2023	<u>\$ 14,032</u>	<u>1,356</u>	<u>15,388</u>
	Unrealized Foreign Exchange Gain		
Deferred tax liabilities:			
Balance at January 1, 2023	\$ 364		
Credit- Recognized as profit or loss	<u>(364)</u>		
Balance at December 31, 2023	<u>\$ -</u>		

C. Income tax verification situation

The Company's profit-seeking enterprise income tax settlement declaration has been approved by the tax collection agency until 2022.

(19) Capital and other equity

For the year ended December 31, December 31, 2024 and 2023, the total rated share capital of the Company is NT\$1,000,000 thousand the par value of each share is NT\$10, that is 100,000 thousand shares. The above-mentioned total rated share capital is common stock, and the issued shares are all 80,171 thousand shares. Payments for all issued shares have been received.

A. Capital surplus

	December 31, 2024	December 31, 2023
Capital surplus in excess of par-preferred stock	\$ 1,120,940	1,281,283
Treasury stock trading	<u>83,002</u>	<u>83,002</u>
	<u>\$ 1,203,942</u>	<u>1,364,285</u>

According to the Company law, capital surplus needs to make up the losses first before issuing new shares or cash with the realized additional paid-in capital in accordance with the proportion of shareholders' original shares. The realized capital surplus referred to in the preceding paragraph includes the surplus from the issuance of stocks exceeding the par value and the income from receiving gifts. According to "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the total amount of capital surplus that can be allocated to capital every year shall not exceed 10% of the paid-in capital.

B. Retained earnings

According to the articles of association of the Company, if there is any surplus in the annual final accounts, it shall be distributed in the following order:

- (A) Pay income tax according to law.
- (B) Make up for previous year's losses.
- (C) Ten percent of the deposit is legal reserve, but this is not the case when the accumulated legal reserve has reached the paid-in capital of the Company.
- (D) Provision or reversal of special reserve when necessary.
- (E) After deducting the previous balance, the board of directors shall prepare a distribution proposal for the balance and the previous year's earnings, and submit it to the shareholders' meeting for a resolution on distribution.

The Company's dividend distribution policy depends on factors such as the Company's current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, taking into account the interests of shareholders, observing and analyzing dividends and the Company's long-term financial planning, etc., according to Article 240, Item 5 of the Company Law, authorize the board of directors to have more than two-thirds of the directors present, And the resolution of more than half of the directors present shall distribute dividends and bonuses or all or part of the Legal reserve and capital surplus stipulated in Article 241, Paragraph 1 of the Company Law, in the form of cash distribution, and report to the shareholders meeting. The total shareholder dividend is the total distributable surplus that is the balance listed in (E) plus the undistributed surplus at the beginning of the period, choose a ratio within the range of 2.5% to 15% to prepare dividends and bonus proposals for shareholders with surplus distribution, among them, the proportion of shareholder cash dividend distribution shall not be less than 50% of the total shareholder dividend.

(a) Legal Reserve

When the Company has no losses, it may, upon resolution of the shareholders' meeting, use the legal reserve to issue new shares or cash, provided that the amount exceeds 25% of the paid-in capital.

(b) Earnings Distribution

The Company passed the resolution of the board of directors on February 23, 2024, and February 24, 2023, the amount of cash dividends for the 2023 and 2022 profit distribution plan, and the distribution of dividends to owners The amount is as follows:

	2023		2022	
	Allotment ratio NT\$	Amount	Allotment ratio NT\$	Amount
Dividends distributed to owners of common stock:				
Cash	\$ 10.00	<u>801,714</u> (Note)	10.00	<u>801,714</u>

(Note): Distributing a total of 160,343 thousand in cash as capital surplus, with a dividend of 2 dollars per share.

The Company plans to approve the cash dividend amount for the 2024 profit distribution plan on February 21, 2025. The amount of dividends to be distributed to owners is as follows:

	2024	
	Allotment ratio NT\$	Amount
Dividends distributed to owners of common stock:		
Cash	\$ <u>12.00</u>	<u>962,056</u> (Note)

(Note): Distributing a total of 320,686 thousand in cash as capital surplus, with a dividend of 4 dollars per share.

(20) Earnings per share

	Years Ended December 31	
	2024	2023
Basic earnings per share		
Net income for the period attributable to holders of common shares of the Company	<u>\$ 1,134,019</u>	<u>873,157</u>
Weighted average number of common shares outstanding (thousand shares)	<u>80,171</u>	<u>80,171</u>
Basic earnings per share (Unit: NT\$)	<u>\$ 14.15</u>	<u>10.89</u>
Fully diluted earnings per share		
Net income for the period attributable to holders of ordinary shares of the Company	<u>\$ 1,134,019</u>	<u>873,157</u>
Weighted average number of common shares outstanding (basic) (thousand shares)	80,171	80,171
Impact of employee stock compensation (thousand shares)	<u>9</u>	<u>31</u>
Weighted average number of common shares outstanding (thousand shares) (After adjusting for the effect of dilutive potential common shares)	<u>80,180</u>	<u>80,202</u>
Diluted earnings per share (Unit: NT\$)	<u>\$ 14.14</u>	<u>10.89</u>

(21) Revenue from customer contracts

A. Breakdown of income

	Years Ended December 31	
	2024	2023
<u>Major regional markets</u>		
Asia	\$ 1,394,000	1,223,207
America	450,515	405,223
Europe	521,583	488,098
Other countries	<u>13,862</u>	<u>15,718</u>
	<u>\$ 2,379,960</u>	<u>2,132,246</u>

Main Product/Service Line

Gearbox	\$ 2,188,261	1,961,424
Other	<u>191,699</u>	<u>170,822</u>
	<u>\$ 2,379,960</u>	<u>2,132,246</u>

B. Contract balance

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities	<u>\$ 3,955</u>	<u>1,028</u>	<u>3,778</u>

The opening balance of contract liabilities on January 1, 2024 and 2023, the amounts recognized as revenue for the year ended December 31, 2024 and 2023 are NT\$1,013 thousand and NT\$3,763 thousand, respectively.

(22) Remuneration of employees and directors

According to the Company's articles of association, if there is any profit in the year, no less than 0.5% (inclusive) should be appropriated as employee remuneration and no more than 1% (inclusive) should be allocated as director remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance. The recipients of the employee remuneration given in the preceding paragraph may include employees of affiliated companies who meet certain conditions. Employee remuneration can be distributed in the form of stock (treasury stock, new stock issuance) or cash, which should be specially resolved by the board of directors and submitted to the shareholders' meeting report.

The Company's estimated employee remuneration for the year ended December 31, 2024 and 2023 is NT\$7,117 thousand and NT\$5,513 thousand respectively, and the estimated amount of directors' remuneration is NT\$4,522 thousand, it is estimated based on the Company's pre-tax net profit for each period before deducting the employee and director's remuneration multiplied by the employee's remuneration and director's remuneration distribution ratio stipulated in the Company's articles of association, And reported as operating costs or operating expenses for the year ended December 31, 2024 and 2023.

The actual distribution of employee and director remuneration for the year ended December 31, 2024 and 2023 is not different from the estimated amount in the Company's 2024 and 2023 financial statements.

(23) Non-operating revenue and expenses

A. Interest income

The details of the Company's interest income for the year ended December 31, 2024 and 2023 are as follows:

	<u>Years Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Bank deposit-interest income	\$ 138,253	153,182
Other interest income	1	1
Related party-interest income	<u>6,325</u>	<u>5,427</u>
	<u>\$ 144,579</u>	<u>158,610</u>

B. Other income

The details of the Company's other income for the year ended December 31, 2024 and 2023 are as follows: :

	Years Ended December 31	
	2024	2023
Government subsidy income	\$ 385	638
Rent income.	11,786	4,922
Dividends income	<u>18</u>	<u>11</u>
	<u>\$ 12,189</u>	<u>5,571</u>

C. Other gains and loss

The details of other profits and losses of the Company for the year ended December 31, 2024 and 2023 are as follows:

	Years Ended December 31	
	2024	2023
Foreign currency exchange profits	\$ 248,492	8,803
Disposal of interests in property, plant and equipment	-	1,050
Financial asset at fair value through profit or loss	(4)	60
Other Gains	<u>22,633</u>	<u>19,697</u>
	<u>\$ 271,121</u>	<u>29,610</u>

D. Financial costs

The Company's financial costs for the year ended December 31, 2024 and 2023 are detailed as follows:

	Years Ended December 31	
	2024	2023
Interest expense- interest rate implicit in the lease	\$ 1,159	1,324
Other financial expenses	<u>30</u>	<u>9</u>
	<u>\$ 1,189</u>	<u>1,333</u>

(24) Financial instruments

A. Credit risk

(a) Credit risk maximum exposure amount

The carry amount of financial assets represents the maximum amount of credit exposure.

(b) Concentration of credit risk

In order to reduce the credit risk of accounts receivable, the Company continuously evaluates the customer's financial situation, and will ask the other party to provide guarantee or guarantee when necessary. The Company still regularly evaluates the possibility of recovering the accounts receivable and makes provision for losses, and the impairment losses are always within the management's expectations. For the year ended December 31, 2024 and 2023, the Company, 37% and 44% of the accounts receivable balance are composed of several customers, so that the Company has no significant concentration of credit risk.

(c) Credit risk of receivables

Please refer to Note.6 (3) for credit risk exposure information on notes receivable and accounts receivable.

Other financial assets measured at amortized cost include other receivables, deposits and other financial assets.

All of the above are financial assets with low credit risk, therefore, the allowance loss for the period is measured by the amount of twelve-month expected credit losses (Please refer to Note 4 (6) for the explanation of how the Company determines that the credit risk is low). There is no provision for allowance for losses for the year ended December 31, 2024 and 2023.

B. Liquidity risk

The following table presents the contractual maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carry amount	Cash flow	within 1 year	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2024						
Non-derivative financial liabilities						
Floating rate bank borrowings (including deferred income)	\$ 5,379	5,379	323	295	847	3,914
Accounts payable	63,288	63,288	63,288	-	-	-
Other payables	120,412	120,412	120,412	-	-	-
lease liability (current and non-current)	97,003	103,318	9,601	9,601	28,123	55,993
Guarantee deposits received	<u>1,899</u>	<u>1,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899</u>
	<u>\$ 287,981</u>	<u>294,296</u>	<u>193,624</u>	<u>9,896</u>	<u>28,970</u>	<u>61,806</u>
December 31, 2023						
Non-derivative financial liabilities						
Floating rate bank borrowings (including deferred income)	\$ 5,763	5,763	386	325	869	4,183
Accounts payable	53,481	53,481	53,481	-	-	-
Other payables	84,961	84,961	84,961	-	-	-
lease liability (current and non-current)	111,640	118,910	18,313	9,386	27,704	63,507
Guarantee deposits received	<u>1,899</u>	<u>1,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899</u>
	<u>\$ 257,744</u>	<u>265,014</u>	<u>157,141</u>	<u>9,711</u>	<u>28,573</u>	<u>69,589</u>

The Company does not expect that the cash flow of maturity analysis will be significantly earlier, or the actual amount will be significantly different.

C. Currency risk

(a) Risk of exchange rate risk

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risk are as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>						
<u>Monetary item</u>						
USD\$	\$ 4,887	32.785	160,220	94,374	30.705	2,897,754
EUR€	9,273	34.140	316,580	29,972	33.980	1,018,449
CNY¥	52,680	4.478	235,901	80,544	4.327	348,514
<u>Financial liabilities</u>						
<u>Monetary item</u>						
CNY¥	3,768	4.478	16,873	3,149	4.327	13,626
AUD\$	720	20.390	14,681			

(b) Sensitivity analysis

The exchange rate risk of the Company's monetary items mainly comes from cash and cash equivalents denominated in foreign currencies, accounts receivable, accounts payable and other payables, etc., which generate foreign currency exchange gains and losses during translation. When the NT dollar depreciates or appreciates by 0.5% against foreign currencies for the year ended December 31, 2024 and 2023, with all other factors held constant, The net profit after tax for the year ended December 31, 2024 and 2023 will increase or decrease by NT\$2,725 thousand and NT\$17,004 thousand, respectively. The two-period analyzes use the same basis.

(c) Exchange gains and losses on monetary items

Exchange profit and loss information of monetary items of the Company, the net foreign currency exchange gain (loss) (including realized and unrealized) for the year ended December 31, 2024 and 2023 are NT\$248,492 thousand and NT\$8,803 thousand, respectively.

D. Interest Rate Risk

The Company's financial assets and financial liabilities interest rate exposure are described in the liquidity risk management of this note.

The sensitivity analysis below is based on the interest rate exposure of derivative and non-derivative instruments at the reporting date. For floating rate liabilities, the method of analysis is to assume that the amount of liabilities outstanding at the reporting date is outstanding throughout the year. The rate of change used by the Company when reporting interest rates internally to key management personnel is a 0.5% increase or decrease in interest rates, It also represents management's assessment of the reasonably possible range of change in interest rates.

If the interest rate increases or decreases by 0.5%, and all other variables remain unchanged, the Company's net profit after tax for the year ended December 31, 2024 and 2023 will decrease or increase by NT\$22 thousand and NT\$23 thousand, respectively. The main reason is the Company's variable interest rate borrowings.

E. Fair value

(a) Valuation techniques for financial instruments measured at fair value:

Amount and Fair value of the Company's various financial assets and financial liabilities (including fair value grade information, However, if the carrying amount of a financial instrument that is not measured by fair value is a reasonable approximation of fair value, and lease liabilities, it is not required to disclose fair value information according to regulations) as follows:

	December 31, 2024				
	Carry amount	Fair value			Total
		First level	Second level	Third level	
Financial assets measured at fair value					
Mandatory financial assets at fair value through profit or loss	\$ 183	183	-	-	183
Financial assets measured at nortized cost					
Cash and cash equivalents	\$3,319,809	-	-	-	-
Notes receivable and Accounts receivable (Include related parties)	194,668	-	-	-	-
Other receivables	435,922	-	-	-	-
Guarantee deposits paid	183	-	-	-	-
Other financial assets-current	<u>1,671,586</u>	-	-	-	-
Total	<u>\$5,622,351</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>183</u>
Financial liabilities measured at nortized cost					
Accounts Payable	\$ 63,288	-	-	-	-
Other payables (Include related parties)	120,412	-	-	-	-
Long- term debt (Including deferred income)	5,379	-	-	-	-
Guarantee deposits received	1,899	-	-	-	-
Leased liabilities(current + non-current)	<u>97,003</u>	-	-	-	-
Total	<u>\$ 287,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

		December 31, 2023			
		Fair value			
	Carry amount	First level	Second level	Third level	Total
Financial assets measured at fair value					
Mandatory financial assets at fair value through profit or loss	\$ 187	187	-	-	187
Financial assets measured at amortized cost					
Cash and cash equivalents	\$4,069,927	-	-	-	-
Notes receivable and Accounts receivable (Include related parties)	223,754	-	-	-	-
Other receivables	533,161	-	-	-	-
Guarantee deposits paid	183	-	-	-	-
Other financial assets-current	479,577	-	-	-	-
Total	<u>\$5,306,789</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>187</u>
Financial liabilities measured at amortized cost					
Accounts Payable	\$ 53,481	-	-	-	-
Other payables (Include related parties)	84,961	-	-	-	-
Long- term debt (Including deferred income)	5,763	-	-	-	-
Guarantee deposits received	1,899	-	-	-	-
Leased liabilities(current + non-current)	111,640	-	-	-	-
Total	<u>\$ 257,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (b) Fair value assessment techniques for financial instruments not measured at fair value.

The methods and assumptions used by the Company to estimate the instruments not measured at fair value are as follows:

For financial assets and liabilities measured at cost after amortization, if there is transaction or quotation information from market makers, the latest transaction price and quotation information shall be used as the basis for evaluating the fair value. If there is no market value for reference, it shall be estimated by evaluation method. The estimates and assumptions used in the valuation method are the discounted present value of the cash flows to estimate the fair value.

- (c) Fair value evaluation techniques for measuring financial instruments at fair value

Non-derivative financial instruments, if there is a public quotation in an active market for a financial instrument, the fair value shall be determined based on the public quotation in the active market. The market prices announced by major exchanges and central government bond over-the-counter trading centers that are judged to be popular bonds are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments with open quotations in active markets.

If public quotations of financial instruments can be obtained timely and frequently from exchanges, brokers, underwriters, industry associations, pricing service agencies or competent authorities, and the prices represent actual and frequently occurring fair market transactions, the financial instruments There are open quotations in the

active market, if the above conditions are not met, the market is considered inactive. In general, wide bid-ask spreads, large increases in bid-ask spreads, or low volume are indicators of market inactivity.

Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained by evaluation techniques or by referring to quotations from counterparties. The fair value obtained through evaluation techniques can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, the net asset value method or other evaluation techniques, including the use of market information available on the consolidated balance sheet date. And get.

(d) Transfer between the first level and the second level.

There were no transfers in the past for the year ended December 31, 2024 and 2023 years.

(25) Financial risk management

A. Overview

The Company has exposure to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying the Parent Company only financial statements.

B. Structure of risk management

The Company's financial management department provides services for various businesses, coordinates operations in domestic and international financial markets, and monitors and manages financial risks related to the Company's operations by analyzing internal risk reports based on risk levels and breadth. The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and Securities Investments.

(a) Accounts receivable and other receivables

In order to reduce credit risk, the Company continuously evaluates the financial status and actual collection situation of major customers, and regularly evaluates the possibility of receiving receivables.

(b) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the Company's transaction counterparty and other party performing the contract are all credit-worthy banks, there is no major doubt about the performance of the contract, so there is no major credit risk.

(c) Guarantee

It is the Company's policy to only provide financial guarantees to wholly owned subsidiaries. For the year ended December 31, 2024 and 2023, the Company did not provide any endorsement guarantee.

D. Liquidity risk

The Company manages and maintains sufficient cash and equivalent cash to support the Company's operations and mitigate the impact of cash flow fluctuations. The Company's management personnel supervise the use of bank financing lines and ensure compliance with the terms of the loan contract. Bank borrowings are an important source of liquidity for the Company. For the year ended December 31, 2024 and 2023, the Company's unused short-term bank financing facilities were all NT\$4,600,000 thousand.

E. Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to exchange rate risk arising from sales and purchase transactions that are not denominated in the functional currency. The functional currency of the group companies is New Taiwan Dollar (NTD). The main denominated currencies for these transactions are US Dollars, Euros and Chinese Yuan.

(b) Interest rate risk

The bank loans of the Consolidated Company is primarily floating-rate debts, then the change of market interest rate will make its effective interest rate change accordingly, and make its future cash flow fluctuate. The Company negotiates interest rates with banks from time to time to reduce interest rate risk.

(26) Capital management

The Company's policy is to manage its capital of safeguard the capacity to continue as a going concern, returns for continue to provide returns for shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company controls capital based on the debt-to-equity ratio. The ratio is calculated as net debt divided by total capital. Net debt is the total liabilities shown in the balance sheet minus cash and cash equivalents. Total capital is all the components of equity (share capital, capital surplus, retained earnings and other interests) plus net debt.

The Company's capital management strategy for 2024 is consistent with that for 2023. The debt-to-equity ratios for the year ended December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 451,863	469,568
Less: cash and cash equivalents	<u>(3,319,809)</u>	<u>(4,069,927)</u>
Net debt	<u>\$ (2,867,946)</u>	<u>(3,600,359)</u>
Total equity	\$ 10,189,214	9,856,909
Total capital (Note)	<u>\$ 7,321,268</u>	<u>6,256,550</u>
Debt-to-equity ratio	<u>(39.17)%</u>	<u>(57.55)%</u>

Note: Total capital is all components of equity plus net debt.

(27) Investing and financing activities not affecting the current cash flow

The Company's non-cash transaction investment activities for the year ended December 31, 2024 and 2023 are the right-of-use assets obtained by leased, please refer to Note.6 (9).

The reconciliation of liabilities from financing activities is as follows:

	January 1, 2024	Cash flow	Non-cash changes			December 31, 2024
			Increase in this period	Deferred revenue change	Lease payment change	
Lease liabilities (current + non-current)	<u>\$ 111,640</u>	<u>(17,407)</u>	<u>-</u>	<u>-</u>	<u>2,770</u>	<u>97,003</u>

	January 1, 2023	Cash flow	Non-cash changes			December 31, 2023
			Increase in this period	Deferred revenue change	Lease payment change	
Lease liabilities (current + non-current)	<u>\$ 128,628</u>	<u>(16,992)</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>111,640</u>

7. Related-party transactions

(1) Names and relationship with the Company

The following are related parties that had transactions with the Company during the periods covered in the non-consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Subsidiary - MILLENNIUM VEE HOTEL TAICHUNG	Subsidiaries of the Company
APEX DYNAMICS,INC. - Shanghai	Other related parties. The chairman of the Company is a major shareholder of the Company's legal person shareholders

(2) Significant transactions with related parties

A. Operating income

Sale of Goods to Related Parties

	Years Ended December 31	
	<u>2024</u>	<u>2023</u>
Other related parties: APEX DYNAMICS,INC. - Shanghai	<u>\$ 306,973</u>	<u>253,815</u>

The selling price and sales conditions of the Company to other related parties are not significantly different from those of general sales customers. Receivables between related parties have not received collateral, and after assessment, no provision for impairment loss is required (Loss on bad debts).

B. Accounts receivable

The details of the Company's receivables from related parties are as follows:

<u>Account title</u>	<u>Related party category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	Other related parties: APX DYNAMICS,INC. – Shanghai	<u>\$ 29,065</u>	<u>23,140</u>

C. Loans to related parties

The actual disbursements of the Company's capital loans and related parties are as follows:

		<u>Loans receivable from related parties at the end of the period (Other receivables listed in the account - related parties)</u>	
		<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary: MILLENNIUM VEE HOTEL TAICHUNG		<u>\$ 429,000</u>	<u>499,000</u>
		<u>Loans receivable from related parties at the end of the period (Other receivables listed in the account - related parties)</u>	
		<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary: MILLENNIUM VEE HOTEL TAICHUNG	<u>Interest income</u>		
	<u>2024</u>	<u>2023</u>	
	<u>\$ 6,325</u>	<u>5,427</u>	
		<u>504</u>	<u>588</u>

The Company's capital loan to its subsidiaries is based on the interest rate agreed by both parties in the year of appropriation, the interest rate range for the year ended December 31, 2024 and 2023 are 1.38% and 0.75%~1.38% respectively, and they are all unsecured loans. No allowance for impairment loss (bad debt expense) is assessed.

D. Leases

The Company leased cars to subsidiaries and signed a one-year lease contract for the year ended December 31, 2024 and 2023. The total contract price for the year ended December 31, 2024 and 2023 is all NT\$120 thousand. The rental income for the year ended December 31, 2024 and 2023 is NT\$114 thousand, the outstanding balance for the year ended December 31, 2024 and 2023 is NT\$10 thousand, the account is listed in other receivables - related parties.

E. Other

The subsidiary provide the Company's accommodation and catering related services, for the year ended December 31, 2024 and 2023, the Company's expenditure amounts are NT\$323 thousand and NT\$2,324 thousand, respectively, accounted in Operating Expenses, for the year ended December 31, 2024 and 2023, the outstanding balance is NT\$111 thousand and NT\$123 thousand, respectively, accounted in Other Payables-Related Parties.

(3) Key management personnel compensation

The remuneration of key management personnel includes:

	Years Ended December 31	
	2024	2023
Short-term employee benefits	\$ 16,175	13,767
Post-employment benefits	193	108
Other long-term benefits	-	-
Severance benefits	-	-
Share based payment	-	-
	<u>\$ 16,368</u>	<u>13,875</u>

8. Pledged assets

The book value of the pledged assets provided by the Company is as follows:

Asset	Pledge guarantee subject	December 31, 2024	December 31, 2023
Property, plant and equipment	Bank loan	\$ 1,695,513	1,733,813
Other financial asset-current	Guarantee deposits	<u>16,586</u>	<u>6,577</u>
		<u>\$ 1,712,099</u>	<u>1,740,390</u>

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Significant unrecognized contractual commitments are as follows:

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	<u>\$ 5,165</u>	<u>15,160</u>

(2) Contingent liabilities: None.

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	Years Ended December 31 2024			Years Ended December 31 2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	409,012	76,807	485,819	383,382	67,394	450,776
Labor and health insurance	37,562	8,241	45,803	40,581	7,613	48,194
Pension	12,400	2,831	15,231	13,052	2,732	15,784
Remuneration of directors	-	7,380	7,380	-	5,639	5,639
Other employee benefits	13,239	1,540	14,779	12,597	1,436	14,033
Depreciation	160,291	57,796	218,087	173,116	60,205	233,321
Amortization	-	551	551	-	839	839

For the years ended December 31 2024 and 2023, the information on the number of employees and employee benefit expense of the Company is as follows:

	<u>2024</u>	<u>2023</u>
Numbers of employees	<u>717</u>	<u>719</u>
Numbers of directors (non-employee)	<u>7</u>	<u>7</u>
Average employee benefit expenses	<u>\$ 791</u>	<u>743</u>
Average employee salary expenses	<u>\$ 684</u>	<u>633</u>
Percentages of average employee salary expenses	<u>8.1%</u>	<u>(14.8)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy information (including directors, managers and employees) is as follows:

A. Remuneration of directors:

The remuneration of the Company's directors is evaluated by the remuneration committee for their participation in the Company's operations and the value of their contribution, authorized the board of directors to make decisions based on the evaluation of the remuneration committee and with reference to industry standards.

B. Remuneration of employee and directors:

If the Company makes a profit in the year, it shall be decided by the board of directors to allocate no less than 0.5% (inclusive) of the profit to distribute employee remuneration. However, if the Company still has accumulated losses, it shall first make up for them. Employee remuneration in the preceding paragraph can be paid in stock or in cash. The profits after the distribution of employee remuneration, after the recommendation of the remuneration committee and the resolution of the board of directors, directors' remuneration may be distributed at a rate not exceeding 1% (inclusive) of the profits in the preceding paragraph.

C. Remuneration of employee and manager:

The Company has formulated the "Regulations for Salary Administration Salary Management Measures" and "Annual Operating Bonus Incentive Measures Performance Management Measures". The remuneration paid to employees and managers is based on their education background, work experience and reference to the salary level of their peers, With reference to the position's power and responsibility ratio, personal performance achievement, contribution to the Company's operating goals, and the risk of the position, a reasonable payment policy is formulated.

13. Other disclosures:

(1) Information on significant transactions:

For the year ended December 31, 2024, in accordance with the provisions of the Financial Reporting Standards for Securities Issuers, the Company should re-disclose the relevant information on major transactions as follows:

A. Fund loan to others:

Unit: NT\$1000

NO	Financing Company	Name of borrower	Account name	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Purpose	Transaction amounts	Reason for financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	APEX DYNAMICS, INC	MILLENNIUM VEE HOTEL TAICHUNG	Other receivables - related party	Yes	1,300,000	650,000	429,000 (Note3)	1.38%	short-term financing	-	Operation Requirements	-	None	-	4,075,686 (Note 1)	4,075,686 (Note 2)

Note 1: In accordance with the Company's operating procedures for lending funds to others, the maximum loan amount for individual objects should not exceed 40% of the Company's net worth.

Note 2: According to the Company's operating procedures for lending funds to others, the total amount of funds loaned should not exceed 40% of the net value of the Company.

Note 3: Transactions between subsidiaries included in the consolidated financial statements have been eliminated when preparing the consolidated financial statements.

B. Endorsement for others: None.

C. Securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and joint venture interests):

Unit: NT\$1000/1000 shares

Held Company Name	Category and name of security	Relationship with Issuer	Account subject	End of period				Note
				Shares	Carrying amount	Shareholding ratio	Fair value	
APEX DYNAMICS, INC.	Fund - Yuanta Taiwan High Dividend Quality Leading Fund	-	Financial asset flows at fair value through profit or loss	5	183	- %	183	

D. The cumulative purchase or sale of the same securities amounted to NT\$300 million or more than 20% of the paid-in capital: None.

E. The amount of real estate acquired is NT\$300 million or more than 20% of the paid-in capital: None.

F. Disposal of real estate amounting to NT\$300 million or more than 20% of the paid-in capital: None.

G. Purchases and sales of goods with related parties amount to NT\$100 million or 20% or more of the paid-in capital:

Unit: NT\$1000

Company Name	Related Party	Nature of Relationships	Transaction situation				Abnormal Transaction		Notes receivable (payment), Accounts receivable		Note
			Purchases /(Sales)	Amount	Ratio of total	Credit period	Unit price	Credit period	Balance	Ratio of total	
APEX DYNAMICS, INC.	APEX DYNAMICS, INC. -Shanghai	Other related parties	(sales)	(306,973)	(12.90)%	Monthly End from 10~40	-	Note 1	29,065	14.91%	

Note 1: The sales transaction price and collection period between related parties are not significantly different from those of ordinary customers.

H. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital:

Unit: NT\$1000

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance loss amount
					Amount	Action Taken		
APEX DYNAMICS, INC.	MILLENNIUM VEE HOTEL TAICHUNG	Subsidiary	429,000	- %	-	-	(Note.1)	-

Note 1: As of February 20 2025.

I. The engaging in derivatives transactions: None.

(2) Information about reinvestment business (Invested companies not including China):

The Company's reinvestment business information for the year ended December 31, 2024 is as follows:

Unit of shares : share

Company Name	Counterparty	Area	Industry	Original investment amount		End of the period			Net Income (Loss) of the Investee	Share of Profit (Loss) of Investee	Note
				Dec,31 2024	Dec,31 2023	Shares	Ratio	Carrying Amount			
APEX DYNAMICS, INC.	MILLENNIUM VEE HOTEL TAICHUNG	Taiwan	Hotel	1,084,602	1,084,602	70,000,000	100%	905,903	60,987	60,987	Subsidiary of APEX DYNAMICS, INC.

(3) Information on investment in mainland China: None.

(4) Major shareholders:

Unit of shares : share

Shareholder's Name	Shareholding	Total Shares Owned	Ownership Percentage
Hsing-Chang Investment Co., LTD		34,142,162	42.58%
Chang, Chung-Hsing		29,023,554	36.20%

14. Segment information: None.

Please refer to the consolidated financial statements for 2024.

APEX DYNAMICS, INC.
Statement of Cash and Cash Equivalents
December 31, 2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Cash on hand	\$ 635
Cash in banks	Demand deposit	27,164
	Foreign currency deposits	130,948
	(RMB 3,329,082.65 x4.4530	
	USD 3,216,304.19 x32.7350	
	EUR 318,091.84 x33.9400	
	JPY 197,457 x0.2079	
	CHF 0.27 x36.1400)	
	Foreign currency fixed deposit	401,965
	(Note) (RMB 33,500,000 x4.4530	
	EUR 7,448,128.59x33.9400)	
Cash equivalents	Commercial paper	<u>2,759,097</u>
		<u>\$ 3,319,809</u>

Note 1 : The maturity date of fixed deposit is January 8, 2025~ January 15, 2025, and the interest rate is 1.83%~2.9%.

Note 2 : The Commercial paper date of fixed deposit is January 23, 2025, and the interest rate is 1.6%.

APEX DYNAMICS, INC.
Statement of Notes receivable and
Accounts receivable
December 31, 2024

(In Thousands of New Taiwan Dollars)

<u>Client's name</u>	<u>Description</u>	<u>Amount</u>
Notes receivable		
Client A	Operating income of non-related parties	\$ 1,863
Client B	Operating income of non-related parties	1,860
Client C	Operating income of non-related parties	596
Others (Note)	Operating income of non-related parties	<u>36</u>
		4,355
Allowance for impairment		<u>(202)</u>
		<u>4,153</u>
Accounts receivable		
Client D	Operating income of non-related parties	\$ 23,636
Client E	Operating income of non-related parties	19,763
Client F	Operating income of non-related parties	15,243
Client G	Operating income of non-related parties	11,629
Client H	Operating income of non-related parties	10,888
Client I	Operating income of non-related parties	10,173
Others (Note)	Operating income of non-related parties	<u>70,133</u>
		161,465
Allowance for impairment		<u>(15)</u>
		<u>161,450</u>
		<u><u>\$ 165,603</u></u>

Note : If the individual amount does not exceed 5% of the balance of this subject, it will not be listed separately.

APEX DYNAMICS, INC.
Statement of Other Receivables
December 31, 2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other receivables – related parties	Accounts receivable	\$ 429,514
Other receivables	Income tax refund receivable	4,012
Other receivables	Interest receivable	<u>2,396</u>
		<u>\$ 435,922</u>

Statement of Inventories
December 31, 2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Value</u>	
Raw materials	\$ 232,239	232,197	Market price is based on the net realizable value.
Semi-finished products	1,195,892	2,256,270	Market price is based on the net realizable value.
Work in process	395,878	395,878	Market price is based on the net realizable value.
Finished goods	<u>115,526</u>	<u>211,709</u>	Market price is based on the net realizable value.
	1,939,535	<u>3,096,054</u>	
Allowance to reduce inventory to market	<u>(185,370)</u>		
	<u>\$ 1,754,165</u>		

APEX DYNAMICS, INC.
Statement of Prepayments and
other current assets
December 31, 2024

(In Thousands of New Taiwan Dollars)

Prepayments relevant information, please refer to
Parent Company Only Financial Statements Note.6
(6).

Statement of Changes in Investments
Accounted for Using the Equity Method
January 1 to December 31, 2024

(In Thousands of New Taiwan Dollars)/Thousand share

Name	Beginning balance		Addition (Decrease)		Adjustments for using equity method Subsidiary recognized amount	Ending balance			Collateral
	Shares	Amount	Shares	Amount		Shares	Percentage of ownership	Amount	
Subsidiaries recognized using the equity method:									
MILLENNIUM VEE	70,000	<u>\$844,916</u>	-	<u>-</u>	<u>60,987</u>	70,000	100	<u>905,903</u>	None
HOTEL TAICHUNG									

APEX DYNAMICS, INC.
Statement of Changes in Property,
Plant and Equipment
January 1 to December 31, 2024

(In Thousands of New Taiwan Dollars)

Please refer to Note 6. (8) for the Individual Financial Statements for relevant information on "property, plant and equipment".

Statement of Other Non-Current Assets
December 31, 2024

(In Thousands of New Taiwan Dollars)

Other noncurrent assets relevant information, please refer to Parent Company Only Financial statements Note.6 (11).

APEX DYNAMICS, INC.
Statement of Accounts Payables
December 31, 2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accounts Payable		
Company A	Revenue	\$ 9,474
Company B	Revenue	9,253
Company C	Revenue	5,856
Company D	Revenue	4,283
Other (Note)	Revenue	<u>34,422</u>
		<u>\$ 63,288</u>

Note : If the individual amount does not exceed 5% of the balance of this subject, it will not be listed separately.

Statement of Account Payables
December 31, 2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Salary and Wages Payable	\$ 55,254
	Payables on equipment	17,381
	Other accrued expenses-estimate	16,472
	Other accrued expense	8,998
	Accrued expense	7,390
	Employee compensation payable	7,117
	Other (Note)	<u>7,689</u>
		<u>\$ 120,301</u>

Note : If the individual amount does not exceed 5% of the balance of this subject, it will not be listed separately.

APEX DYNAMICS, INC.
Statement of Operating Revenue
2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Unit</u>	<u>Quantity</u>	<u>Amount</u>
Gearbox	SET	187,696	\$ 2,188,708
Others	SET	122,489	<u>191,903</u>
Total			<u>2,380,611</u>
Sales return and Sales discount			<u>(651)</u>
Net operating revenue			<u><u>\$ 2,379,960</u></u>

APEX DYNAMICS, INC.
Summary of Cost of Goods Sold
2024

(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material	
Raw material, January 1	\$ 225,208
Add: Purchase	463,708
Less: Raw material, December 31	(232,239)
Inventory loss of raw materials	(34)
Transfer into expense	(862)
Materials, January 1	455,781
Direct labor	319,679
Manufacturing expense	515,554
Work in process	1,291,014
Add: Work in process, January 1	395,167
Less: Work in process, December 31	(395,878)
Cost of Semi-finished product	1,290,303
Add: Semi-finished product, January 1	1,108,339
Purchase	22
Less: Semi-finished product, December 31	(1,195,892)
Cost of finished goods	1,202,772
Add: Finished goods, January 1	99,847
Less: Finished goods, December 31	(115,526)
Inventory loss on finished goods	(1,538)
Transfer into expense	(997)
Cost of goods sold	1,184,558
Revenue from sales of scraps	(13,567)
Loss from price loss of inventory	12,290
Others	1,572
Cost of goods sold	\$ 1,184,853

APEX DYNAMICS, INC.
Statement of Marketing, Management
and Research Expenses

2024

(In Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Promotional Expenses</u>	<u>Administrative Expenses</u>	<u>Research and Development Costs</u>
Salary expenses	\$ 7,974	51,796	24,046
Advertisement expense	2,024	34	-
Utilities expense	245	37,677	1,392
Insurance expense	633	6,021	2,068
Depreciation expenses	250	55,827	1,719
Packing expenses	20,005	-	-
Others (Note)	<u>4,957</u>	<u>44,562</u>	<u>9,895</u>
	<u>\$ 36,088</u>	<u>195,917</u>	<u>39,120</u>

Note : If the individual amount does not reach 5% of the total amount of this subject, it will not be listed separately.